

Perth Casino Royal Commission

Witness Statement of Dr Zygmunt Edward Switkowski

20 October 2021

- 1 I, Dr Zygmunt (Ziggy) Edward Switkowski AO of c/- Crown Resorts Limited, Level 3, 8 Whiteman Street, SOUTHBANK VIC 3006, make this statement in response to:
 - (a) the summons to give evidence issued to me dated 8 October 2021; and
 - (b) the list of topics provided by the Commission on 12 October 2021.
- 2 As I note below, I was appointed as Chairman of the Board of Crown Resorts less than two months ago and my commencement in that role remains subject to probity and regulatory approvals. Since 27 August 2021, while awaiting those approvals, I have attended (by video) a number of meetings of the board and of board subcommittees but only as an observer. Due to constraints relating to COVID-19, I have not had the opportunity to travel to Crown facilities outside Melbourne nor to review those assets and to observe hotel and casino operations. I have visited Crown Melbourne on one occasion in this period.
- 3 Given the limited time that I have spent with the Crown group, I am not in a position to provide detailed answers in response to a number of the topics identified in the list provided to me. Others who are to provide evidence to the Commission will be able to provide that detail. In this regard, and given the time available to me to prepare this statement, I understand that the Commission is seeking comments from me where I have some personal knowledge of the topic area and is not asking that I collate and review documents I have not seen to this point or to undertake other research.
- 4 An index of the documents referred to in this statement appears in the attached list marked "ZES-1".

QUALIFICATIONS AND EXPERIENCE

(Questions 1 and 2)

- 5 I am an experienced company director and board chairman. Presently, I am Chancellor of RMIT University and Chairman of NBN Co, although I will step down from my role as Chancellor at the end of October.
- 6 I was formerly Chairman of each of Suncorp Group (**Suncorp**), the Australian Nuclear Science and Technology Organisation and Opera Australia. I have also served as a non-executive director on the boards of Tabcorp Holdings (**Tabcorp**), Healthscope, Oil Search, Lynas and Amcor. I previously held positions as Chief Executive Officer and Managing Director of Telstra Corporation Ltd (**Telstra**) and Optus Communications Ltd (**Optus**). My full CV is [CRW.701.009.3886].

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- 7 I was awarded an Order of Australia in 2014 for "distinguished service to the community, particularly to tertiary education administration, scientific organisations and the telecommunications sector, to business, and to the arts".
- 8 My experience in the gambling sector comprises 14 years on the board of Tabcorp, from 2006 to 2020. I received the necessary probity and regulatory approvals in connection with that role. For the first five years of my time at Tabcorp its business included the gaming and casino operations that were demerged in 2011 to form the ASX listed Star City Casino. I sat on a number of Tabcorp's board committees, including the audit and risk committee, and I chaired the people and remuneration committee. During my time at Tabcorp, the board considered similar issues regarding problem gambling to those that I have observed be considered at Crown, with some differences arising from the significance of a national network of thousands of retail outlets to Tabcorp's business.
- 9 As a result of my senior executive roles and through my experience as a director of significant listed entities, I have gained substantial experience in risk management and governance matters in a range of different industry settings. My background in these areas has led to me being asked to conduct or oversee independent governance reviews. For example, in 2013 I conducted a governance review of the Essendon Football Club, at the time of the investigations into alleged misuse of supplements at the club. In 2020, I was one of the three member panel appointed by Westpac to conduct an independent review and provide recommendations on board risk governance and accountability in relation to financial crime. That review was commissioned by Westpac in the context of the allegations made by AUSTRAC of multiple breaches of the AML/CTF provisions.
- 10 I am familiar with the AML/CTF regime. I was required to address issues relating to AML/CTF regulation during my time at Tabcorp and Suncorp, which operated in highly regulated environments. I was able to draw upon and further that experience in my role on the Westpac Accountability Review Panel.
- 11 My various roles over the years have also given me experience in managing substantial corporate change programs, including in circumstances where those changes included a substantial renewal of board and senior management membership. For example, I commenced as Executive Chair of NBN Co in October 2013, following a period of difficulty for that company. In that role I was involved in bedding down changes to the board and senior management team, including appointing a new CEO, and overseeing enhancements to governance processes. The change management process included the need to drive cultural change within management and throughout a workforce of approximately 3,500 people. Similarly, while I was CEO and Managing Director of Telstra, I was involved in the transition from government ownership to publicly listed company, and the associated challenges for a large organisation (of approximately 60,000 employees).

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APPOINTMENT*(Questions 3 and 4)*

- 12 I was generally aware of the issues confronting the Crown group as a result of press reporting in connection with the Bergin Inquiry and the Victorian Royal Commission. In late July 2021, I was contacted by Helen Coonan (who at that time was the Chair of Crown Resorts) who described the then circumstances facing Crown and indicated the qualities that the Crown Resorts board were seeking from the person that would replace her as Chair. These qualities included experience with regulated industries, driving cultural change and governance of complex listed companies.
- 13 Over a period of approximately four weeks, I had discussions and interviews with each of the Board members, as well as the CEO and certain advisers to the Board. I reviewed the Bergin Inquiry report, Crown's ASX releases and media reports as part of my due diligence. I gave close consideration to what I understood to be the needs of the Crown Group and the commitment of time and effort that would be required from the incoming Chair in order to lead the Board, to oversee the governance and cultural change management program that was underway and to engage as Chair with relevant stakeholders, including regulators, government, lenders and investors. I agreed to accept the role and my appointment was announced to the market on 26 August 2021.
- 14 I have attended all board and sub-committee meetings since that time. As I noted above, I have attended those meetings only in an observer capacity while awaiting probity clearance and regulatory approval.
- 15 I will chair the People, Remuneration and Nomination committee of the Crown Resorts board. This will allow me to be closely involved in key appointments, succession planning, remuneration, organisational design and other matters relevant to culture. In particular, the committee will have a role in monitoring the cultural change program. I also intend to attend all sub-committee meetings of the Crown Resorts board and board meetings of its three main subsidiaries, Crown Sydney Gaming Pty Ltd, Crown Melbourne Ltd and Burswood Ltd, either ex officio or as a member (which may be required for quorum as further board appointments are progressed). To allow me to dedicate the time and focus that will be required from me, I will be reducing my other commitments, which was the reason for my resignation as Chancellor of RMIT.

PACKER ASSOCIATION*(Question 5)*

- 16 I have had contact with Mr James Packer and people associated with him in the past, in the course of certain arm's length business dealings.

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- 17 From 1996 – 1997, I was CEO of Optus and Chairman of its subsidiary, Optus Vision. Publishing and Broadcasting Limited (**PBL**) (a company associated with Mr Packer) was a shareholder of Optus Vision and Mr Packer was on its board.
- 18 I also had dealings with Mr Packer (and his father) when I was the CEO of Telstra from 1999 – 2005. Telstra had an interest in some assets of PBL and, at one stage, consideration was given to the possibility of Telstra acquiring PBL (which did not eventuate).
- 19 Since leaving Telstra in 2005, I have had a small number of ad hoc conversations with Mr Packer in business contexts. As best I can recall, I have not spoken with Mr Packer since around 2009. My recollection is that at that time we discussed topics such as the outlook for subscription TV and nuclear energy.
- 20 I have no relationship with Mr Packer that may impact the discharge of my role as Chair of Crown Resorts and I have not had any communications with him, or companies or people associated with him, which related to Crown Resorts or the Crown Group.

SKILLS AND COMPETENCIES*(Questions 6 to 8)*

- 21 The skills and competencies that I will bring to my role on the Crown board, including those skills and competencies listed in the Crown board skills matrix, are derived from my experience on the boards of publicly listed companies, unlisted organisations, and government business enterprises and as a senior executive of various substantial companies and organisations. As I have touched on above, I consider that my corporate career has provided me with a good grounding in risk management and governance processes and associated corporate cultural matters. I have experience leading and managing companies with complex regulatory and stakeholder regimes. I understand the interplay between a well-functioning board and management and the need for effective information flows and constructive challenge. A healthy working relationship between the Chair and the CEO is critical.
- 22 I have completed many skills matrix assessments over my career, starting with Suncorp which was one of the first companies to introduce that concept. I was required to complete a self-assessment against the Crown skills matrix and in that assessment I noted that I consider that I have a good understanding of, and experience in, many of the areas listed.
- 23 Given the recency of my appointment, my induction and training within Crown is ongoing and will increase over the coming weeks. Most of my time so far has been spent reviewing the findings of the Bergin Inquiry, submissions to the Victorian and WA Royal Commissions, attending board and sub-committee meetings and reading the associated papers. I will soon start the online training that is provided by Crown. I have had briefing sessions on:
- a) financial crime, with Steven Blackburn (Chief Compliance and Financial Crime Officer);

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- b) risk and audit, with Anne Siegers (Group General Manager – Risk and Audit); and
 - c) balance sheet and profit and loss matters, with Alan McGregor (Chief Financial Officer, Crown Resorts); and
 - d) various other topics with Nick Weeks (Executive General Manager, Transformation and Regulatory Response), Tony Weston (Chief People and Culture Officer), Peter Crinis (CEO Crown Sydney and Crown Hotels), Matt Young (Manager Strategy and Investor Relations) and Lonnie Bossi (CEO, Crown Perth).
- 24 I found the executives to be well prepared, capable in their roles and keen to discuss the activities ongoing in their portfolios.

GOVERNANCE AND RISK MANAGEMENT

(Questions 9 to 16, 36)

- 25 I am becoming familiar with Crown's processes for identifying and managing risk. I have received and reviewed various documents, including the charter of the audit and risk management subcommittee of the Board of Crown Resorts and the most recent risk appetite statement approved by that subcommittee. I have observed that significant work is being undertaken in this area, particularly in respect of matters associated with AML/CTF risks and other financial crime risks. I am broadly aware of the significant additional personnel and financial investments that have been made available in respect of risk and compliance areas in the last eighteen months.
- 26 Initially, my task as Chairman will be to continue to build up the board and help the CEO with the continuing recruitment of key members of the executive team. Clearly the actions arising in response to the findings of the Bergin Inquiry, and also in respect of the issues that have emerged in this Commission and the Victorian Royal Commission (which is expected to release its findings very shortly), will also be a priority. Another priority is to help establish a reward and remuneration program that reinforces the significance of both financial and non-financial KPIs, such as risk management, compliance programs, financial crime controls, employee engagement and customer experience. Such a program can then be used as a mechanism to signal to employees what is important to Crown, as well as monitoring performance.

GOVERNANCE OF CROWN PERTH

(Questions 17 to 24)

- 27 I have been briefed on the Crown Perth structure and I have been an observer at Crown Resorts board meetings at which a draft charter for the Burswood Ltd board has been discussed. The draft charter is being actively considered by the Crown Resorts and Burswood Ltd boards. Work on the charter is ongoing, to ensure it is considered by all relevant parties and also to allow for the forthcoming report of the Victorian Royal Commission to be considered and incorporated.

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- 28 I understand the importance of Western Australian issues and interests to the management of Crown Perth. I do not think this is incompatible with a structure in which Crown Perth is accountable to the board of the Crown group. Based on my experience, there are numerous benefits to being part of a broader corporate group, such as: access to capital; cross-company processes and approaches regarding (for example) risk, compliance and financial reporting; the sharing of best practice and developments in innovation; and provision of support and investment in areas like IT and cyber security.
- 29 I understand that there is a process of review underway to examine the different entities within the Crown group with a view to rationalising them, in pursuit of simplification and achieving clarity in decision rights and accountabilities.
- 30 If independent directors are appointed to the boards of Burswood Ltd, Burswood Resort (Management) Pty Ltd and Burswood Nominees Ltd, I expect that they would contribute additional expertise, diversity and (if they are local) they may be more familiar with the interests of the Perth community.

CROWN MELBOURNE AND CROWN PERTH

(Questions 25 to 28)

- 31 I am broadly aware of the requirements of Article 3.12 of the Constitution of Burswood Ltd and Clause 22.1 of the Casino Agreement between Crown Melbourne and the Victorian Commission for Gambling and Liquor Regulation. I would not expect the requirements to cause difficulty as a matter of practice. In my experience, it is not uncommon that a corporate group that has interests in a number of jurisdictions must comply with the different legal and regulatory requirements of each jurisdiction. However, these differences do not necessarily prevent the company from operating under the same broad framework and having a common set of values.

GAMBLING RELATED HARM MINIMISATION

(Questions 29 and 30)

- 32 I consider that Crown has a responsibility to minimise gaming related harm and to address the risk of addiction from the use of Crown's services. I believe the commitment to responsible gaming is a group wide obligation. I understand that Crown has in place programs that are aimed at reducing the risk of gaming related addiction and social harm.

CULTURE

(Questions 31 to 33)

- 33 I have seen, but not yet absorbed in detail, the Deloitte Culture Review. The content of this review will be an important input because it will give an insight into employee attitudes, where employees are looking for leadership and the areas that require remediation.

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- 34 Based on my limited experience with the people at Crown with whom I have dealt so far, they are good, hard-working people who believe in their business. Collectively, they appear to me to be very similar in outlook, needs and engagement to those in other large businesses.
- 35 In my view, the next step is to firmly embed Crown's priorities, including sufficient emphasis on non-financial elements that I mentioned in paragraph 26. This will involve being clear about the organisation's expectations, developing communication and training programs for all Crown people, putting in place a means of measuring progress and establishing feedback loops to report back on that progress.

ANNUAL REPORT 2021*(Question 34)*

- 36 I am not aware of any changes to the circumstances outlined in the independent auditor's report of 9 September 2021.

ROLE AS CHAIRMAN*(Question 35)*

- 37 I see my role as Chairman of Crown Resorts as building a capable and coherent Board, providing 'care and sustenance' to the CEO and the executive team, making contributions to the Group strategy, helping to chart a path through the myriad issues in front of the Group, closely monitoring performance including financial metrics, and keeping an eagle eye on issues of integrity, compliance and culture. I understand that Crown has had problems with these areas in the past. These problems are being recognised and I note that remediation plans are currently underway. After the reports of the different Commissions are completed, further action plans may need to be developed. While the current initiatives are comprehensive and frequently informed by outside advice, there are many and attention will need to be directed to coordination and integration of the many programs that are underway.


Dr Zygmunt Edward Switkowski

Dated: 20 October 2021