

## Perth Casino Royal Commission

### Amended Witness Statement of Nigel Morrison

2824 October 2021

- 1 I am Nigel Morrison of c/- Crown Resorts Limited (**Crown Resorts**), Level 3, 8 Whiteman Street, Southbank VIC 3006.
- 2 This statement is provided in response to:
  - (a) the witness summons to give evidence dated 8 October 2021 and issued pursuant to section 9 of the *Royal Commissions Act 1968* (WA), which is directed to me by the Perth Casino Royal Commission; and
  - (b) the list of topics to be addressed by me in written witness statement provided by the Perth Casino Royal Commission on 12 October 2021.
- 3 In this witness statement, I set out matters of fact of which I have personal knowledge. I do not intend to take the Commission through the documents in the case. This witness statement sets out my personal knowledge and recollection.
- 4 I provided a witness statement to the Royal Commission into the Casino Operator and Licence, established by letters patent on 22 February 2021 (**Victorian Royal Commission**) dated 12 June 2021. I have referred to my Victorian Royal Commission Statement in preparing this witness statement.

### QUALIFICATIONS AND EXPERIENCE

(Questions 1 to 2)

- 1 ***Please provide a summary of your background, qualifications, previous roles and experience generally. Include and explain any experience or qualifications in:***
  - (a) the gambling or gaming sector;
  - (b) risk management;
  - (c) gambling related harm minimisation; and
  - (d) AML/CTF risk.
- 5 My gambling or gaming sector experience includes:
  - a) working at Crown Limited between 1993 and 2000 in various executive finance roles including CFO and ultimately becoming COO.
  - b) being CEO of Federal Group between 2000-2006;
  - c) being Group CFO of Galaxy Entertainment Group in 2007; and

Amended Witness Statement of Nigel Morrison

d) leading SkyCity Entertainment Group as CEO and Managing Director between 2008-2016.

6 In my roles as COO of Crown Limited, CEO of Federal Group and CEO and Managing Director of SkyCity Entertainment Group, I gained experience relating to the executive oversight of casino operations including gambling harm minimisation within casinos.

7 Prior to transitioning into the casino and gaming sector, I was a Chartered Accountant and partner of Ernst & Young. As a Chartered Accountant I developed significant expertise in risk management through my focus on corporate valuations, small to medium M&A, litigation support, and capital raisings including company listings. I also developed this expertise by completing the Advanced Management Program at INSEAD in July 2015. Finally, I have developed risk management expertise during my executive career in the casino industry, including in senior financial roles.

8 As Managing Director and CEO of SkyCity Entertainment Group, from 2008 to 2016, I developed an understanding of Australian and international AML practices from the perspective of financial reporting.

9 A copy of my CV is at [\[CRW.512.129.0070\]](#).

**2 Please disclose and provide details of any matter which you consider is relevant to the PCRC's consideration of your reputation, character, honesty, integrity and competence.**

10 In 1985, I was sponsored by my then employer, Arthur Young, to attend "Future Perspectives – A forum for Young Australians", being a project of The Queen Elizabeth II Silver Jubilee Trust for Young Australians – aimed at bringing together young Australians regarded as potential leaders from widely diverse segments of the community providing an opportunity to gain an understanding of the complex issues facing Australia and the ways in which each can contribute towards Australia's future.

11 During the late 1990s, I was member of the Firkbank Grammar School Foundation whose primary responsibilities were to raise funds for the development of the school's buildings and facilities.

12 In June 2012, I was named a Paul Harris Fellow of the Rotary Foundation of Rotary International in appreciation of assistance given for the furtherance of better understanding and friendly relations among peoples of the world.

13 I have raised monies for a range of charities over the years, some through my senior executive roles, including as CEO of SkyCity, and others through personal commitments, including:

a) participating in cycling events raising monies for charities, including cycling around Tasmania in around 2005, raising monies for Cure for Cancer;

Amended Witness Statement of Nigel Morrison

- b) for Leukaemia & Blood Cancer New Zealand, in 2016 participating in the Firefighters Sky Tower Chair Challenge, climbing the 1,100 steps, personally raising money for that charity; and
  - c) organising a major charity event at SkyCity for the benefit and relief of those tragically impacted by the 2011 Christchurch earthquake.
- 14 Over my career, prior to joining Crown, I have passed probity and held casino licences in Victoria, Tasmania, South Australia, Northern Territory and New Zealand. In relation to Crown Resorts, I have recently passed probity (31 March 2021) and been licenced in Victoria again, New South Wales and Western Australia.
- 15 I believe I have always had good relationships with Ministers, Premiers, Chief Ministers, and regulators in jurisdictions where I have worked in the casino industry in Australia and New Zealand; in Melbourne (1993-2000), in Tasmania (2000-2006), the Northern Territory and South Australia (2008-2016) and in New Zealand (2008-2016). I would characterise my relationships with these parties as open and honest, such that, without such relationships it would not have been possible for SkyCity to have successfully negotiated and implemented the package of gaming reforms, tax restructuring, expansion and developments that it did in Auckland, Adelaide and Darwin.

**APPOINTMENT***(Questions 3 to 4)*

- 3 ***Please describe the circumstances in which you came to be appointed as a director of Crown Resorts, including how you were offered the position and by whom, and the process for your appointment.***
- 16 I was approached by search firm Korn Ferry in December 2020, to see if I was interested in becoming a non-executive director of Crown Resorts. After considering this I had further discussions with Korn Ferry and agreed to have initial discussions with Crown. I forwarded my CV to Korn Ferry and provided a number of referees for them to undertake reference checks, which they did. I understand that some Crown directors contacted other persons directly from a list that I had provided Ms Helen Coonan (who was Chair of Crown Resorts at the time), as part of their due diligence process.
- 17 I then had a number of meetings with Crown directors via Webex, with Mr Harold Mitchell (who was the then Chair of the PRN Committee), Ms Helen Coonan and Ms Toni Korsanos. The discussions were primarily about my experience. At this time the Bergin Report had not been delivered. As I had not signed a detailed confidentiality undertaking there was only a high level discussion of the issues facing Crown at that time. Crown did organise brief sessions with the following:

Amended Witness Statement of Nigel Morrison

- a) Ken Barton – the then CEO;
  - b) Mary Manos – the then General Counsel; and
  - c) Kelvin Barry – Crown's investment bank advisor from UBS.
- 18 I then met with Mr Mitchell and Mr Andrew Demetriou over lunch at Crown on 20 January, as I understand Mr Mitchell regarded it as important that some of the directors should meet me, face to face, before making a decision.
- 19 I believe Mr Mitchell, as the Chair of the PRN Committee, prepared a recommendation regarding my appointment to the Crown Resorts Board (subject to me receiving necessary probity and regulatory approvals), which that Committee approved and then forwarded to the Crown Resorts Board for their approval at the 28 January 2021 board meeting.
- 20 An ASX announcement was then made by Crown Resorts on 28 January 2021 that I would be appointed to the Crown Resorts Board subject to receipt of all necessary regulatory and probity approvals. These regulatory and probity approvals were received from ILGA and the VCGLR on 31 March 2021. My first official Crown Resorts board meeting was on 15 April 2021.
- 4 Outline any roles (in addition to your role as a director) you have within the Crown Group.**
- 21 In addition to being a director of Crown Resorts, I have the following roles within the Crown Group.
- 22 I sit on the following Crown Resorts Limited board committees:
- a) People, Remuneration and Nomination Committee;
  - b) Audit & Corporate Governance Committee;
  - c) Safety & Sustainability Committee; ~~and~~
  - d) Responsible Gaming Committee; ~~and~~
  - e) Risk Management Committee.
- 23 I am a director and the chair of Crown Melbourne Limited. I sit on the following Crown Melbourne Limited board committees:
- a) Audit Committee; and
  - b) Compliance Committee.
- 24 I am a director of the Crown Resorts Foundation.

Amended Witness Statement of Nigel Morrison**PACKER ASSOCIATION**

(Question 5)

**5 Outline:**

- (a) any previous or current associations with Mr James Packer or companies or people associated with Mr Packer; and**

25 I have no current association with Mr James Packer or companies or people associated with Mr Packer.

26 I have had the following previous associations with Mr Packer or companies or people associated with Mr Packer:

- a) While employed at Crown Limited as Chief Operating Officer up to January 2000, after Publishing and Broadcasting Limited (**PBL**) (a company associated with Mr James Packer) acquired Crown, I would attend board meetings where Mr Packer was present. I also attended a meeting with Mr Packer and Mr Kerry Packer in mid to late 1999 where I expressed my desire to be appointed CEO of Crown. They chose to appoint a new CEO and I left the business shortly thereafter in January 2000.
- b) After leaving Crown, I was approached by Mr Packer to help with the management of the One-Tel business. I had a number of meetings regarding this with One-Tel and Consolidated Press Holdings Pty Limited (**CPH**) (also a company associated with Mr Packer) in Sydney, but ultimately it led to nothing as the proposed rights issue to support the business going forward did not eventuate.
- c) While CEO of SkyCity, in or around 2011/2012, at the request of the then Chairman, Mr Rod McGeoch, I joined him at two meetings with Mr Packer and Mr Guy Jalland in CPH's offices in Sydney, where we discussed the Australian casino industry. I have not seen or communicated with Mr Packer and/or CPH since.
- d) While at Ernst and Young, I had advised the CPH and Circus Circus consortium on its unsuccessful Sydney Casino bid (in or around 1993). My main contact at that time at CPH was Mr Graham Cubbin, the then Finance Director. During numerous meetings with CPH on the Sydney Casino bid, I believe I met Mr Packer, but I have no clear recollection of this.
- e) Finally, I recall meeting with Mr Peter Yates, the then CEO of CPH and Mr Guy Jalland during my discussions regarding One-Tel in 2000.

27 I have had the following prior associations with Mr Kerry Packer:

- a) As noted above, while at Ernst and Young, I advised CPH on its unsuccessful Sydney Casino bid (in or around 1993). As noted, my main contact at that time was Mr Graham

Amended Witness Statement of Nigel Morrison

Cubbin. During numerous meetings with CPH and Circus Circus on the Sydney Casino bid, I met Mr Kerry Packer and presented to him on, primarily, the potential market demand for a Sydney casino. I also recall being at a design meeting of the Sydney Casino where he was present.

- b) While employed at Crown Limited as Chief Operating Officer, after PBL acquired Crown, I would attend board and business meetings where Mr Kerry Packer was present. As noted above, I also attended a meeting with Mr Packer and Mr Kerry Packer in mid to late 1999 where I expressed my desire to be appointed CEO of Crown. They choose to appoint a new CEO and I left the business shortly after in January 2000.
- c) I have had no association, relationship or communication with Mr Kerry Packer since 2000.

**(b) any communications which have occurred in 2021 with Mr James Packer or companies or people associated with Mr Packer which related to Crown Resorts or the Crown Group.**

- 28 In 2021, I have had no communications relating to Crown Resorts or the Crown Group with Mr Packer or companies or people associated with Mr Packer.

**SKILLS AND COMPETENCIES**

*(Questions 6 to 8)*

- 6 In relation to the Crown Board Skills Matrix set out at pages 39 and 40 of the Crown Annual Report 2021, outline what skills and competencies you bring to the role of non-executive director of the Crown Resorts board.**

- 29 The Skills Matrix in the 2021 Crown Annual Report includes 15 skills and competencies. In my view I have significant experience and skills in all but one of the identified areas, as noted below.

- 30 I do not have extensive experience or skills in relation to public policy, however, I do have relevant experience in relation to stakeholder engagement. For example, I have worked with Government Ministers in New Zealand, South Australia and the Northern Territory in the course of my executive roles.

- 7 Outline the inductions, training and briefings you have received in relation to:**

- (a) the operations of the Perth Casino;**
- (b) the legal framework which applies to the operation of the Perth Casino;**

- 31 I have had significant discussions with Lonnie Bossi about the operation and performance of the Perth Casino, and have been reviewing and following the results and financial performance of the Perth Casino. The Crown Resorts board receives regular reports on Perth operations.

Amended Witness Statement of Nigel Morrison

32 I have received a briefing on the legal framework which applies to the operation of the Perth Casino.

- (c) ***Crown Resorts' governance and risk management frameworks and processes generally and those that apply specifically to the operation of the Perth Casino;***
- (d) ***AML/CTF risk management generally and specifically to the operation of the Perth Casino; and***
- (e) ***responsible gaming and gambling related harm minimisation.***

33 I have received training and briefings on Crown Group's risk management framework, AML/CTF issues and responsible service of gaming (RSG).

**8 *Outline what professional development you have undertaken and propose to undertake relevant to your role and responsibilities as a director of Crown Resorts.***

34 Since commencing in my role in April 2021, I have completed training sessions in respect of:

- a) RSG;
- b) liquor licencing in Melbourne;
- c) the responsible service of alcohol (RSA); and
- d) AML/CTF compliance.

35 The Crown Resorts board has been extremely busy since I joined, and has required a very considerable time commitment, especially with such a reduced number of licensed directors to cover the various Board and Committee roles and responsibilities. It is my intention to undertake further professional development activities once time allows. The board of Crown Resorts is currently in the process of developing a professional development plan for directors.

**GOVERNANCE AND RISK MANAGEMENT**

*(Questions 9 to 14)*

**9 *Describe how the board of Crown Resorts identifies areas of significant business risk and ensures arrangements are in place to adequately manage those risks.***

36 The board of Crown Resorts primarily identifies areas of significant business risk through reporting to, and the oversight of, the Risk Management Committee. To ensure arrangements are in place to adequately manage those risks, the board of Crown Resorts monitors the systems, structures, practices and people charged with managing significant business risk.

37 To ensure the ready identification of risk and the effective management of those risks, the board of Crown Resorts has recently implemented significant changes throughout the Crown Group including:

Amended Witness Statement of Nigel Morrison

- a) elevating the seniority of certain functional managerial positions to Group Executive General Manager and Executive General Manager positions, including the soon to be appointed Group Executive General Managers of Compliance, Financial Crime and Compliance Operations and Responsible Gaming, and the newly appointed Group General Manager – Internal Audit;
- b) separating the company secretarial and general counsel roles to ensure adequate focus and resourcing is devoted to each of their respective functions;
- c) separating the risk and audit functions and their functional management to ensure adequate focus and resourcing is devoted to each function;
- d) expanding the number of governance and compliance management who report directly to the CEO to ensure significant business risk is identified to the highest levels of executive management;
- e) developing more appropriate segregation of responsibilities between roles to ensure the independence of functions which provide oversight and accountability to business units;
- f) developing an enhanced remuneration structure with gatekeeper provisions to foster improved behaviours and values; and
- g) developing, adopting and rolling out a new set of stated values across the organisation.

**10 Describe how in your role as a director of Crown Resorts you currently or will:**

- (a) demonstrate leadership;**
- (b) instil Crown Resorts' values and performance;**
- (c) challenge management and hold management to account;**
- (d) satisfy yourself that Crown Resorts has in place an appropriate risk management framework for both financial and non-financial risk**
- (e) satisfy yourself that an appropriate framework exists for relevant information to be reported by management to the Board; and**
- (f) monitor the effectiveness of Crown Resorts' governance practices.**

38 In my role as a director of Crown Resorts I demonstrate leadership by ensuring I meet regularly with management and discuss the importance of driving Crown forward, making the necessary changes and improvements. I also do this by being present within the organisation and supporting the management team. This is especially the case in regard to Crown Melbourne given my role as Chair of the board of Crown Melbourne and my residency in Melbourne. I have



Amended Witness Statement of Nigel Morrison

been meeting with the management team and asking questions of those people to develop an open, honest and frank relationship.

- 39 The Crown Group has recently created and rolled out a new set of values, embracing acting with integrity, working together, caring and striving for excellence. I am making efforts to live by and demonstrate those values. We are also developing remuneration structures which will embrace those values.
- 40 I have been and will continue to challenge management and hold management to account where appropriate. I will do this by being abreast of the issues that arise, considering what issues are likely to emerge, and engaging critically with management. Further, I will ensure that, where appropriate, there are opportunities for important matters to be raised with the board of Crown Resorts, especially non-executive directors.
- 41 To satisfy myself that an appropriate risk management framework exists, for both financial and non-financial risk and reporting of relevant information to the board exists, I focus on the effective running of relevant board committees, namely the Risk Management Committee and the Audit and Governance Committee. This is key to the effective oversight of risk management within Crown Group in practice. The board committees are also the primary means to monitor the effectiveness of Crown Resorts' governance practices. Personally, I monitor effectiveness of risk management structures and governance through the three key steps of implement, review and revise. I find this process allows me to focus on results and outcomes, which measure effectiveness and provides for continuous improvement.
- 42 In my view, it is important for these reasons to have the right organisational structure, focussing on strategy (embracing the key priorities of the organisation), structure and systems and staff (the appointment of the best people). The board's core focus on establishing effective systems and structures, including the appointment of the most appropriate people, is key in allowing information to be fed through the committees and directly up to the board. It is also important that the board act on information when it is communicated to it. The board's commitment to acting on information is reflected through the wholesale improvements to systems and structures and the refresh of key staff overseen by the recently refreshed board of Crown Resorts.
- 11 Explain which kinds of risks are escalated to the Crown Resorts Board and how.**
- 43 Significant risks are escalated to the Crown Resorts' board through the board committees, and regular and ad hoc executive reporting by the CEO and executive management, including:
- a) significant financial risks, especially relating to banking facilities and funding, financial covenants, budgets and forecasts;
  - b) continuous disclosure matters;

Amended Witness Statement of Nigel Morrison

- c) takeover approaches;
- d) AML/CTF risks;
- e) regulatory processes including, ILGA, the Victorian Royal Commission, the Perth Casino Royal Commission and engagement with state based regulators;
- f) health and safety issues;
- g) Covid-19 matters including restrictions on trading, employment issues and vaccination policy;
- h) remuneration policies and organisational structure;
- i) material litigation including class actions;
- j) divestment of assets; and
- k) appointment or termination of key employees.

**12     *If any part of the Crown Group needs to operate beyond the risk appetite approved by the Board of Crown Resorts, how is that identified and brought to the attention of the Crown Resorts Board?***

44     The Crown Group should not act beyond the risk appetite approved by the board of Crown Resorts.

45     The Crown Resorts board must and does regularly review its risk appetite in respect of all aspects of its operations. From time to time, these reviews will prompt considered amendments to the existing view of the board. However, since joining the board, I do not recall an instance of the board altering its risk appetite beyond the scope previously provided.

**13     *Outline how the risk management framework deals with identifying and addressing new or emerging critical business risks to the casino operations of the Crown Group, and in particular Crown Perth, and the risk management framework brings those risks to the attention of the board of Crown Resorts.***

46     The board is currently identifying new and critical risks. While not being a member of the Risk Management Committee, I have attended Risk Management Committee meetings as an observer and am aware that we have a framework and a template that gets reviewed at each of these meetings. In that forum, the committee engages directly with management. The Risk Management Committee is responsible for escalating any identified gaps to the attention of the Crown Resorts board.

**14     *Outline your views on:***

Amended Witness Statement of Nigel Morrison

- (a) ***the agendas set for the meetings of the Crown Resorts Board. In particular whether you consider those agendas address all matters relevant to the operations of Crown Resorts;***
- (b) ***the timeliness of the Crown Resorts Board packs and the quality and relevance of the materials;***
- (c) ***the quality and effectiveness of discussions at Crown Resorts Board meetings; and***
- (d) ***the adequacy and effectiveness of presentations by management at Crown Resorts Board meetings.***

47 Due to a range of factors such as the effects of Covid-19 and various investigations and Royal Commissions, including the Perth Casino Royal Commission, the Crown Group is operating in an unprecedented environment. In some respects, Crown is fighting for its life and trying to put out fires on all fronts.

48 For those reasons, the board of Crown Resorts is meeting with extreme frequency. In this context, agendas set for the meetings of the Crown Resorts Board are focussed on matters of immediate concern. Ideally, more time would be able to be devoted to matters that, while non-urgent, require the board's consideration.

49 Because of the nature of the current environment, the Crown Resorts Board packs are sometimes provided too close to Board meetings. Ideally, packs should be delivered with at least three or four days to review the materials in advance of the meetings. In my view, despite the timeliness issue, the Board packs are generally very good quality.

50 The quality and effectiveness of discussions at Crown Resorts Board meetings is very good. In future, I would like to see more time and space devoted to strategy, but in the current context I am satisfied with the board's primary focus on critical issues.

51 The quality and effectiveness of presentations by management at Crown Resorts Board meetings is also very good. I recognise that management is working incredibly hard and diligently to achieve these results despite the immense pressure they are facing to get everything done.

**INTERNAL AUDIT**

*(Questions 15 to 22)*

- 15 ***What are all the policies, procedures and practices which govern and support internal audit in the Crown Group? In particular, please describe how these relate and apply to Crown Perth.***

Amended Witness Statement of Nigel Morrison

- 52 The policies, procedures and practices which govern and support internal audit in the Crown Group are:
- a) the Audit Manual [\[CRW.701.009.4409\]](#);
  - b) the Audit Charter [\[CRW.700.095.0024\]](#);
  - c) the audit guidance notes and templates [\[CRW.701.009.4455\]](#) [\[CRW.701.009.4457\]](#);
  - d) Internal Audit Universe [\[CRW.701.009.4453\]](#); and
  - e) the Internal Audit Plan [\[CRW.701.009.4458\]](#).
- 53 The documents apply to Crown Perth in the same way they apply to each other Crown Group property.
- 16 *Are there any policies, procedures and practices governing and supporting internal audit in the Crown Group that are modified in respect of, or which apply uniquely to, Crown Perth?***
- 54 I am not aware of any policies, procedures and practices governing and supporting internal audit that are modified in respect of, or which apply uniquely to, Crown Perth.
- 17 *Does the Group General Manager – Internal Audit have a reporting line to the Chairman of Crown Resorts or the Crown Resorts Board?***
- 55 The Group General Manager – Internal Audit reports to the Chair of the Crown Resorts Audit and Corporate Governance Committee and is accountable to that Crown Resorts Board Committee. At key times, the Audit and Corporate Governance Committee and / or Crown Resorts board also meets privately with the Group General Manager - Internal Audit and the External Auditors.
- 18 *Is there a reporting line from Group General Manager – Internal Audit to the Chairman of Burswood Limited or the Burswood Limited Board with respect to matters relating to or affecting Crown Perth?***
- 56 I understand that the Group General Manager – Internal Audit is available to report to the Burswood Limited Board with respect to matters relating to or affecting Crown Perth.
- 19 *What measures are in place or proposed to be put in place to ensure the independence of the Crown Resorts internal audit team?***
- 57 Crown Group has recently made significant changes to ensure the independence of the internal audit team. In particular, Crown Group has:
- a) separated the internal audit and risk functions to ensure each function is devoted the undivided attention of its manager;

Amended Witness Statement of Nigel Morrison

- b) elevated the seniority of the head of the internal audit function to a Group General Manager and recruited to install a highly experienced internal audit professional to lead the function; and
- c) re-established a direct line of communications between the internal audit function and the board of Crown Resorts, including meetings between the Group General Manager – Internal Audit and the independent directors.

**20     *Do you consider internal audit in the Crown Group to be inadequate or ineffective in any respects? Please explain and provide reasons for your answer.***

58     I consider the internal audit function in the Crown Group and Crown Perth to be adequate and effective, recognising that structure and personnel are new. I do not consider there are any current inadequacies or ineffectiveness. The reason I hold this opinion is:

- a) Crown Group has recently made significant structural improvements to safeguard the independence of the internal audit function (set out in response to question 19);
- b) Crown Group has significantly increased the size of the internal audit team such that it has approximately doubled in size since the Bergin Inquiry;
- c) Crown Group has, I believe, recruited a very capable Group General Manager in Jessica Ottner to lead the function; and
- d) the enhanced focus now being committed to the Internal Audit function by both the Audit and Governance Committee and the Crown Resorts Board.

59     Notwithstanding these improvements, it is my view that monitoring the improved function is essential given the significance of the recent structural and personnel changes. The Crown Resorts Audit and Corporate Governance Committee will monitor the function very closely over the next 12 months. There is a possibility that this close monitoring will identify aspects of the Crown Group or Crown Perth internal audit function which could be improved.

**21     *Do you consider internal audit at Crown Perth to be inadequate or ineffective in any respects? Please explain and provide reasons for your answer.***

60     I refer to my answer for question 20.

**22     *Do you consider that there are any respects in which internal audit of the Crown Group or Crown Perth which, if not inadequate or ineffective, could nevertheless be improved? Please give details of any improvements you identify.***

61     As I noted above, Internal Audit has practically been rebuilt as a result of the changes made over the past few months. I do not consider Internal Audit to be inadequate or ineffective and think that the structure and plan should work. However, I would need to see it in operation for

Amended Witness Statement of Nigel Morrison

another 6-12 months before I can draw definitive conclusions about its adequacy. I would expect that we would find opportunities for improvement and enhancement going forward.

**GOVERNANCE OF CROWN PERTH**

*(Questions 23 to 30)*

**23     The Crown Perth structure broadly is as follows:**

- (a)     *Burswood Nominees Limited is trustee of the Burswood Property Trust, which is a unit trust created under a Trust Deed dated 20 February 1985 that has been amended from time to time;***
- (b)     *in its capacity as trustee of the Burswood Property Trust, Burswood Nominees Limited is the licensee of the Perth Casino;***
- (c)     *Burswood Resort (Management) Limited is the manager of the Burswood Property Trust;***
- (d)     *clause 28.4(b) of the trust deed for the Burswood Property Trust provides that the Manager (being Burswood Resort (Management) Limited) is to manage the Resort Complex. Resort Complex includes the Perth Casino;***
- (e)     *clause 28.1 of the trust deed provides that the Trustee (being Burswood Nominees Limited) shall have all the powers in respect of the assets and investments of the Trust Fund which it could exercise if it were the absolute and beneficial owner of such assets and investments. However, clause 28.2 of the trust deed provides that, subject to the provisions of the trust deed, such powers shall be exercised only pursuant to the directions of the Manager (being Burswood Resort (Management) Limited). Clause 28.3 of the Trust Deed obliges the Manager to carry on any business of the Trust Fund;***
- (f)     *Burswood Limited holds 100% of the shareholding in Burswood Nominees Limited and all of the units in the Burswood Property Trust;***
- (g)     *Burswood Nominees Limited holds 100% of the shareholding in Burswood Resort (Management) Ltd;***
- (h)     *The trust structure and the roles of the Trustee and the Manager, are recognised in the State Agreement, which has been ratified by the Casino (Burswood Island) Agreement Act 1985;***
- (i)     *Burswood Nominees Limited has no employees and never has had any employees. Burswood Resort (Management) Limited is the employer of the majority of Crown Perth's employees, including employees providing gaming,***

Amended Witness Statement of Nigel Morrison

*human resources, procurement, IT, marketing, public relation, corporate and governance, food and beverage, security, surveillance and property services;*

- (j) some employees providing services to Crown Perth are employed by Crown Resorts or Crown Melbourne; and*
- (k) As a general statement, since 2005, the boards of Burswood Nominees Ltd and Burswood Resort (Management) Ltd have comprised executives or management of Crown Group and the board of Burswood Ltd has consisted of a majority of executives or management of Crown Group with a minority of Perth-based non-executive directors.*

**24     *Has the above structure (or any aspect of it) been explained to you? To your knowledge and understanding, has it ever been discussed by or with the board of Crown Resorts during your tenure as a director? Have you considered the terms of the Trust Deed?***

62     I understand the corporate structure as it is set out. I am familiar with Burswood Limited, as it was a public company, and the property trust structure based on my industry expertise. The board of Crown Resorts has also been briefed in relation to the above structure in the process of considering the proposed introduction of a charter for Burswood Limited, discussed below.

63     I have not read the Trust Deed.

64     I am aware that the constitution of Burswood Limited is currently outdated and that there is currently no charter. We are aiming to resolve this by implementing a new charter and a new constitution.

**25     *Describe your knowledge or understanding of the degree of influence, or direction (a) Crown Resorts or (b) Crown Melbourne has in the governance or operations of each of the Crown Perth entities.***

65     In my view, the organisations work together. Some functions are centralised in order to promote consistency. For example, there are shared service functions such as human resources and shared policies across the Crown Group such as in respect of RSG and AML/CTF. There is also a central hotel booking system which operates out of Melbourne but which is also able to book accommodation for Perth.

66     There is some degree of influence from Crown Resorts because it is in charge of the allocation of capital invested within the Crown Group. This is a substantially positive influence on the direction of Crown Perth; I understand that in excess of 1 billion dollars has been spent in Perth since Burswood was acquired by PBL for circa \$700 million in 2004, which has been possible because of Crown Resorts' substance as a public company. Burswood Limited is a wholly owned subsidiary of Crown Resorts and Crown Resorts appoints the CEO of Burswood Limited with the consent of the Burswood Limited Board.

Amended Witness Statement of Nigel Morrison

67 Crown Melbourne exercises no influence over Crown Perth entities. There are, however, a number of shared service functional lead managers that oversee operations in Perth are based in Melbourne.

26 ***Describe your knowledge or understanding of the degree of influence, or direction any of the Crown Perth entities has on the governance or operations of any of the other Crown Perth entities. In particular, the level of influence or direction:***

(a) ***Burswood Nominees Limited provides in respect of Burswood Resort (Management) Limited;***

(b) ***Burswood Resort (Management) Limited provides in respect of Burswood Nominees Limited; and***

(c) ***Burswood Limited provides in respect of each of Burswood Nominees Limited and Burswood Resort (Management) Limited.***

68 Burswood Nominees Limited and Burswood Resort (Management) Limited are wholly owned subsidiaries of Burswood Limited. The company structure reflects Burswood's historic structure. Burswood Limited is the controlling entity of the Crown Perth group of entities.

27 ***To your knowledge or understanding, have there been any discussions within the Crown Group about proposals to alter the above structure in any respect?***

69 To my knowledge, there have not been any discussions within the Crown Group regarding proposals to alter the above structure. However, there have been discussions at Board level to draft a charter for Burswood Limited and discussions regarding amending the constitution so it is fit for purpose as a wholly owned subsidiary of Crown Resorts and references applicable to, for example, CHESS and ASX Listing Rules, which related to its time as a publicly listed company, are removed. This is a work in progress.

28 ***If the answer to Question [27] is 'yes', what has been the content of those discussions and what is the current status of any proposal? Has consideration been given to the ramifications of the State Agreement in relation to the proposal?***

70 My understanding is that the proposed changes to the constitution and new charter will not impact on the State Agreement and are not intended to vary the State Agreement. The intention is to ensure that any changes are consistent with the State Agreement.

29 ***To your knowledge or understanding, what if anything is presently proposed in relation to the appointment of new directors, in particular independent directors, to the boards of each of:***

(a) ***Burswood Limited;***

(b) ***Burswood Resort (Management) Limited; and***



Amended Witness Statement of Nigel Morrison**(c) Burswood Nominees Limited?**

71 My understanding is that the Burswood Limited board will be comprised of four directors for the foreseeable future, and pending the outcome of the PCRC inquiry. They are:

- a) Bruce Carter as Chair;
- b) Maryna Fewster as an independent Perth based director;
- c) Steve McCann; and
- d) Lonnie Bossi.

72 I am not aware of any consideration being given to the subsidiary boards at this stage.

**30 Outline the current mechanism for reporting matters from:**

**(a) the boards of Burswood Nominees Limited and Burswood Resort (Management) Limited to the board of Burswood Limited; and**

**(b) the boards of Crown Perth, to the board of Crown Resorts.**

73 I am not aware of the mechanism for reporting matters from the boards of Burswood Nominees Limited and Burswood Resort (Management) Limited to the board of Burswood Limited.

74 In respect of the mechanisms for reporting matters from the boards of Crown Perth to the Crown Resorts Board, this occurs at our substantive monthly Board meetings by way of Lonnie Bossi's presentation to the Board as CEO of Crown Perth. His report generally includes financial performance, capital expenditure updates and proposals, legal, regulatory and compliance updates, and any other matters he wishes to bring to the attention of the Crown Resorts Board.

75 Going forward, I would expect the recently appointed chair of Burswood Limited, Bruce Carter, to also update the board on Perth related matters.

76 In his capacity as CEO of Crown Resorts Limited, Steve McCann also reports to the Crown Resorts' board on matters concerning Crown Perth from time to time.

**CROWN MELBOURNE AND CROWN PERTH**

*(Questions 31 to 34)*

**31 Article 3.12 of the Constitution of Burswood Limited provides:**

***The Head Office of the Company [being Burswood Limited] must always be located in Western Australia. For this purpose 'head office' means the place of business of the Company [being Burswood Limited] where central management and control are exercised.***

**32 Please outline your understanding of:**

**(a) what this article requires;**

Amended Witness Statement of Nigel Morrison

- (b) whether and, if so, how Burswood Limited is currently complying with this requirement; whether and, if so, how you expect Burswood Limited to continue to comply with this requirement in the future.**

77 My understanding is that the article requires that the central management and control of the Perth Casino, essentially its day-to-day decision making, take place in Western Australia.

78 In my view, Burswood Limited is currently complying with this article and will continue to do so. Significant operational decisions are made locally through Lonnie Bossi as CEO of Crown Perth and his local senior management. Further, the board of Burswood Limited exercises oversight of Crown Perth's operations by, at Burswood Limited's board meetings, receiving reports from Crown Perth management and shared services personnel on matters concerning Perth Casino.

**33 Clauses 22.1 (r) and 22.1 (ra) of the Casino Agreement between Crown Melbourne and the Victorian Commission for Gambling and Liquor Regulation provides:**

- (r) the Holding Company Group [the Crown Group], if it pursues anywhere in Australia a business similar to that of the Company [Crown Melbourne Ltd], will use its best endeavours to ensure that such business is conducted in a manner:**

**(i) which is beneficial both to that business and to the Company and which promotes tourism, employment and economic development generally in the State of Victoria; and**

**(ii) which is not detrimental to the Company's interests;**

- (ra) the Company:**

**(i) must ensure that the Holding Company Group locates the headquarters of its gaming business in Melbourne;**

**(ii) will endeavour to maintain the Melbourne Casino as the dominant Commission Based Player casino in Australia; and**

**(iii) will ensure that the Holding Company Group maintains the Melbourne Casino as the flagship casino of the Holding Company Group's gaming business in Australia,...**

**34 Please outline your understanding of:**

- (a) what these clauses require;**

- (b) whether and, if so, how Crown Melbourne is currently complying with this requirement;**

Amended Witness Statement of Nigel Morrison

- (c) ***whether and, if so, how you expect Crown Melbourne to continue to comply with this requirement in the future; and***
- (d) ***the effect, if any, these clauses have on the governance of Crown Perth or operation of the Perth Casino.***

- 79 I understand that clause 33(r) requires that Crown Perth and Crown Sydney are not operated in a manner which is detrimental to Crown Melbourne. In my view, the operation of multiple properties within the Crown Group is compatible with this requirement because it allows Crown Group to reap significant economies of scale in centralised functions, share sector expertise and enhance Crown's brand and reputation internationally. Additionally, it is my experience that significant international players wish to play at a number of properties and not just one. Being able to offer an alternative property, one of similar outstanding quality and service, is a significant factor in attracting high net worth premium players, delivering revenue growth across the Crown Group properties.
- 80 I understand that clause 33(ra) requires that Crown Resorts be headquartered in Melbourne and strive to maintain Crown Melbourne as the leading casino in Australia in relation to commission based players and as the flagship casino of the Crown Group's gaming business in Australia.
- 81 My understanding is that, to permit Crown or PBL to purchase Burswood, the Victorian State Government imposed these conditions and that, without agreement to these terms, the purchase of Burswood would not have been possible. My understanding is that in exchange for these conditions the state government conceded that Crown would no longer need to be a single purpose company – ie a requirement that it could only operate Crown Melbourne. At the time this article came into existence, the Melbourne casino was circa a \$3 billion asset, compared to the circa, \$700 million asset that was Perth Casino. It was certainly possible for significant value to be added to Perth Casino, as has been done, without threatening the flagship status of the Melbourne casino resort. I do not regard this as being disadvantageous to Perth because the historic gap is such that there is significant room for both to grow, now and in the future, without infringing on Crown's compliance with the Victorian Casino Agreement.
- 82 Crown Melbourne is currently meeting this requirement. Crown Resorts continues to make substantial investments in Crown Melbourne and achieved very high patronage pre-Covid-19. Subject to public health restrictions, Crown Melbourne remains one of Australia's primary gateways to international gaming tourism from Asia and worldwide. Further, I am not aware of the VCGLR ever raising any concerns about Crown Melbourne's compliance with this provision.
- 83 I expect Crown Melbourne to continue to comply with this requirement in the foreseeable future, by virtue of Melbourne's size of population, its destination as an international tourist arrival port

Amended Witness Statement of Nigel Morrison

and the current difference in scale of the two resorts. Nevertheless, my view is that the quality of offering and facilities can continue to be upgraded at both properties.

- 84 My view is that these clauses have no effect on the governance of Crown Perth or operation of the Crown Perth Casino. I do not believe the above clauses have in any way been detrimental to the delivering of jobs, tourism, tax revenue, economic development, RSG and effective AML/CTF processes at Crown Perth, and the investment and growth in that property is testament to that.

**GAMBLING RELATED HARM MINIMISATION**

*(Questions 35 to 36)*

- 35 ***What do you consider to be the proper nature and extent of the Crown Group's role in minimising gaming related harm? In particular, what do you consider to be the obligations and/or duties the Crown Group has in that regard in respect of the operation of the Perth Casino? What do you consider to be the limits of those obligations and/or duties?***
- 85 In my view, the buck stops with Crown Resorts. As the ultimate parent company, the responsibility lies with Crown Resorts to put systems, structures, people and practices in place to responsibly manage gambling related harm at each Crown Group property. Crown Group's obligations are the same at each of its properties. In satisfying its obligations, Crown must be conscious of meeting high community expectations and consulting with experts in the review and implementation of its harm minimisation policies, practices and procedures.
- 86 Historically, Crown was at the forefront of minimising gambling related harm, but I believe this mantle has slipped. Crown Group should strive for best practice in minimising gambling related harm. Since joining the Crown Board, and being part of the Responsible Gaming Committee, I have advocated for a number of enhancements to Crown's RSG policies and practices; in particular, the reduction in the length of play on EGM's before intervention and further work on predictive algorithms in an attempt to identify changes of behaviour in play associated with persons potentially experiencing harm. In May 2021, Steve Blackburn conducted a review of Crown's RSG measures, including matters raised by the Responsible Gaming Committee, and identified a non-exhaustive list of areas for improvement. A number of these improvements are already being implemented as part of a broader RSG uplift program being developed by Mr Blackburn's RSG team, in consultation with the Responsible Gaming Advisory Panel. This work includes further work in relation to enhanced technological solutions. I note that there has been a recent change in management with the departure of the Group General Manager of Responsible Gaming, with Crown Group now currently recruiting for a more senior Executive Group General Manager – Responsible Gaming to manage Crown's group wide RSG function.

Amended Witness Statement of Nigel Morrison

**36     Do you consider that at present the Crown Group or Crown Perth (or both) adequately mitigate the risk of gambling related harm at the Perth Casino?**

87     I do believe Crown Group, including Crown Perth, currently adequately mitigate the risk of gambling related harm at Perth Casino. But I believe we can do better. I believe we are now positioned to do better, allocating greater resources to this area, elevating the status of the head of RSG to Group Executive General Manager, and focusing more significantly on technological solutions to enhance the management of this complex and challenging area.

**CULTURE**

(Questions 37 to 39)

**37     How would you describe the current corporate culture of the Crown Group? Do you regard that culture as satisfactory or appropriate for its operations? Are there any specific aspects of the Crown Group's culture about which you have concerns or which you consider could be improved?**

88     The current corporate culture of the Crown Group is very good, but it must be noted that this reflects substantial recent changes. These changes include renewal of the board of directors of Crown Resorts, a new Chief Executive, substantial renewal of the senior executives and significant changes to the organisational structure including the splitting out of key governance and compliance functions with elevated reporting lines for personnel in those functions. These changes are ongoing as new personnel continue to be recruited to fill new senior roles including Group Executive General Managers for Responsible Gaming and in relation to AML. As noted below, we are also working to implement the findings of the Deloitte Culture Review.

89     Accordingly, today I consider the corporate culture of the Crown Group as satisfactory and appropriate for its operations. However, this does not mean there is not room for improvement. In my view, the commitment to customer service across the Crown Group is second to none. However, an untempered commitment to customer service is not without risk. Today this is tempered with an elevated and much stronger focus on compliance and regulation. This is very visible across the organisation, with the elevated status of the General Counsel, Company Secretary, head of Financial Crime and Compliance, head of People and Culture, head of Responsible Gaming and head of Internal Audit. These appointments and their seniority, strongly communicate and endorse the Board's conviction to address the corporate culture failings of the past.

**38     How would you describe the current corporate culture of Crown Perth? Do you regard that culture as satisfactory or appropriate for its operations? Are there any specific aspects of Crown Perth's culture about which you have concerns or which you consider could be improved?**

Amended Witness Statement of Nigel Morrison

90 Unfortunately, since joining the Crown Board I have not been able to visit Crown Perth. While I have planned to visit Crown Perth on a number of occasions, these have not eventuated, primarily as I am based in Melbourne and various lock-down embargos have prevented me from travelling to Western Australia. I have known Lonnie Bossi for many years. When I was the COO in Melbourne in the late 1990's, Lonnie was an employee in the EGM division in Crown Melbourne. He was always identified as a talented executive with strong potential. In my opinion Lonnie Bossi has developed into a very effective CEO and I am confident that he will establish a diligent, appropriate, and positive culture within his team.

39 ***Deloitte have completed a Crown Culture Review Current State Culture – Final Report (CRW.701.004.9441) (Deloitte Culture Review) (Crown Resorts Remediation Plan item 33). Outline:***

- (a) ***whether you have read the Deloitte Culture Review;***
- (b) ***your views on the observations and conclusions in the Deloitte Culture Review;***
- (c) ***whether the board of Crown Resorts has considered and discussed the Deloitte Culture Review, and if so, the content of that consideration and discussion;***
- (d) ***what if any measures are being implemented or are being proposed to be implemented to address the issues identified in the Deloitte Culture Review;***
- (e) ***the resources to be devoted to and timeline for completion of any such measures;***
- (f) ***the level of oversight the board of Crown Resorts will have over the fact and progress of implementation of any such measures; and***
- (g) ***your view as to the adequacy or effectiveness of any such measures.***

91 I have read parts of the Deloitte Culture Review and discussed it with the Crown Resorts board. Further, Deloitte delivered a presentation to the board setting out its conclusions and recommendations. In response, Crown Group's Chief People and Culture Officer, Mr Tony Weston, is leading a Culture Change Program, (including the establishment of a Culture Change Team), an executive summary of which was recently presented to the Board.

92 I generally agree with the observations and conclusions set out in the Review. I do note however that no doubt the current media regarding the issues Crown has been going through over the past 2 years, has negatively influenced the views of some members of staff and management. Crown has already taken substantial steps to remediate organisational shortcomings in the Review and will continue to do so.

93 My view is that Crown's culture has already changed. Culture is driven from the top. Few organisations have had such wholesale change at the top as Crown has. Following Toni

Amended Witness Statement of Nigel Morrison

Korsanos' retirement, all the Crown Resorts directors will have joined the board in 2021, other than Jane Halton. The directors are more visible across the properties. We have a new organisational structure. We have established new values, which we are currently rolling out across the Crown Group. We have a new CEO of Crown Resorts. We have elevated governance, compliance and regulatory oversight roles within the organisation, with more senior and more visible senior executives filling those roles. I believe the culture of the vast majority of staff and management throughout the Crown Group is in fact very good. I acknowledge that the Deloitte Culture Review has identified important concerns about whistleblowing, bullying, some staff bending the rules, a lack of confidence to speak up and sometimes not being taken seriously when they do speak up, and a lack of feedback and consultation. However, I believe that initiatives being implemented as part of Crown's Culture Change Program, as well as with our new board, our new senior management team, and our commitment to open and honest communication, that we will move quickly to address these shortcomings. We will continue to measure and benchmark our staff and management culture with appropriate staff surveys that will track progress over time. I would expect our culture to demonstrate improvements going forward.

- 94 The board is conscious that strengthening Crown's culture is an ongoing journey. To that end, the board is committed to measuring the organisation's culture at least annually with the feedback from the culture surveys playing a key role in the determination of incentive remuneration for executives.
- 95 I consider the degree of board oversight of the process is adequate, particularly given the focus it receives by the PRN Committee, and I am confident that, going forward we will see continuous improvement in Crown's culture.

**ANNUAL REPORT 2021**

(Question 40)

- 40 ***The independent auditors report of 9 September 2021 on the financial report of Crown Resorts drew attention to Financial Note 1.1, 'Going Concern' in the report indicating that a material uncertainty exists that may cast significant doubt on the Crown Group's ability to continue as a going concern. Please advise whether there have been any changes to the circumstances outlined in the report or further consideration of the matter by the Crown Resorts Board since it was reported?***
- 96 The Covid-19 pandemic has had a significant impact on the gaming and hospitality sector in Australia. The hospitality sector has been one of the sectors hardest hit by the pandemic. I understand that Star Entertainment Group received a similar "going concern" notation from its auditors in its financial report.

Amended Witness Statement of Nigel Morrison

- 97 There is no doubt that the significant impact of the pandemic was one of the most important factors in the auditors arriving at their conclusion, together with the significant regulatory risk potentially arising from the two Royal Commissions. The lengthy and ongoing shutdown of Crown Melbourne went to the heart of this concern. Cash outflows for the business continued during the shutdown, not least because Crown Resorts continued to pay many staff even after government support ceased.
- 98 Since the auditor's report, New South Wales and Victoria have begun to implement roadmaps for the easing of public health restrictions. However there still exists significant uncertainty going forward, particularly in relation to when the Melbourne resort will be allowed to fully open, and when we will see the opening up of international borders and the full resumption of international tourists to Australia. Since the auditor's report, Crown has continued to seek to enhance the financial flexibility of its balance sheet by seeking to secure additional lines of credit.

**CONTINUING EDUCATION FOR DIRECTORS***(Question 41)*

- 41 ***Describe the program for the training of directors of Crown Resorts and Crown Perth summarised in the Crown Resorts Remediation Plan. Please identify all documents comprising the program.***
- 99 Since joining Crown, I have completed training relating to AML/CTF and liquor licensing applicable to Crown Melbourne. Since I joined the Crown Resorts board I have received presentations from a range of Crown personnel and external service providers.
- 100 I have recently lodged forms relating to licensing for RSA at Crown Melbourne.
- 101 The directors are required to undertake periodic training on a range of topics through an online platform.
- 102 The board of Crown Resorts is currently developing a professional development plan for directors going forward.

**BOARD APPOINTMENTS AND SENIOR MANAGEMENT RENEWAL***(Question 42)*

- 42 ***Are there any changes which are not outlined in the Crown Resorts Remediation Plan which have been made or are proposed to made to:***
- (a) the membership of any of the boards of the Crown Group;***
  - (b) the membership of the board of Burswood Limited specifically;***
  - (c) senior management of the Crown Group; and***
  - (d) senior management of Crown Perth specifically.***



Amended Witness Statement of Nigel Morrison

- 103 In respect of (a), Ziggy Switkowski and Anne Ward have recently joined the board of Crown Resorts subject to regulatory and probity approvals. I am not aware of any current proposal to appoint another person to the Crown Resorts board.
- 104 In respect of (b), I refer to my answer to question 29 above.
- 105 In respect of (c), I am aware that Crown is currently seeking candidates to fill the following senior management roles:
- a) CEO of Crown Sydney;
  - b) COO of Crown Melbourne;
  - c) Executive Vice President Corporate Affairs;
  - d) Group Executive General Manager – Responsible Gaming; and
  - e) Group Executive General Manager – Compliance and Regulatory Affairs.
- 106 In respect of (d), I am not aware of any senior management role in Crown Perth currently being recruited.

**REMUNERATION***(Question 43)*

- 43 Describe the nature and significance of the new LTI program and revised STI structures for key management personnel, including the CEO, and the status of implementation of the program and structures (item 34 of the Crown Resorts Remediation Plan). Identify any documents which set out this new program.**
- 107 Crown Resorts' new approach to LTIs and STIs for key management personnel is a significant development. Historically, Crown Resorts paid high fixed salaries to key management personnel, employed STIs sparsely and did not typically use LTIs. The new approach places Crown's values at the centre of its remuneration strategy.
- 108 I was involved in the negotiation of the remuneration package for the new CEO of Crown Resorts on behalf of the board. This was the first instance where STIs were subject to 'gatekeeper' provisions in relation to the standards of values and behaviours. This means that an employee will not be eligible for STI if the employee breaches certain regulatory, compliance or organisational value requirements as determined reasonably, at the Boards discretion (regardless of the incentive the employee would otherwise receive on the basis of other indicators).
- 109 The LTI and STI structure established for the new CEO of Crown Resorts is expected to be cascaded down for his direct reports. However, Crown Resorts has not yet finalised a document with general application that sets out this new program.

Amended Witness Statement of Nigel Morrison

Contains sensitive information

**NIGEL MORRISON**

Dated: 28~~24~~ October 2021