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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 52

10.01 AM MONDAY, 01 NOVEMBER 2021

COMMISSIONER NJ OWEN

COMMISSIONER CF JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MR MICHAEL FEUTRILL SC and MS MIA HENDERSON as Counsel Assisting the Perth Casino Royal Commission

MS FIONA SEAWARD and MR JOSHUA BERSON 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

MR NOEL HUTLEY SC and MS RACHAEL YOUNG as Counsel for Mr James Packer and Consolidated Press Holdings Pty Ltd and CPH Crown Holdings Pty Ltd

Mr KANAGA DHARMANANDA SC 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

MS JENNY THORNTON as Counsel for Ms Jane Halton

MS JOANNE SHEPARD as Counsel for Mr Barry Felstead

MR PETER WARD as Counsel for Mr John Poynton

MR ANTHONY POWER as Counsel for Ms Maryna Fewster

10:01AM

COMMISSIONER OWEN: Yes, please, be seated. Good morning, or afternoon, Ms Halton. Thank you. Ms Thornton.

5 MS THORNTON: May it please the Commission, I appear for Ms Halton.

COMMISSIONER OWEN: Do you wish to affirm or take an oath?

WITNESS: Affirm, thank you, Commissioner.

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COMMISSIONER OWEN: If you wouldn't mind repeating the words after me.

MS SARAH JANE HALTON, AFFIRMED

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EXAMINATION-IN-CHIEF BY MS THORNTON

20 MS THORNTON: Ms Halton, you have filed a statement dated 19 November 2021 in response to the summons you received dated 8 October 2021, is that correct?

MS HALTON: Correct.

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

MS HALTON: Somewhere here, yes. I've just been given a folder. I do.

MS THORNTON: That is a document bearing ID number CRW.998.002.0897?

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MS HALTON: Yes, that's correct.

MS THORNTON: That's your signature on page 13 of the document?

35 MS HALTON: Yes, that is.

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

MS HALTON: They are.

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

COMMISSIONER OWEN: Thank you, Ms Thornton.

45 The statement of Jane Halton dated 19 October 2021 and bearing the identifier number CRW.998.002.0897 is admitted into evidence as an exhibit.

EXHIBIT #CRW.998.002.0897 - STATEMENT OF MS SARAH JANE HALTON DATED 19 OCTOBER 2021

5 MS THORNTON: Do you have any comments on the Crown remediation program in respect of its progress to date, and the ability of Crown to implement it, going forward?

MS HALTON: Yes, thank you. A couple of things, if I might.

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The Crown remediation program, which has now been brought together in one, and it is a rather large document, brings together a number of strands of work, some of which pre-date the Bergin Inquiry and the Bergin Inquiry report, and some of which post date the bringing down of that report. What the Remediation Plan covers are all of the things which we have determined and have been advised and have otherwise had encouragement to believe, are the things that are necessary to put the company and its operations and the staff of the company on the right path in terms of all the things we regarded as necessary for regulatory compliance and assist with our social licence to operate. So it covers things such as AML, culture, issues in respect of governance, including the structure and composition of the board and senior management.

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In terms of our capacity to actually implement that roadmap, if I can use that term, I do believe we have the capacity to implement that. Now, some of the elements of this particular program of work, and I think we know this from other industries, take time. But I can say that there is an absolute determination to put in place the systems and processes and the monitoring to ensure that happens. Some of those things have already been achieved, which I think you would know because of the items I've referred to, we've already made substantial change, board composition, senior management, et cetera. But a number of those items are ongoing, but I am confident in the capacity to achieve them.

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MS THORNTON: So over the past year there has been a refresh of the Board and senior executives within Crown. Do you have any comments on what impact that has had and will have on Crown's operations and culture going forward?

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MS HALTON: Yes, I do, thank you. A number of observations, if I might --- can I just say, I'm sorry I'm getting an awful lot of noise, people turning pages. I can hear rustling, scruffling, so I don't know if people can turn down the volume. It is quite distracting. I do apologise.

40

So the people who we have been recruiting are people who have, firstly, extensive experience, credentials in a number of different areas and who have, I think, a single-minded commitment to be part of the turnaround of Crown. And those people bring with them a mix of skills and experience. They bring, literally, turnaround experience, they bring professional qualifications, which are material in law, in accounting and all those other sorts of things. They also bring a level of

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goodwill character, and I believe a way of working, which is very much part of the important component of our culture reform, which is about tone from the top. So they very much believe in walking the talk, being visible to the staff, engaging with staff at all levels. They are all individuals who believe and practice respect in the workplace. So they, in reflecting what I would regard as being their innate character in the way they operate, they've not only brought to bear those skills and experience already in the board engagements, but they are also demonstrating that, I think, in the way they operate and the way they engage with all staff across the organisation. Noting, with apologies to our WA colleagues, that not all of us have been able to travel there for quite a while.

MS THORNTON: Do you have any other comments on how matters are reported to the Board and how the Board is now operating in particular?

MS HALTON: Other than the cultural components and the skill sets which I've already referred to, what I would say is that the Board is very focused on not just the broad sweep of strategy, but at a time like this you need the Board to be focused on detail as well. And, again, I would say, certainly one of the things I've been very keen to do since I've assumed the role of Chair, which is, as everyone knows, in the interim pending Dr Switkowski's regulatory approvals, I'm very keen to ensure that we have, where it is humanly possible, documents with thought-through arguments and material and including facts and advice in front of the board to facilitate those discussions. We've also been quite particular about ensuring that we have relevant expertise, which is outside the company, sometimes to enable us to test advice we are getting internally.

And then I would also say that the nature of the people that we've recruited, all of whom have extremely, I think, credentialed professional business careers, those individuals, I would say to you, bring with them an informed but also a sceptical eye which enables them to give advice, to think through, to look through the detail and work cooperatively with the Board and, importantly, each other, in assisting the Board in coming to decisions.

MS THORNTON: Thank you, Ms Halton.

Commissioners, that is Ms Halton's evidence-in-chief.

COMMISSIONER OWEN: Thank you, Ms Thornton.

Mr Feutrill?

CROSS-EXAMINATION BY MR FEUTRILL

MR FEUTRILL: May it please the Commission.

10:09AM

Can you hear me, Ms Halton?

MS HALTON: Yes, I can.

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MR FEUTRILL: Can I start by asking you some confirmatory questions around your previous statements to the Bergin Inquiry and the Victorian Royal Commission.

MS HALTON: Sure.

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MR FEUTRILL: You mentioned in paragraph 5 that you are ---

MS HALTON: Five of which?

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MR FEUTRILL: In your statement to this Commission. You have referred to it as your previous statement. CRW.998.001.0152.

MS HALTON: I will take your word for it, I'm sorry, let me just ---

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MR FEUTRILL: Have you got it on the screen somewhere?

MS HALTON: Hang on a second, I was given some things when I walked in here. I'm just seeing. Yes, that looks like the one, I have it on the screen.

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MR FEUTRILL: Should be 25 pages in length.

MS HALTON: I'm sure that's true. Don't ask me to be entirely confident that 25 is right but it wasn't short, Mr Feutrill.

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MR FEUTRILL: Have you had an opportunity to read over it before today?

MS HALTON: Well, certainly when I was compiling this other statement, yes, thank you.

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MR FEUTRILL: I know that one is dated 28 April this year. I think you gave evidence, it may have been in July, I can't remember the exact date, in the Victorian Royal Commission but are you satisfied it remains an accurate statement?

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MS HALTON: I think it is largely accurate, Mr Feutrill. I mean, I think as I've indicated in evidence in the Finkelstein Inquiry, particularly in respect of risk and AML, the work on those elements of our programs have continued. And of course a number of positions that were vacant have been filled since that time. So there are obviously some things which are dated in terms of the major elements I'm not aware of any error.

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MR FEUTRILL: All right. I will come to the updating a little later, if I may. You are content that as of the date of the statement, the statements were accurate?

10:12AM

MS HALTON: Well, and as I think at the beginning of the statement, there were a number of matters I was asked to put in a statement on that well pre-dated my time at the company. So, as I think I said at the beginning of that statement, I had to rely on discussions I had with people in respect of a number of elements in that statement.

MR FEUTRILL: Okay. Can I take you to another statement of yours. This is to the Bergin Inquiry. You gave two statements to the Bergin Inquiry. I'm interested in the second one, which is dated 13 September 2020 --

MS HALTON: Yes.

MR FEUTRILL: --- and it should be CRL.693.001.0025.

MS HALTON: Yes.

MR FEUTRILL: --- I don't know if you had a chance to look over this one, it is shorter, only 10 pages long.

MS HALTON: No, I haven't had a chance to look over it, it wasn't on the list of documents that was sent on Friday night that you indicated an interest in going to, so I have not reviewed it, I've just been handed it as I walked in.

MR FEUTRILL: We don't have an interest in every part of it. There are some paragraphs I will take you to in due course.

MS HALTON: I may have to think about them, Mr Feutrill, but of course I'm happy to look at them again.

MR FEUTRILL: Yes. All right.

Turning to your statement to this Commission, and I appreciate you've given many statements, could I ask, just in respect of paragraph 12 you have given a brief overview of some of your professional experience that has exposed you to matters that are relevant to this inquiry, in particular harm minimisation and the AML/CTF risk.

MS HALTON: Yes.

MR FEUTRILL: If I could draw your attention to paragraph 12b) and you mentioned some experience you had when you were with the Department of Prime Minister and Cabinet.

MS HALTON: Yes.

MR FEUTRILL: What issues were you responsible for in that role on the interdepartmental committee that you chaired?

MS HALTON: Prime Minister and Cabinet isn't responsible for anything, Mr Feutrill. It is a coordinating department, so I think it is important to clarify the meaning of the word "responsible for". That was a process of gathering together
5 evidence and advice that was current at that time in respect of gambling in the broader sense, including electronic gaming and including internet-based gaming, and what was known about harms, and what was known about mitigation, and one of the things that was very clear at that point is there is no single source of truth, there are many academic views and reviews on this subject. So this is a question of pulling
10 together that with experts in the field to provide advice to the then government on those matters.

MR FEUTRILL: So the interdepartmental committee didn't commission any of its own inquiries or reports?

15 MS HALTON: No, but it brought together relevant experts to discuss their respective views, for example, on things like --- and these are now matters of ordinary course -- - access to where teller machines, ATMs, might be proximate to gaming floors. Issues around knowing what the time is, clocks, things of that sort.

20 MR FEUTRILL: Was there anything in respect of the information that came to your hand in that role that informed your view about the effectiveness of Crown's harm minimisation program?

25 MS HALTON: Certainly --- when I joined the board it was at the point of the Sixth Review, Mr Feutrill, and you would know the recommendations from that, and so certainly the need to stay current with research, noting that we learn more as we go along, was part of the understanding that I had and, of course, and I'm sure we'll get to this, that was the reason that the independent panel was formed, to ensure that we
30 had the most current advice.

As you would also know, I wasn't a member of that particular subcommittee, that committee was chaired by somebody else. But, yes, in the broad, it did inform me.

35 MR FEUTRILL: And then can I just, I appreciate this is a relatively general level, but in paragraph 12c) you mentioned a role with the Department of Health (and Ageing). And you came across some information in that role concerning addictions.

MS HALTON: Yes.

40 MR FEUTRILL: Was there anything specific about that that concerned addiction in the gambling area?

MS HALTON: Addiction in the gambling space, Mr Feutrill, isn't something that the
45 Department of Health was responsible for, but addictions tend to be co-morbid. So people who have dependencies will often have not just one but several. And the antecedents, while they may not be the same, and issue of co-morbidity is something which I think is pretty well understood and acknowledged in the literature. The

challenge is often treating people who have co-morbid because the treatment services tend to specialise in one thing or another, and certainly addictions, we can talk about that in some detail if you wish, but addictions, to the extent that you have one, you may have another.

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10 MR FEUTRILL: Insofar as your experience in that role is concerned, does that provide you with any particular insights into the way in which Crown Resorts delivers its gambling services?

MS HALTON: I would say my professional background does provide me with some of that, Mr Feutrill, yes.

15 MR FEUTRILL: Have you been able to bring back those insights and experience to bear in terms of consideration of the Responsible Service of Gaming Program for Crown Resorts?

20 MS HALTON: Well, as I said, that Committee wasn't a committee I was a member of, so I had an oversight role in terms of --- from the Board. And as I've already said, because, as you know, there was an expert committee empanelled to actually give us that up-to-date advice, I wasn't involved in the day-to-day work, but I was certainly interested and watching what the expert panel were doing.

25 MR FEUTRILL: In 12e) you mentioned your role at the ANZ ---

MS HALTON: Yes.

30 MR FEUTRILL: --- and how you have significant experience with respect to the management of AML/CTF risk. Your use of the word "significant" there, what is ---

35 MS HALTON: Significant time would be my --- I mean, significant in terms of depth, well, to the necessary extent of a director, but over a period and not just my period at ANZ but obviously my period in the centre of government looking at legislation, et cetera, in those respects.

40 MR FEUTRILL: If I could just break this up into periods. In the pre-Bergin period, if you like, was your level of experience relating to AML/CTF risk in the casino sector of the same level as that for the banking sector?

MS HALTON: No, clearly not, Mr Feutrill.

MR FEUTRILL: Has that position changed since the Bergin Inquiry report?

45 MS HALTON: Well, there are two things that have happened since the Bergin Inquiry report in respect of AML, if I might; the first of which is that, as you would know, the designated entities in terms of AML responsibility under the AML/CTF Act have --- were at the facility level. Those responsibilities were owned and to be discharged by each of those entities. Since the Bergin Report, we've actually formed

a designated business group, which means that responsibility now sits with the CRL, the Crown Resorts Ltd Board. So that is a particular change.

5 Certainly, I would say to you that over a period, courtesy of not just the Bergin Report but a number of other instances, I was taking more and more interest, even though at that point it wasn't technically something under the CRL --- well, it was under the umbrella but we weren't directly responsible, I had taking more interest in some of those elements, yes.

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MR FEUTRILL: Do you mean by that answer that before Crown Resorts implemented the joint AML/CTF program more recently, you saw responsibility for the management of AML/CTF risk to be at what you might broadly call the Crown Perth and Crown Melbourne level of management?

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MS HALTON: Well, it was under the legislation. So there was a kind of overarching reporting requirement and there were reports given and assurances given in respect of compliance in those respects but it wasn't being, can I use the word --- I mean, not that from a government perspective that the board runs something, it wasn't being run by CRL, it was being run by Crown Melbourne and Crown Perth.

20

MR FEUTRILL: Okay. I want to come back to the extent to which in the course of your directorship with Crown Resorts you've received additional briefings or training in any of those areas. Before I do that, can I just ask you a couple of questions around your appointment.

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MS HALTON: Yes.

MR FEUTRILL: At the time of your appointment, did you then have any associations with any of the then current directors of Crown Resorts?

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MS HALTON: Can you define "association", Mr Feutrill? Maybe I should tell you what I knew of them and you can tell me whether that constitutes association.

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MR FEUTRILL: Okay.

MS HALTON: I had worked with one of those directors, Professor Horvath. I had met Ms Coonan. I had met Mr Demetriou. I had not met, I don't think any of the others. Oh, I had met Mr Mitchell previously in the ordinary course of my other employment.

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MR FEUTRILL: What I meant by "association" was some ongoing personal or professional relationship with them.

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MS HALTON: Well, Professor Horvath worked for me for quite a number of years, and so to the extent there is a relationship that comes from that, the answer is probably "yes". But in respect of the rest of them, probably no.

MR FEUTRILL: That's probably answered my question. In paragraph 15 of your statement you have indicated that you don't have any --- you use the word "current associations" with Mr James Packer or companies or people associated with Mr Packer.

MS HALTON: Correct.

MR FEUTRILL: Do I take from that answer to mean that your past associations were, if you like, in passing with the members of the CPH Board who were also on the Crown Resorts Board?

MS HALTON: No, actually. I don't think --- I might have seen Mr Packer once somewhere with one other Board member, but, no, what I was actually referring to there was in the ordinary course of my role as a Secretary of a Department, I would occasionally see him at things.

MR FEUTRILL: I see.

MS HALTON: In large situations, if that makes sense.

MR FEUTRILL: It makes sense. Thank you, Ms Halton.

Can I now just return then to the question of, and this is dealt with in your statement as well in paragraph 18, where you've indicated that you received a number of formal and informal briefings.

MS HALTON: Yes.

MR FEUTRILL: I just would like to ask you to expand a little bit on that with respect to --- beginning with Responsible Service of Gaming and if you could provide the Commission with a more detailed explanation of the nature of the briefings you've received in that area?

MS HALTON: Yes, on Responsible Gaming I recall having received a briefing from both Professor Horvath about the work that was going on in the Committee, including the panel, which I've already referred to, and then also from other members of the staff. I don't know that I can recall precisely who that was given by, to be honest with you. It was some time ago. I want to say it was Ms Bauer but I don't want to say I'm confident in that memory.

And then there was briefing given to the Board on the odd occasion about where the panel was up to.

MR FEUTRILL: So are you drawing a distinction between say, for example, if you like, induction, as in on joining the Board you received some more intensive briefings?

MS HALTON: Yes.

5 MR FEUTRILL: And since you've been a member of the Board, from time to time there have been briefings that have come to the Board in your role as a director, essentially?

10 MS HALTON: That is correct, Mr Feutrill. One of the things that I had done since becoming a member of that committee is I have met more directly with all the relevant people. So met with the people responsible for RSG in Sydney, I actually sat in on training sessions with them. I have met with the chair of our independent panel to discuss with him his report. I've met with Mr Blackburn to discuss matters in that respect. I've done a number of things so I would draw that distinction.

15 MR FEUTRILL: All right. When did you become a member of that particular committee, the Responsible Service of Gaming Committee?

20 MS HALTON: Basically when we had to become a member of everything, Mr Feutrill, because there was nobody much else. I think my statement will give you the date, and I will mislead you if I don't look at it. I want to say it was earlier this year. Yes, March 2021.

25 MR FEUTRILL: Okay. We don't need to be precise. The point is that it was earlier this year when ---

MS HALTON: Yes.

MR FEUTRILL: --- the Board was under a restructure, if we could put it that way?

30 MS HALTON: Yes.

MR FEUTRILL: Do I take then it from one of your earlier statements about the restriction on travel that you haven't had the opportunity to familiarise yourself deeply with the program in Perth?

35 MS HALTON: No, but what I can tell --- sadly I did come to Perth last year but was locked in my hotel other than when I was allowed out for other work purposes, so I've not had the opportunity to visit the Perth site, sadly, for a while now.

40 What I have done, though, is I have obviously had the opportunity to see some of the staff from Perth, using this kind of mechanism in meetings. I've certainly familiarised myself with proposals in respect of the Responsible Gaming Centre, things of that sort.

45 MR FEUTRILL: If we could turn now to deal with the AML/CTF thing, which has obviously been a topic of some interest for Crown Resorts ---

MS HALTON: Yes.

MR FEUTRILL: --- for probably more than a year now.

MS HALTON: Yes.

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MR FEUTRILL: Can you break it up again in terms of on induction, briefings during the course of your directorship and perhaps more recently the level of and nature of any instruction or training you receive in that area?

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MS HALTON: Yes, thank you. So on induction there was, if you like, an overview of the programs that were operated across both the facilities, including things like, you know, reporting of IFTIs and TTRs and the numbers involved, the number of patrons covered off by those matters. There were, as I think I've already said, a number of reports to the board about those matters.

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Now, as I think I've already indicated, that level of inquiry became more intense, if I can use that word, after a period. Certainly from myself. I think what I would say is there was then structured training provided. That's been principally on the watch of Mr Blackburn, and one of the things that he and I have talked about is the approach, and certainly since I've taken over as interim chair, the structured approach to that training, including for incoming directors. So there is, as --- I know you've taken evidence on the electronic programs that are available, those training programs that all the staff do. I've done those. But then there is the more tailored training which has been delivered more recently.

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MR FEUTRILL: The online training is not really something you would expect would equip an incoming director with enough information about all of the potential pitfalls of the AML/CTF risk, though, is it?

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MS HALTON: No, it isn't, and that's why there is a structured process which includes Mr Blackburn taking each of the incoming directors through in some detail the approach that we take. In the current context it is in the context of the rectification program, so there is a one-on-one session with each of the incoming directors. Some of those directors actually already have a fair level of familiarity with both the legislation and the requirements, not all of them in a casino context to draw that distinction you made earlier, that is one of the reasons why we've now got that program structured.

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And that program will, as I think someone has already told you, but if they haven't, I will make the point, will include that refresh of directors over a period.

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MR FEUTRILL: I see. Not refreshing the directors themselves but refreshing their --

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MS HALTON: No, sorry. Apologies.

MR FEUTRILL: Now, one of the questions we've asked, and you've indirectly

answered, is the question of what ongoing other areas of professional development the Board undertakes. Has there been a program in place for that kind of activity during the period you've been a director of Crown Resorts?

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MS HALTON: Not in the first instance, which was a surprise to me, Mr Feutrill. But there is now --- and in fact, I've had several looks at it, in terms of the elements and I was only talking to Mr Weston about this 1.5 weeks, in terms of a refresh on that program, including where, for example, things like EPIQ's training will sit. That is one of Mr Weston's jobs, to make sure it is structured and systematic and is sufficiently comprehensive.

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MR FEUTRILL: And that will encompass, what, all members of the Board?

15 MS HALTON: Yeah, absolutely.

MR FEUTRILL: Will that also address any aspects of, if you like, the matrix of skills as well?

20 MS HALTON: Depends on what you mean by that, can you just elaborate what you mean by "matrix", it can mean different things to different people?

MR FEUTRILL: There is a skills matrix referred to in the annual report.

25 MS HALTON: Yes.

MR FEUTRILL: And obviously not all directors have skills in all areas, but is the idea that the professional development program will be tailored to strengthen any deficiencies there may be in the matrix?

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MS HALTON: Can I answer that in two ways. I mean, I don't see the skills program as turning someone who, and I might use this term given the audience, I don't see it as turning someone who is not a lawyer into a lawyer, but what I do see it is making sure is that people have a contemporary understanding, for example, of the regulatory context in which we operate. We do need to make sure, and we all know that laws, regulations and community standards, they all change. Also, you forget things. So it is important to keep people refreshed. So it also I think should be designed to challenge people in terms of how they also challenge and perform their role as board members. We also know that the view of what being a board member is has changed very substantially to being much more engaged and challenging and sometimes having to step into the breach. So it will be and is in design all of those things.

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MR FEUTRILL: Thank you. Can I ask you again to tease out in a bit more detail what you mean. In paragraph 26 of your statement you've given some information about the role you've engaged in as interim chair. If you don't mind, can you explain what you mean by "working directly with senior management"; what are you getting at there?

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MS HALTON: Well, I mean, you have to be careful about --- as a board member, not being in management, although there have been occasions over the last year when unashamedly as directors we've had to do some of the tasks that you would otherwise expect of senior management. But what I mean by that is showing leadership, engaging with the relevant senior managers on matters of judgment in order that we can then form a view, bring matters towards the board, coaching, for example, on how to best bring a paper to the board so the board can do its job most effectively, issues in respect of judgment --- I mean, I talk to Steve Blackburn, I won't say every day, but close to every day --- Steve McCann, I'm sorry. Steve Blackburn pretty regularly as well. I think the role of the Chair does tend to be much more day-to-day engaged with senior management, and I think the point I'm making there is I've stepped into this role in the interim of chair, and that is working with those senior managers, that is what I've been doing.

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MR FEUTRILL: Thank you. There is also a phrase you've used which is "communicating with all staff" ---

MS HALTON: Yes.

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MR FEUTRILL: --- "in relation to Crown's change agenda". What are you meaning there? In what way do you communicate with all staff?

MS HALTON: Yes, so one of the things I was very keen for us to do through February, as things were unfolding post the Bergin review, was to ensure that there was a clear line of communication, certainly from the Board through to staff, and I encouraged Ms Coonan to actually put out regular communications. Since I've taken over as interim Chair --- and I've done this mindful of not wanting to bombard staff with too many emails and too many videos and whatever, and the way that the approach to communicating with staff has been organised so I have been sending out a monthly communication from the Chair. So I've done two of those. I've been in the role for two months. I've sent out two of those emails, just talking about what is going on. Obviously it's been a difficult time, we've closed down, obviously not in WA, but for Melbourne and Sydney people that has been pretty tough. So everything from acknowledging what people have done a really great job on, for example, the Telethon, AFL work that has happened in WA. So looking across the organisation, what people have done, right across our facilities, but also talking about what is happening in our corporate life and what is also happening in the broader wider community, and it wouldn't surprise you, Mr Feutrill, that we're now talking about vaccination.

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MR FEUTRILL: The expression "Crown's change agenda", is that shorthand for the Remediation Plan or is it wider and broader than that?

MS HALTON: Well, I think nearly everything --- I don't want to make an inclusive statement and miss something, Mr Feutrill. A large proportion of what we are doing is in the Remediation Plan, that is true. It is not only in the Remediation Plan. So there are some things that we're doing, and I've mentioned vaccination, that is not

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part of the Remediation Plan, but it's part of our change agenda. It's part of our corporate social responsibility, it is about protecting our staff and protecting the community. So it is about all of the things that we're doing, both in the Remediation Plan and elsewhere.

MR FEUTRILL: Thank you. In this part of your statement you have made a number of references to the board. This is in paragraphs 29 and 30 ---

10 MS HALTON: Yes.

MR FEUTRILL: --- which is obviously the collectives.

15 MS HALTON: Yes.

MR FEUTRILL: What role do you see yourself as an individual playing bringing about specifically each of the matters you've identified in paragraph 30?

20 MS HALTON: Can I put all of this in an overarching context, Mr Feutrill. That is, I think you have to practice what you preach. So when we talk culture, and I've already started talking about those emails, the newsletters that I put out, it is about demonstrating that we are talking to people across the organisation. In terms of my engagement with these things, obviously I'm very much at the moment hands-on trying to gauge, steer and gauge in the development of everything you see on this list, being actively engaged, talking to staff. Again, acknowledging that that has been difficult in the last three months because of lockdowns, but looking at the continued need to drive change and each of these categories, the things that I have been actively engaged with.

30 MR FEUTRILL: What I'm interested in, you will see in a number of the respects you use the word "ensuring". Are you able to give us an indication how you see yourself as the insurance agent, if you like.

35 MS HALTON: Thank you. Two things; the first of which is enquiring, examining and testing the material that is brought in front of us including for completeness. So it is not sufficient to just deal with matters that are served up to the Board to say whether they are at adequate or not, or in between, but also to think broadly about whether you have covered enough matters and domains to actually put us on the path that we need to be on. The "ensure" part about that is not just assuming it's done. That is probably one of the deficiencies that I would say probably wasn't evident to me early on in the piece, actually making sure that there is a mechanism. When I was an executive, I had what I describe as a "resubmit" system. It is, when is it reported back, how are we holding people back, and are we satisfied with the outcome once it returns and in theory been delivered.

45 MR FEUTRILL: In that answer are you alluding to the possibility that perhaps the earlier manifestations of the Crown Resorts Board was not doing enough of the ensuring or testing of the management?

MS HALTON: Sometimes testing, but I do think on reflection, Mr Feutrill, that even when those tests were applied later there probably wasn't enough third-party validation that went to the heart of the issue that should have given confidence.

5

MR FEUTRILL: Do you see as part of the role of the director to, if you like, remain somewhat sceptical of what the management may be providing to you?

MS HALTON: Very much so.

10

MR FEUTRILL: Is that something perhaps you've learnt more regularly, a harder lesson to have learnt more recently, perhaps?

MS HALTON: Mr Feutrill, I think you would describe me as being always relatively sceptical. It didn't make me a friend amongst some of the former management.

15

MR FEUTRILL: Can I go to some broad questions around the topic of governance, which is of some interest to this Commission.

20

MS HALTON: Of course.

MR FEUTRILL: The Remediation Plan, no doubt you are familiar with it, I won't take you to it.

25

MS HALTON: For the record, yes, Mr Feutrill. I was just nodding. That doesn't do for the record.

MR FEUTRILL: There was some work done obviously, perhaps earlier before the Royal Commissions in Victoria and Western Australia began, on centralising the management and control within the Crown Resorts Group.

30

MS HALTON: There was some work done by a couple of members of management on that, that is correct.

35

MR FEUTRILL: There is an indication in the current version of the Remediation Plan, at least the one I've read, that that process is under reassessment at the moment.

MS HALTON: In fact, the one I've most recently read, which is the one dated I think 30 October, I can't say I remember seeing it there, Mr Feutrill.

40

MR FEUTRILL: I see. I don't know that I've received a copy of that one yet.

MS HALTON: I may have missed it because it's not a high priority, but I suspect you will want to talk about that, so please let's do.

45

MR FEUTRILL: Yes, the copy I'm working off was the end of September. Perhaps the most recent version hasn't made its way to the Commission yet. What I would

10:45AM

like to do, and probably easiest to do this by reference, you might recall you received some topics with your summons?

5 MS HALTON: Yes. Now, I don't know I have those with me. Anyway, let's see if I can remember them.

MR FEUTRILL: I can get them up on the screen PCRC.0002.0029.0008.

10 MS HALTON: Yes.

MR FEUTRILL: I want to take you to topic 37 which sets out in a way the somewhat complicated legal framework that operates in Western Australia.

15 MS HALTON: Yes.

MR FEUTRILL: I take it you have at least a working knowledge or familiarity with that structure?

20 MS HALTON: Correct, Mr Feutrill. Let's be clear; I am not a lawyer and it is working (inaudible).

MR FEUTRILL: Yes. I just want to take you through some elements of the framework here and then I've got some questions for you of a fairly general nature
25 but to get your views on essentially the structure.

MS HALTON: Sure.

MR FEUTRILL: And potential changes or possible changes in the future. So the
30 next document I need to show you is the Constitution of Burswood Ltd, which is PUB.0026.0002.0010. You may recall one of the questions you were asked in among the topics concerned article 3.12 which is at the top of the page.

MS HALTON: Yes.

35

MR FEUTRILL: What wasn't drawn to your attention at that time that I wish to draw to your attention now, and you may have some familiarity with these provisions as well, are articles 3.19 and 3.20.

40 MS HALTON: Yes. Could someone put 20 up as well for me.

MR FEUTRILL: If we could have all three together it would be brilliant.

MS HALTON: Well done, whoever that is.

45

MR FEUTRILL: Now, putting the three together, and again I'm not asking you to be a lawyer, this is a general proposition that I'm putting to you ---

MS HALTON: Yes.

5 MR FEUTRILL: --- would you accept that one view you could take of those provisions collectively is that there is --- one of the purposes or objects of having 3.19 and 3.20 is so that the Western Australian regulator is in a position to ensure that the company is carrying out what it should be carrying out under 3.12.

10 MS HALTON: Well, amongst other things.

MR FEUTRILL: Yes, amongst other things, that's right. It injects into the boardroom of the local company, regulator, which is an unusual circumstance.

15 MS HALTON: I don't know that it is particularly unusual. But anyway, the opportunity for a regulator should they so choose to attend decision-making forum I don't know that I would regard as being very irregular but, yes.

MR FEUTRILL: Okay. In any case, that is the case here in the Constitution.

20 MS HALTON: Correct.

MR FEUTRILL: And this goes back to the topics you would be familiar with the fact that the licensee in Western Australia is actually a company called Burswood Nominees.

25 MS HALTON: The licence is held by the Trust, am I right in thinking that?

MR FEUTRILL: Yes, that is right. And the trustee of the Trust ---

30 MS HALTON: Yes, by Burswood Nominees, yes.

MR FEUTRILL: And that company is a party to State Agreements in Western Australia.

35 MS HALTON: Yes.

MR FEUTRILL: And Burswood Resort Management is a party and a managers under the trust deed. So there is ---

40 MS HALTON: An equivalent, so to speak.

MR FEUTRILL: That's right. And while Burswood Ltd, that's the company we are looking at here, is not a party to the State Agreement, it is, of course, the owner of the trustee and the manager.

45 MS HALTON: Yes.

MR FEUTRILL: In the topics, we have some features of the trust deed and how that

operates. What I want to put to you is having --- this is a long lead-up to the questions you got asked about the position in Melbourne, where there is --- and again this is dealt with in the topics, there is the Management Agreement in Victoria that has some provisions that, for want of a better way of putting it, create a bias towards maintaining Crown Melbourne as the flagship for the Crown Group and there is a provision for running businesses in Australia that is beneficial to tourism, et cetera, in Victoria. Again, I am not going to ask you to answer the questions as a lawyer, but I ask for your view on whether in that context of there being a particular regime in Western Australia and another regime in Victoria that requires certain provisions to be adhered to by Crown Melbourne, would you accept that in that framework there is the potential for there to be a conflict of interest between the local Western Australian company structure, Crown Perth Group, and either Crown Resorts as a whole, or either Crown Melbourne or, when it is up and running, Crown Sydney?

MS HALTON: So there is a lot in that, Mr Feutrill.

MR FEUTRILL: There is.

MS HALTON: Can we unpick it a bit?

MR FEUTRILL: Sure.

MS HALTON: It strikes me that you can't give just a narrow answer to that question and I'm conscious of not talking for too long at a go. Can I first deal with the flagship.

MR FEUTRILL: Yes.

MS HALTON: So I may be boring and old-fashioned, but as far as I'm concerned flagship literally means the biggest ship in the fleet. And that might be my English heritage, and maybe it has a different meaning in more common parlance but to my mind, it is the biggest ship in our fleet. It strikes me that in a city of 5 million or whatever it is at the moment, on the east coast, where the majority of our international visitors arrive, as opposed to Perth, which is a very proud and independent and fabulous city, but it is much smaller. And so I have never seen that particular provision, the Melbourne provision about flagship as being inconsistent with the priority that we rightly give to the other properties that we have. And, in fact, I gave evidence about this in the Finkelstein inquiry, and because I have, and I'm now again --- I took on the chair of Melbourne role when we extracted the Melbourne directorships from management when it became a property that was going to be opened and then had independent directors on it. And the question of whether in fact all of the properties are advantaged by being in a group, as in it is accretive, as opposed to it is diminishing for the smaller properties is something that I was quite concerned to understand. And all the understanding that I have, both from talking to people who understand particularly the casino trade, and also based on my understanding of other businesses, but also my understanding of running very large organisation, that there are distinct advantages to actually having membership of

a bigger group and in this case, and as I'm advised, the way people move around properties, particularly if they come to Australia, that actually being part of a group is beneficial. So to my mind, there is not an inconsistency. Now, we can have a
5 conversation about those clauses and the running of the WA business, and we should have that discussion, I think, but to my mind it is not fundamentally inconsistent, and I don't see it that way --- and certainly that is all the advice I've had when I have tested this.

10 MR FEUTRILL: All right. Leaving to one side the potential economic benefits of a group as a whole of operating in a group structure, the point of my question was really directed to the potential for there to be, even what is good for the group may not be good for one of its members. So there is a potential, just leaving aside, one can foresee the potential for there to be some interests that don't coincide.

15 MS HALTON: I struggle to see what they would be, Mr Feutrill, to be honest with you. I have thought about this quite carefully and I had to think about this particularly in respect of the agreements in Sydney, where I'm on the board of the subsidiary, and to try and --- I've met with the regulator there quite recently to try
20 and think how there might be an inconsistency, particularly if you do have the capacity to exercise responsibility in respect of that business in its legislative context, in its community context. So I struggle to think about what those might be. Maybe that's a lack of imagination.

25 MR FEUTRILL: Are you resisting the idea there could be a conflict or are you saying you can't foresee one?

MS HALTON: I can't really foresee one. I'm struggling to foresee --- now, I know there is a suspicion about that, but when I sit and unpick it, I really struggle to think
30 of where there might be a conflict. Take the example, and I don't know whether it was given here or somewhere else, of staff. But let me give you an example of where it is actually to the advantage of Perth. So we have, as you know, some roles that are undertaken for the group, and some roles that are undertaken for the properties. And in this particular instance, one of the roles that was undertaken for
35 the group, which was being undertaken in Melbourne, is now being undertaken in Perth. So a national role is being undertaken out of Perth. Now that's not the first time, but this is again, a notion that this is actually to the advantage, not the disadvantage of Perth. Anyway, as I said, I struggle to think in practice, and I'm not saying you won't acknowledge the potential, but I struggle to see what they would be
40 in practice, Mr Feutrill.

MR FEUTRILL: Well, if you acknowledge that there is at least a theoretical possibility of interests not coinciding ---

45 MS HALTON: Well, there is always a theoretical possibility. My absence of imagination doesn't eliminate that, Mr Feutrill.

MR FEUTRILL: I'm happy to work on the theoretical rather than ---

MS HALTON: By all means.

5 MR FEUTRILL: If one takes, and again there will be a build-up to this, Ms Halton, before a question will rise. I will take you to the build-up first.

10 Taking into account a few things, which I've covered a bit already, one is that Burswood Nominees is the licensee and that gives it a particular --- it has particular obligations then, to the State of WA under the regulations here.

MS HALTON: Yes.

15 MR FEUTRILL: The second is, as I said earlier, the State Agreement that Burswood Nominees is a party to and the managers are a party to, but obviously Crown Resorts is not a party to that agreement. So Crown does not owe any direct contractual obligations or legislative ones to the State of WA.

20 MR FEUTRILL: The third is that effectively Burswood Nominees and the manager, Burswood Resort Management, the company. The fourth is what we've just accepted, I think you've accepted, there is a theoretical possibility for the divergence of interests within the group. Now, in that context, would you agree, or what is your view on this proposition that in that context, Burswood Ltd's constitution, in particular article 3.12, means precisely what it says, that the place where central management and control of Burswood Ltd and that group is to be exercised is
25 Western Australia? Not management from Victoria, not controlled in Victoria, but Western Australia.

30 MS HALTON: Well, Mr Feutrill, what I would say to you is, and it is a question of the definition, isn't it; I mean, I actually think --- and we should come to the question about what functions you might adopt because it is to your advantage that are delivered on a national basis --- noting that, for example, the legislation that applies to AML/CTF is national legislation. What I would say to you is, my reading of that, with the disclaimer I'm not a lawyer, is that actually head office for this company is in Perth and operated by executives from Perth. The day-to-day management
35 decisions, as far as I am aware, are taken in Perth. There are risk people in Perth, there are second line AML people in Perth. There is actually going to be a --- I don't know that they have recruited, but I think they may be close to it, a research person on RSG in Perth.

40 And to go to the point you make about obligations owed by, for example, Burswood Ltd, and noting, if I might, that I don't believe, I mean, Crown Resorts has owned Burswood but it's not the first owner of this company, as I understand it, sole owner, it was formerly listed ownership. Anyway, this is not a new issue if I might make that point. But there is no reason why Burswood Ltd couldn't be a party to the State
45 Agreement and be explicitly rather than implicitly bound by it. I would argue to you, and certainly I believe it to be the case, that the company behaves and believes it is bound by that agreement. But it could be explicitly bound.

MR FEUTRILL: The point of the build-up, Ms Halton, wasn't so much to draw a distinction between who the parties were to the State Agreement but to emphasise that there is a geographical provision in the Constitution that, when combined with
5 having the regulator having the ability to participate in the meetings, one could strongly suggest that the locus of the decision-making and control for all things relating to Burswood Ltd and Crown Perth should be Western Australia.

MS HALTON: Well, look, it is absolutely the case, and I completely agree with you
10 that the day-to-day operation of the business is, and should continue to be, managed from Perth. There is no doubt about that. The company was taken over by another company, now publicly listed, which had a national footprint. That was approved by the Government of the day. Now this Constitution, I think we all acknowledge, is quite old. It has provisions in it that have not been changed. The reason for that, I
15 do not know, but I do not believe that it is inconsistent with --- and certainly the way the current Board intends that there be a properly functioning Board in WA operating the business in the way we would expect of a board, and I know Mr Carter has spoken to you about his view about how boards, et cetera, should operate and I fully support the views that he put to you.

20 MR FEUTRILL: All right. I want to come, but you mentioned earlier some questions that were put to you by Commissioner Finkelstein. I want to come back to those as they can be put to you equally, I think, in our particular context. But before I do, can I just traverse some of the ground you've covered. This turns on how
25 Crown Perth is actually governed in practice. You might recall you were asked some questions around that subject matter in the topics we sent to you.

MS HALTON: Yes.

30 MR FEUTRILL: And in paragraph 45 you have indicated that you would operate in the way you would expect the Board of a subsidiary of an ASX listed company to be. Are you able to elaborate a little on what you mean by that?

MS HALTON: Yes, I can. And I should say that essentially, and again this is
35 reflected in what I'm expecting of what is the case with Sydney, noting that there is no gaming in Sydney at the moment, so the operations are not directly analogous. But decision-making and looking at everything from occupational health and safety, the compliance with the local regulatory arrangements, and you likely had someone pull up for that provision that the regulator is invited to attend, my understanding is
40 that those invitations are now properly being issued, which clearly they weren't and that's not okay. It has responsibility for looking at employment, looking at the implementation of arrangements in respect of AML, RG, et cetera, et cetera, being connected to the local community, acknowledging that every community in which we are located is a different community and the expectations of us and our facilities
45 in those communities will differ by part of geography and part in size, but also in good measure by the nature of the cultural context in which you operate. So you get different State laws, the employment law is different across the States and

Territories. So that Board has to take those responsibilities. Again, as I said, I've talked with Mr Carter about ensuring that those seen to be and is properly undertaken.

5

MR FEUTRILL: This might be along the same lines, Ms Halton. If I could draw your attention to 46c) where you've indicated the involvement of Crown Resorts in the governance of Crown Perth.

10 MS HALTON: I don't want to interrupt you, but the introduction is "governance or operations".

MR FEUTRILL: Okay.

15 MS HALTON: 46c) is an operational issue.

MR FEUTRILL: Okay, thank you for that clarification. Can you explain what you mean, or what 46c) means in practice? How it happens in practice?

20 MS HALTON: Sure. So one of the things that is an advantage to an enterprise if it is relatively large, and this is an advantage both in financial terms and operational and regulatory compliance terms, is to ensure that it builds the most effective systems that it is able to. Now, in some instances the regulatory context is different on a state-by-state basis, and that's not impossible to manage. And clearly you have
25 to have these matters adopted by each jurisdiction. It is not a matter of fiat that these things --- they are not mandated by the Centre because of the decision-making responsibility of Boards. But programs that are pretty jointly developed and implemented across a group, in my experience, give you a greater level of comfort in terms of effectiveness and their efficiency, but they also mean that you are more
30 likely, if we take regulatory compliance, to be compliant. And AML/CTF is a good example of that. These are very big, extremely complicated programs to run. And what you want when you are running those sorts of programs is not to build systems both in terms of, by that I mean IT systems automation, but also the instructions that underpin those systems, you don't want to build those three times. They are
35 expensive. But what you do want to make sure is that you use the expertise of all of the people in your purview, in your group, if I can use that term, to ensure that what you build is fit for purpose. So that's really what that is talking about. And I think I mentioned earlier that the person who is now head of IT for the group is actually located in Perth. So the people in each of these locations work very closely together
40 on these things in order to actually develop systems that are then able to be used. I used to say, Mr Feutrill, when I was in management: develop once, use often.

MR FEUTRILL: I'm just trying to get a sense of what you are meaning. Is it the case then that, and I want to try and work out the demarcation here between what
45 Crown Resorts Ltd does as a Board, and what the local boards would do.

So, insofar as the development of the overall framework goes, if I understand your answer directly, it is driven largely by the economic benefits of efficiency, in terms of

you do it once in a way that is uniform?

MS HALTON: That's not just an economic benefit, I said economic benefit ---
5 although I didn't use that term --- is one of the benefits, the capacity to have
assurance around "Develop once, use often", is also part of that. It also means that
you can streamline everything from training, to I mentioned, assurance and systems.
So there is a level of comfort and assurance that comes from those things. But they
don't make sense in every respect, Mr Feutrill. There has to be a case for them in
10 terms of things which should be standardised, as opposed to things which cannot be
standardised. So you don't seek to impose a standard approach where it isn't prudent.

MR FEUTRILL: That is what I want to focus on, if I could. The imposition, so this
is the point of demarcation between responsibility, really. So what role do you see
15 the board of Burswood Ltd playing in the determination of what aspects of the
overall framework are implemented in Perth?

MS HALTON: So, there are a range of things which are --- I want to use the word
"peculiar", but I don't mean that --- different in every jurisdiction. They are peculiar
20 to the jurisdiction, they are a function of State law, they are a function of the physical
fabric of the service, the business, the context in which they operate. Each of those
boards actually is responsible for the day-to-day running of their business. They
have to be clear that the business that they oversight is being run consistent with all
laws and not just the laws of the State or Territory. They also have to be confident
25 that it's operating consistent with its social licence, it is a good citizen in the local
community, it has the right connections to groups. You know, we have a big
footprint in, for example, Aboriginal and Torres Strait Islander training and each of
those communities are different.

30 How it does that, in terms of discharging its responsibilities, in respect of things
which --- in terms of systems can be, develop once, use often, can be --- and to my
mind should be, wherever possible, done in a collective sense. It doesn't abrogate
their responsibility for the implementation of those things.

35 MR FEUTRILL: So just coming back to the question of imposition then, is it the
case then that you would foresee that the framework in fact is imposed but the
tailoring of it, and, if you like, the application of it to the local party would be within
the boundaries of responsibility for Burswood Ltd?

40 MS HALTON: To the extent that tailoring is appropriate, Mr Feutrill. Again, that is
a judgment that has to be formed, and I find it hard to talk about that in the
theoretical sense. One thing I would say is why in a subsidiary, and this is a
subsidiary of other companies, that you have most often a connection between a
person, and very often the chair of a subsidiary, they would sit on the parent
45 company to ensure that if there are problems of the kind that you say in theory could
be there, that those could be identified and worked through. But what I would say to
you, in my experience of these things, is this is a question of goodwill. And if there
is goodwill, you can find a way to manage these issues without actually, in a way,

11:15AM

causing a material difficulty or a problem for directors in their duties, in how they actually go about doing their jobs.

5 MR FEUTRILL: Thank you, Ms Halton. Would that be a convenient time?

COMMISSIONER OWEN: Yes, it will.

10 Ms Halton, we usually take a break this time of day. It is 11.15. We will come back at 11.30, which will be 2.30 your time.

MS HALTON: Thank you.

15 **ADJOURNED** [11.16AM]

RESUMED [11.32AM]

20

MR FEUTRILL: Ms Halton, can you refer to paragraph 47 of your statement. You may have already touched on this today. You may have indicated, you may have made a reference to Mr Carter's evidence on Friday in the context of the composition of the Burswood Ltd Board. Can I just take you to a memo, CRW.701.009.5375.
25 You may not recognise it because it has been redacted so heavily.

MS HALTON: No, I do recognise it, Mr Feutrill.

30 MR FEUTRILL: Really, there are two attachments to this memory, one is a proposed or draft charter. I take it you are familiar with that document?

MS HALTON: Yes, I am.

35 MR FEUTRILL: And, you no doubt are aware that many other directors have been taken to this document and, in particular, the proposed clause 4.1 on page 5381, and clause 5.1 on page 5383 which deals with the interaction between Burswood Ltd and Crown Resorts, or the proposed interaction. You can navigate to 5.1.

40 MS HALTON: I've got that now. Thank you.

MR FEUTRILL: Now, can I just get your sense of or your view as to whether you consider that --- whether you would consider that having a board, although the proposed charter does not identify specific composition, it just requires there to be three and at least two, one to be a member of the Crown Resorts Board, one to be the
45 CEO, do you have a view about the extent to which the board of Burswood Ltd should be increased in size and have a greater number of independent directors, as I say, independent of both Crown Resorts Board and Crown Resorts Management?

MS HALTON: So, Mr Feutrill, if I can make one observation about this drafting, and you are right, and the one that you showed, I think the operator showed before, this is pretty standard in modern business governance, so I wouldn't see this as being
5 extraordinary. And in respect of the drafting the minimum of three, because that is the legislative requirement, as you would know, we've had a conversation, and I think you may have already had evidence on this but I will give it to you in my words, we have had a conversation about potential additional WA-based director. One of the things that we were quite mindful of, and we took the same posture in
10 relation to Melbourne, is that it is probably appropriate to hear the outcomes of respective Royal Commissions before we start adding people so that what we have at the moment is the minimum needed, I think which has the right composition. This is pending, of course, Mr Carter's approval for that particular role. So, yes, there has been a conversation, not just about Perth in this respect, but also in relation to the
15 other subsidiaries.

MR FEUTRILL: I'm just asking for your views rather than the conversations you've

20 MS HALTON: Yes, sure.

MR FEUTRILL: So what is your view on the importance, if any, of appointing independent directors in both senses to the Board of Burswood Ltd who have a connection to the local community, as in a direct way?

25 MS HALTON: Yes, I'm a big supporter of that, Mr Feutrill. We do have Maryna Fewster as one of our board members, and she is probably very connected to the temper and the tone of the local community, which I think is really important. But I do have a few that we have to have a good connection to the local community. I
30 think I said in answer to a couple of your earlier questions that all of the States and Territories, I may have said it, inter alia, it's all different. The context is different, the geography is different, the demographics in each of our communities that we serve are different. And so I do think a connection to WA is important in that respect.

35 MR FEUTRILL: Can I focus back a little on one of the questions I asked you before the break, which concerned the demarcation of responsibilities --

40 MS HALTON: Yes.

MR FEUTRILL: --- and try and understand how that is proposed to be --- what the current proposal, state of proposals is, if you like. So if I could focus your attention on 5.1, the second paragraph there, which is directed to --- this may be what you said earlier before the break, about goodwill, or words to that effect.

45 MS HALTON: That's right.

MR FEUTRILL: The consultative and cooperative and in harmony with Crown

Resorts aspect of that.

MS HALTON: Yes. Yes. Yes. Look, Mr Feutrill, you actually do expect that
5 sometimes, on boards, and in fact I wouldn't say it's what you go out to find in
directors, you will have difference of views sometimes about what is best. That is
actually a good approach, I think, sometimes is to test each other on how to best find
a way forward. But that is exactly what I was talking about earlier when I talked
10 about finding ways to work through these things. Where I'm involved elsewhere
where there are subsidiaries, this is exactly the way these things operate and I find
that it works very well. It doesn't mean on the first blush that everybody agrees with
each other, but you work it through. That's what a professional director does.

MR FEUTRILL: We might call that a soft provision, as opposed to a harder
15 provision. If we could ask that you be shown pinpoint 5415, some amendments have
been proposed to the other aspects of the Constitution of Burswood Ltd.
CRW.701.009.5415. If I could begin with 15.13 at the bottom of the page. This
harks back to something I asked you about earlier, where there is the potential for
conflicting interest between those of the subsidiaries and the parent company, the
20 holding company. And this effectively makes it clear that the subsidiary can act in
the best interests of the holding company and in so doing the directors can feel
relatively comfortable they won't be in breach of their directors' duties.

MS HALTON: Well, except I would dispute that at one level, Mr Feutrill. Because
25 The reality of the State Agreement is that the company is bound by that agreement,
and we've had the conversation whether Burswood Ltd should be a party or not. It
feels and in practice, I hope will behave consistent with that agreement because that
it is its obligation. So what I would say to you is that that obligation is very much
something that the directors also have to be mindful of. They can't operate
30 inconsistent with that particular provision.

MR FEUTRILL: All right. In any event, insofar as the interests of the subsidiary are
concerned, the provision has the effect of permitting the directors to act in the best
interests, if you like, of the group, or the holding company?
35

MS HALTON: And maybe that is in respect, and this is where I think we are
traversing into places, Mr Feutrill, where, not being a lawyer, I feel a little
uncomfortable.

40 MR FEUTRILL: That's all right.

MS HALTON: But my lay person's take on this is it does enable you to consider and
adopt by reference or otherwise the use of shared resourcing, for example, because
that is not only in your interests but in the interests of the group. But you still have
45 your responsibilities as a director, which are not negated, I would have thought. And
I would not interpret it as meaning, but please, you are the lawyer, I'm not, please tell
me if I'm wrong, that it would not negate my responsibilities under the agreement.

MR FEUTRILL: Can I just --- I will stray potentially into asking for legal opinion.

MS HALTON: Which I can't give you, by definition!

5

MR FEUTRILL: I will move off that topic on to the clause at 15.6, which is a little high up on the page, if we could blow that one up. This is clearly a work in progress.

10 MS HALTON: Mr Feutrill, can I say the whole thing is a work in progress. You will note that this is something given to us by management as an idea. It hasn't been adopted, and we are mindful and respectful of the role of this Royal Commission.

MR FEUTRILL: So, coming back to a question I was asking you about earlier, trying to put some definition around the demarcation of responsibilities ---

15

MS HALTON: Sure.

20 MR FEUTRILL: --- this appears to be at least an early attempt at so doing in a way that would reserve to the Crown Resorts Board effectively a power of veto on certain decision-making. Has there been, or do you have a view, about the kinds of powers or kinds of decisions that you would consider appropriate to be reserved to the Crown Resorts Board?

25 MS HALTON: So there has not been any discussion of this. And when I give you an indication, these are not things that I've taken any advice on or have a fully and determined view on but for obvious reasons I would have thought they would include things which, for example, might include the selling or mortgaging of property. In other words, cutting across financing or other arrangements across the group. I would have thought anything which is a particular precedent that could potentially be
30 problematic, industrial agreements where, say you came along and said "I am going to give everyone a 20 per cent pay rise" would strike me as being relevant there.

I would think actually if the subsidiary board was about to take a decision that you believed itself was inconsistent with, for example, the agreement with the State, or
35 with legislation in some way, you might want to keep that kind of power. I can't say I've given this detailed thought, Mr Feutrill, but those are the things that spring to mind.

40 MR FEUTRILL: Okay. Thank you. A little before the break you were asked questions by Commissioner Finkelstein by the Victorian Royal Commission ---

MS HALTON: Which one are we talking about, Mr Feutrill?

45 MR FEUTRILL: You may recall he asked you questions during your examination around the perspective of the Victorian regulator wanting to have a degree of close oversight of the decision-making of the casino licensing in Victoria.

MS HALTON: Yes.

MR FEUTRILL: Do you remember those questions you answered?

MS HALTON: Yes.

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MR FEUTRILL: And he expressed a concern to you that if the --- his concern obviously in the context of the Management Agreement in Victoria and the head office provisions, et cetera, was that if the centralised decision-making was taken out of Melbourne and ---

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MS HALTON: For the Melbourne Casino ---

ME FEUTRILL: Yes ---

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MS HALTON: Yes.

MR FEUTRILL: --- the possibility, if it moved to Sydney, say, for example, it could render the position of the regulator in Victoria impossible because it would have --- it would lose that ability to have the close oversight on those who were making the decisions about how the casino would be operated. I've taken you to these provisions. Having regard to the articles in the Constitution that deal with this requirement for the head office to be in Western Australia and the requirement to give notice and allow the regulator to attend meetings, what would you say to the proposition that if you centralise the operational or the decision-making and governance of Burswood Ltd outside of Western Australia you render it in a similar -- you have a similar concern to that expressed by Commissioner Finkelstein that it makes the regulator's role or function in oversight overseeing the licensee somewhat difficult or possibly impossible?

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MS HALTON: Okay, can I take that in two chunks, if I might.

MR FEUTRILL: Yes.

MS HALTON: The first of which is the hypothetical contention that if you are a regulator located in one place, you can't do your job regulating in different jurisdictions, that is manifestly not the case because we have, for example, the national trucking regulator lives in Brisbane. So, apart from the fact that I don't agree with the contention that a regulator, if they're located in one place, can't regulate across other parts of the country, but in this particular case I don't support the running or the management of Burswood anywhere other than Burswood. And I need to be clear about that, Mr Feutrill. We've talked about what functions might be properly adopted by, for example, the Burswood board, using the shared resources of the group. And that's appropriate.

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I draw the parallel, if you will indulge me, with you don't expect that somebody in St Georges Terrace is going to have written the computer program that drives your mobile phone, you just adopt it. An IT system, most of us actually buy bog standard

software and we just use it, regardless of where we are, not just actually in Australia and around the world. And we can have a view about whether it always does what we want but that is a separate question, right? But what I would say to you is, my
5 understanding, and this is consistent with what Mr Carter said to you on Friday, and it is absolutely consistent with my view, is that the Burswood Board should run the business. Now, the fact that they may adopt particular things, and the management in Burswood has the capacity to participate in these shared resources, I don't think is antithetical to the running of the business and, indeed, to the operation of the
10 regulator. The regulator should be able and would be able, in the way I've described this to you, to actually see that process of decision-making, to have a view, as you rightly say, they are absolutely empowered, and it looks to me like there has been a dropping of the ball and making sure that they are properly invited to all of those meetings. But they should be able to see all that decision-making. That is the
15 understanding of mine and certainly that of Mr Carter about how this should operate.

MR FEUTRILL: If certain decisions are reserved to the Crown Resorts Board, that visibility would be lost to that extent.

20 MS HALTON: Well, look, again, I'm not the lawyer here. It strikes me if there is a decision which is material to the operation of Burswood, it strikes me that that regulator, much as I'm not a director of Burswood, and here I am giving evidence in front of you as a Royal Commission, I'm not aware of a limitation on the ability of your regulator to actually seek input and scrutiny of decisions that might affect
25 Burswood but perhaps you understand more about the detail of that regime than I do, Mr Feutrill.

MR FEUTRILL: So is your view effectively that as a matter of practice, Burswood Ltd is in fact the central management and control is in fact in Western Australia in
30 any event?

MS HALTON: I think it is. That is actually my understanding. Now, I think we could have a conversation, and I'm not privy to all of the historical operations of Burswood Ltd, but what I point you to again is Mr Carter's, and I think we would all
35 acknowledge he is very experienced and I think he is very genuine in the view he takes about how he will run that board, and I will be fully supportive of him doing that.

MR FEUTRILL: I think Commissioner Finkelstein also asked you similar questions
40 to me about the concern he had for potential for conflict of interests between Crown Melbourne and Crown Resorts more broadly.

MS HALTON: I don't recall those specific questions. I thought he asked me a bit about Sydney, but to be honest there are a lot of questions, so you may well be right.
45 I haven't got a transcript in front of me.

MR FEUTRILL: What he put to you, and I'm paraphrasing it was that, and you may have already answered this, Ms Halton, that he expressed the view that the Crown

Melbourne operation should be fully responsible for all operations in Melbourne and the same could be said about Burswood Ltd. Do I understand from your earlier exchanges with me that you consider that to be effectively the case?

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MS HALTON: Well, what I understand it to be is that local management and the Board are responsible for what happens on their patch. Now, we aggregate a view, so take AML, we have to aggregate a view across all of our properties to form a view about, for example, whether our systems are effective, efficient, do as they must. So if you look at how you might form a view about whether we are meeting our legal obligations in that respect, we will form a view across the corporation. These are subsidiaries. They are not standalone companies but they are subsidiaries, they are not part of the one company, and that is the distinction I think we are talking about here.

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MR FEUTRILL: Okay. I don't expect you to have read all of the report that has been published as a consequence to the Victorian Royal Commission.

MS HALTON: Yes.

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MR FEUTRILL: I expect you have probably familiarised yourself with the recommendations?

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MS HALTON: Yes, I have, but you are right, 650-odd pages, I can't pass the exam what is on page 463 at paragraph 3.

MR FEUTRILL: Well, you will be pleased to know I'm not going to examine you on every part of it.

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MS HALTON: Thank you.

MR FEUTRILL: But I am interested in your views on a couple of the recommendations.

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MS HALTON: Certainly.

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MR FEUTRILL: This is in keeping with the same theory we are on, really. I have to find recommendation 29. Recommendation 29 was that the Casino Control Act be amended to impose an obligation on the casino operator to have the majority of its board as independent directors, including independent of any ultimate or intermediate holding company. We have traversed this ground a little. Your responses to my questions earlier were really directed, I think, to, if you like, the benefits associated with the current status quo. This is more a policy question. Do you have a view on whether as a matter of policy it would be in the interests of the West Australian Government to amend the Casino Control Act here to include a similar provision?

MS HALTON: I struggle with how that would work in the context of something that

is a subsidiary. Elsewhere where I've seen subsidiary subjects, not just different Commonwealth state jurisdictions, but country jurisdictions, subsidiaries in that context have --- the particular one I'm thinking of when I say this has 50 per cent independent directors and 50 per cent who are part of or connected to the parent. And I think that is, and that works well. But where there is, and particularly if there is an absence of a section 187 of the Corps Act provision in that charter and Constitution, I struggle to see how you might reconcile these things. I'm not aware, there may be examples in corporate governance and if I was giving policy advice on this, which I'm not, but I would want to find some examples of where that has worked, and how it has worked to the benefit of the jurisdiction and to the overall corporation because I have not seen an example and there might be one but I am not aware of it.

MR FEUTRILL: Your response is really in two parts as a take it, Ms Halton; one is there is a practical effect of imposing a condition of that nature on a company, a licensee, that happens to be a subsidiary ---

MS HALTON: Yes.

MR FEUTRILL: --- which is really a perspective of the holding company not so much the regulator or the government.

MS HALTON: Yes, that is true.

MR FEUTRILL: The second aspect of your answer is it seems to me you don't have a view on the policy because you take the view you would need to know about the potential benefits that would flow; is that ---

MS HALTON: I would say I'm more sceptical than that. I have a passing familiarity with corporate governance in a whole range of areas. I know what I've seen works. I have not seen this and I have not seen this work and, therefore, I would start not with --- look, I wouldn't start with a closed mind, Mr Feutrill, but I would really want to be convinced, and I would worry that you would end up in a position where you would make --- the notion --- I mean, how you'd manage harmonious governance in that context I'm not entirely certain, but as with all --- these are policy questions to your point and would you have to work your way through it. But I start not being convinced it is going to be the right answer. As I've said, I've seen it work with 50/50, and that has worked well. But majority I worry about.

MR FEUTRILL: Okay. I will ask you a similar series of questions in relation to recommendation 30, which was directed to the management structure. There is a recommendation that the Casino Control Act in Victoria be amended to so that the casino operator is not permitted to delegate any of its functions to any person or body of persons other than a subcommittee of the board or an individual director, that is to say, of the licensee company?

MS HALTON: Yes.

MR FEUTRILL: And the operator must appoint effectively a full-time group of managers, CEO, CFO, Chief Operating Officer, and various other heads of departments that report to and take instructions from the casino operator and the
5 casino operator alone.

Do you have a view about whether the introduction of provisions of a similar nature in Western Australia would be to the advantage of the State of WA?

10 MS HALTON: I would have concerns it would not be to the advantage of Western Australia. But I caveat that, Mr Feutrill, by saying I don't fully understand yet what that recommendation means. It is fair to say that the Victorian Government has already introduced legislation in respect of its top priorities in terms of the
15 recommendations and you will note that the large majority of recommendations they have not introduced legislation for and there will be a period of consultation. So my expectation is trying to work through what some of these actually mean, will be one of the things that has to occur. But again, it sounds on the face of it to me like a completely freestanding business, or it could on one reading mean that, and I think that is potentially quite problematic.

20 MR FEUTRILL: And problematic in the context of being a subsidiary of a group?

MS HALTON: Both being a subsidiary, but also in terms of --- and this is why I'm saying I think we're speculating here, Mr Feutrill, which I'm a bit loathe to do, but if
25 you had to build all of the systems for AML/CTF just for one --- for each of our services, that is really quite problematic. It is exactly the same as the argument, and the way I draw a parallel, between not having the software on each of your mobile phones developed on St Georges Terrace, there are economies, but also significant benefits in terms of quality, et cetera, that come from centralising that process of
30 building, if I could put it in that sense. So I would worry about that.

MR FEUTRILL: All right. I don't need to get into a debate about you whether you can do it without --- in other words, you could centralise the process without
35 centralising the decision-making.

MS HALTON: We're into splitting a level of hair here. So look, I agree with you, there is a whole series of conversations that have to be had about that issue, but what I can say to you is I don't fully understand what that recommendation means yet and I fully expect we'll be having exactly that dialogue with the Victorian Government.

40 MR FEUTRILL: Thank you, Ms Halton. I suspect I know what your answer is going to be because of the way you've answered a number of my earlier questions, and it may be you've effectively dealt with these but I just want to make sure that they are covered. I want to understand a little more, if I may, about what you
45 conceive of the idea of the director's duty to act in the best interests of a company, and what facets or components do you consider --- what interests, in your view, are taken into account in that conception?

MS HALTON: I take it to have a fairly broad meaning, to be honest with you. There is the strict legal issues in respect of the role you have as a director in effectively protecting the shareholders' interest but you do that through a variety of means, and that includes the good order and good governance of the company. That includes its obligations, widely drawn, to include its regulatory obligations, its social licence, its standing. And it is a broader sense that just the straight drive for profit. Shareholder value has a broader meaning than that. And I think, as I said, certainly in one of my statements, you cannot deliver shareholder value unless you are consistent and compliant with your social licence. So that's how I conceive of it.

MR FEUTRILL: You've mentioned social licence a couple of times, and in fact you mentioned it also earlier. It is a phrase that may have different meanings to different people. So what do you put in the bucket of social licence?

MS HALTON: What I would say on social licence is it has a broader meaning in most people's head than just a de minimis sense of regulatory compliance. And I do think community standards on this have changed. The community is much more aware of the role corporations play in the fabric of our social life, not just in our economy. So they have a sense of who we are as employers, whether we are good citizens are actually good members of the community, whether we contribute more broadly than just running our commercial operations and then kind of going home at the end of the day and making no other contribution. The truth is particularly in this industry where we have a licence which is a privilege, and the privilege is granted by governments because essentially the people give them the right to so do, and, ultimately, if the people don't approve of how we operate, ultimately that will reverberate. So social licence has this much broader connotation, I think, of are we good citizens, do we do the right thing, are we upstanding members of the community, as opposed to that kind of narrow, black letter view of "Have we ticked the boxes on regulatory compliance". That's how I see it.

MR FEUTRILL: All right. Can I explore that a little more. You mentioned "in this industry", obviously you are referring there to the casino, gaming industry and you mentioned the aspect of privileges associated with having a casino licence.

MS HALTON: Yes, yes.

MR FEUTRILL: In that framework, and I think you said a couple of times it is more than strict compliance with your regulatory obligations, in taking those things altogether and putting them into context for the Western Australian operator ---

MS HALTON: Yes.

MR FEUTRILL: --- what aspects of something more than compliance with the regulatory framework do you have in mind?

MS HALTON: In WA in particular?

MR FEUTRILL: It probably covers all states but I'm interesting obviously from this committee's perspective.

5 MS HALTON: Sure. So the issue here is what do we do to give back to the
community, how do we be a good citizen in the community. What do we do in terms
of being part of the social fabric of the community. Now, Burswood is iconic in
Perth in terms of where it sits. I remember going past the Burswood site in the early
10 that Burswood site. It was one of the first things I ever saw of Australian soil. It has
blossomed and grown since what was a relatively uninteresting piece of land to
something which is a focal point. So, being part of the community, everything from
Telethon to being a host to various events the community support, WA is a big
15 sporting state, as I think the rest of the country would acknowledge, more AFL teams
per head than most other states could withstand with the exception of Victoria, being
a good citizen in terms of ensuring, for example, that we take seriously employment
issues, particularly for people who are not necessarily feature in other employers'
work, Crown College, the work we do with Aboriginal and Torres Strait Islander
20 peoples, issues in respect of working with the charitable sector, et cetera, et cetera.
So in the pandemic and in fact I think I said this, in the last of the notes I sent out to
staff, the fact that people from our workplace have gone out and done voluntary work
supporting people who are really struggling in lockdowns, now you only had very
intermittent lockdowns but people in the WA, employment in WA have done those
25 things as well. So it is those sort of things. I could probably come up with more
examples, but it is basically being a good citizen and participating in the community,
which in every community that looks a little different, depending on the make-up of
that community.

30 MR FEUTRILL: Can I ask you a couple of things that are obviously of interest to
this Commission in that context. One is, plainly, if you take the AML/CTF
framework, there is a compliance aspect with the strict letter of the AML/CTF Act.

MS HALTON: Yes.

35 MR FEUTRILL: Do you see any role in the social licence bucket for a casino
operator to take active steps to prevent the infiltration of operations by criminal
elements?

40 MS HALTON: Yeah, so one of the things that is really important in this context is
not just the reactive component, it's the preventive component. You haven't seen
Steve Blackburn yet, but when you do, he can talk to in a level of detail about that
preventative component. I would also say we have been taking, and I'm very pleased
about this, much more deliberate steps which I think were necessary, absolutely are
45 necessary, to take a preventative rather than a reactive approach, even to the
individuals who come into our facilities. So absent absolute confidence about who
someone is and where their source of wealth is, their bona fides, if I can put it in that
way, if people haven't wanted, for privacy reasons, to tell us where their source of

wealth is, we won't deal with them.

5 So that preventative part is definitely part of our role. We have, under negotiation ---
we already have an agreement with WAPOL which is in the process of being
renegotiated is my understanding. We are also in the process of getting those
agreements in place in a number of other states. We had good working relationships
but we want formal agreements with the police forces in other places. Similarly with
10 the National Criminal Intelligence Commission, and similarly with others with whom
we have shared information, and you will appreciate there are some materials we are
not able to talk about in that respect. But actually being an active part of that world.
It is also consistent in terms of the preventative component. The work that we've
done, there is --- I won't get the name right, so I apologise, but there is a group of
15 industry players who come together to talk about the operation of the casino industry.
There is a proposal to actually have a national banning register for people. There
have been issues in terms of the privacy provisions across the individual States and
Territories. It looks, as best I can tell, that some of those issues are being resolved,
and that would enable us to implement that kind of arrangement. So, yes, we
shouldn't just be reactive, we should also indulge in prevention.

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MR FEUTRILL: Can I ask you whether your view relating to reaction versus
prevention extends to the area of harm minimisation as well?

25 MS HALTON: So harm minimisation, yes, we should. The challenge, and no doubt
we will talk about this in some respects, will be to identify, and we've done work on
this, what the predictive tools are in respect of people at risk of harm. Talking to
Prof Blaszczyński, and based on my own knowledge, we know that most of the
people who gamble do so safely, and without or with limited risk of harm. But there
is a small group of people for whom there is the potential or the reality of harm. And
30 if you --- and I'm sure you have looked at it, if you look at the work of the panel, and
particularly the public health approach that is contained in that panel, in their report,
you might remember is the diagram that has the different arrows on it, what it
demonstrates is that you do need to take different approaches, and the work that
we've been doing, looking to see whether we can come up with much more
35 predictive models of where harm is likely in order to enable us to intervene is part of
the research agenda that we have.

The caveat, Mr Feutrill, I would like to put on this is I actually think for people who
40 come to the casino, they have more chance and increasingly more chance of having
access to people who can intervene and provide them with assistance and referral
than if they are sitting in their lounge room at 3 in the morning on internet gaming
sites where there is no one to intervene. And I do think --- so we have to think about
what we do in harm minimisation in the broader framework, and in consultation with
the people who themselves are expert. By that I'm not just talking about academics,
45 I'm also talking about community sector people who deal with the people, the
problems, that do eventuate. Yes, we absolutely have a role.

MR FEUTRILL: And that focus on prevention, is that a more recent focus of the

Crown Resorts Board?

MS HALTON: No, I wouldn't say so, actually. What I would say to you is the
5 conversation about prevention was certainly occurring --- you would remember that
the Sixth Review, I think the final report, I want to say June 2018. The conversation
about prevention and best practice was certainly a conversation I know Professor
Horvath was having with that committee, remembering I wasn't a member, but he
and I were talking about it. And in the proposal that came forward to actually get
10 agreement to establish the panel, which from memory was established in early 2019,
it could have been the end of 2018, don't hold me to exactly when it was. But the
notion of prevention was very much part of that discussion. Now, sadly, we all know
that much of what we were doing got disrupted by COVID, but that was definitely ---
there was definitely a conversation about that and that was one of the emphasises and
15 I referred you to the squiggly line diagram in their report and that was an emphasis as
well.

MR FEUTRILL: What about in the area of financial crime?

MS HALTON: The financial crime, I would say that there was discussion and, there
20 is a distinction I want to make here between, and I've already made this point, there
was probably less conversation about this at the Group Board because of where the
responsibility under the AML/CTF Act sat. So there was more of a compliance
function. So I can't say in those early days that there was particular discussion about
25 financial crime other than in the board, not in the specific.

MR FEUTRILL: Okay. Has there been a more recent change in that area?

MS HALTON: Well, certainly, and as I said you will talk with Mr Blackburn, I
30 certainly was, I think particularly focused on these issues, given a number of events,
and asked a series of questions about these matters. And one of the reasons for the
Board agreeing, and I would have to be reminded quite when it was, but there was a
explicit decision to actually recruit a specific position for the group, and then the
subsidiaries would have this very much as a focus. And that of course is where Mr
35 Blackburn's recruitment came from.

MR FEUTRILL: Was that decision made before or after the Bergin Report was
published?

MS HALTON: Before.

MR FEUTRILL: I know you've already dealt with the Remediation Plan earlier
today, but I want to come back to that and ask you some questions about areas that
maybe some of which you have more interest in or knowledge of. Before I do that,
45 can I ask whether there is any --- and I know it is a large document and has many
items in it, are there any of the items that you see as being of particular --- addressing
particular issues or acute issues that you think need to be dealt with more rapidly or
more comprehensively than others?

MS HALTON: Yes. It's a bit like asking whether I have a favourite child, isn't it? You know, you say, look, they are all really important because they are. What I would say to you is the ones that are most acute from my --- can I describe them as
5 two buckets in terms of acute level of importance. The first is the regulatory compliance piece. And that comprehends obviously the AML/CTF, it comprehends issues in the risk bucket as well. We've made some good progress about risk but there is more to do. The other bucket is the culture piece. The reason I call the two
10 domains out is you can't, to my mind, sustain what you need to do in the first bucket unless you have proactively addressed the culture piece. And I'm particularly conscious of that, having been a CEO and run large organisations and understanding exactly how important culture is, but secondly, going through, in the banking context, the issues out of the Royal Commission into banking and the sustained focus on culture as part of implementation of a number of issues that came out in that
15 context. So to my mind they are kind of the most important domains, if that makes sense. And I've been particularly focused on the AML/CTF work in the shorter term because we brought in somebody very explicitly to raise that work. But, you know, they're all important, Mr Feutrill.

20 MR FEUTRILL: Do I detect from that answer that you think a focus on culture is of some significance to bring about, give it, if you like, lasting change?

MS HALTON: Absolutely. Again, if you look at my background and academic interest, it probably isn't a surprise that I say that to you, and pardon me if I use the
25 colloquial, when you run an organisation with 20 people in it you, can probably sit on the shoulder for every significant decision they take. When you running an organisation of 20,000 people, you have not got a hope of doing that. So if you don't have all of the levers and drivers running in congruence, then you have to have measurement and you have to have all sorts of systems to ensure that you can
30 measure and monitor. But it is much easier to implement, to drive that kind of approach if your culture sees it and basically lives and breathes it as being one of the fundamental tenants of who you are and how you operate. So the culture piece, and I think no doubt we'll talk about it, the Deloitte report has been really terrific because what it does is it looks at the connection between the drivers, and sometimes the
35 impediments to actually delivering on all of these things we think are important. Yes, sorry, Mr Feutrill, long way of saying, yes, it is extremely important.

MR FEUTRILL: I do want to come back to deal with the culture piece in more detail, obviously. But thank you for that answer.

40 Just, and again I appreciate there is quite a bit of material in the Remediation Plan, do you have any concerns, though, about its adequacy?

MS HALTON: No, but what I would say to you is it is a changing document. It is responsive to as we go along what we discover. We've got these broad domains. It is very wide ranging as you have acknowledged. It is, however, a living document, and that sounds like a horrible description, but it has to be responsive. You do

something, you try something, you learn from it and then you adjust. So I don't have concerns, but the mechanism that is the Remediation Plan, and all of its surrounds, isn't adequate. I would be concerned if I wasn't seeing the continual enhancement, improvement, learning from experience, getting more advice, and then the flexibility that we're seeing around that. And I would use, as an example, working in NSW, with Kroll, as you know, the monitor, which is proving a very good process, where they test, we test, we develop, we talk, and so it is a very big job, Mr Feutrill. I am quite optimistic it will do what it needs to do. Although the report in terms of where we are at the end of November will no doubt look different to the report at the end of October.

MR FEUTRILL: And given it is quite an ambitious program, do you have any concerns about the scope?

MS HALTON: No, I don't. I think I've indicated there is some stuff that is inside the scope that isn't congruent with this. These are the things that we absolutely have to focus on. I think there will be specific issues which we go back to not quite where we started, but the recent discussion we had about the context in each State and Territory because we know industrial agreements are different and we know the demographic of our staff are different, and we have to make sure that we are communicating effectively in each of those places. We are talking --- our management is talking to people. The board members are talking to people in each of those places. No, I'm not worried that it's missing something major. And I'm not worried that there isn't an absolute commitment to the change that is necessary.

MR FEUTRILL: Now you've mentioned Mr McCann, I think, Mr Blackburn and Mr Weeks several times so far today. Do you have any concerns about whether you have got enough people and the right people in place to deliver the program?

MS HALTON: Look, we still, in fact, I was only talking to Mr McCann about this issue over the weekend. There are some --- there are I think a number of areas where we will look to enhance the skills that we need. I think that is inevitable as we go through this process. There are some holes in our senior management team. So we don't currently have a CEO of Sydney, for example. That is a really crucial role, getting someone who is the right fit. So my expectation is that we will see additional people added to the roster. And, of course, I was talking about one of our newer people in the risk area just recently about the work that is going on there. So I think we will continue to enhance. I'm not saying that we are going to add 100 per cent of that again, Mr Feutrill, but I think as needed, we will add capability, yes.

MR FEUTRILL: Is there anyone in view at the moment for another senior position in the management structure?

MS HALTON: Well, I've already indicated we do need someone to run Sydney, so that is definitely a position that we are searching for.

MR FEUTRILL: But no one in view?

MS HALTON: No, someone in view.

5 MR FEUTRILL: Right. Okay. Other than that, at the senior level, you have confidence that those people in the positions that they are in will deliver on the Remediation Plan?

10 MS HALTON: I have no doubt about that, Mr Feutrill. I mean, these people --- I personally was involved in the selection of Mr Blackburn because I wanted to be absolutely confident that we got the right skills and experience. I, and --- the former Chairman, the former Executive Chairman and Ms Korsanos and I took a personal hand in the recruitment of a number of senior executives, particularly in the period at the beginning of this year when it was all hands to the pump. The people we've recruited, I am very confident. These are people with very significant business
15 careers. They are people who have worked in companies, have really significant experience. And new General Counsel, Betty Ivanoff, was the General Counsel of Coca-Cola Amatil before she joined us. These are very experienced, seasoned professionals so I have confidence in them as a team, yes, I do.

20 MR FEUTRILL: Can I ask you some questions about an area that I presume you have some specific knowledge of, which is the risk management part of the remediation program.

MS HALTON: Yes.
25

MR FEUTRILL: I might just take you to the Remediation Plan that I have, which is a document that was delivered at the end of September, CRW.701.006.4272.

MS HALTON: Yes, it is on the screen. Thank you.
30

MR FEUTRILL: And we want to go to page pinpoint 4319, which is where the risk management section commences. And there are a number of items. Items 26, 27, a number of pages.

35 MS HALTON: Yes.

MR FEUTRILL: As I read through these, I noticed that responsibility is largely with Ms Siegers, and in nearly every respect it is indicating "Complete"?

40 MS HALTON: Yes, as I said to you, I mean, I think what you will find is there is more being done on risk management. This is a conversation ---

MR DHARMANANDA: Sorry, Ms Halton.

45 There is some material on this plan that appears to call for an NPO or certainly an application for an NPO in respect of certain procedures that might reveal how things are tackled.

COMMISSIONER OWEN: We'll have this document only on the in-room screens, please.

5 MR FEUTRILL: Sorry for that interruption.

MS HALTON: No problem. It was alarming when the camera started moving, I thought what's happened.

10 MR FEUTRILL: I was making the observation that ---

MS HALTON: It says "complete". Yes.

MR FEUTRILL: You again were going to explain something about that?

15

MS HALTON: Yes, absolutely. So there is further work going on in respect of the risk management changes, and I mentioned I think earlier that I have been speaking recently with another new recruit, or someone who has come in to assist with the uplift on risk. I mean, as I think has been probably well canvassed elsewhere and I suspect you know and therefore I won't repeat, there has been quite a period of uplift in terms of policies, structures, et cetera, et cetera, around risk. The thing that we are moving to do is to absolutely cement into place issues around, if I can put it this way, how we make sure that the implementation is successful and sustainable. So what we are looking to do, and I'm hoping to get this for the next Risk Management Committee, which is on I think 17 November but please don't hold me to that.

20

25

What we've got to do is continue, and I think I said this to Commissioner Finkelstein, and I think I probably said it in my witness statements, that we are continuing the work on risk management. So we've got to do further work on uplift, particularly in relation to improving the second line processes. You are familiar, I've no doubt, with the three lines of defence and how we talk about that implementation. We've got to -- we've got to be confident about the assurance around these matters. There is a lot of work going on obviously in the AML/CTF area here. The way I would think of this, Mr Feutrill, is what are --- how do we allocate risk to owners, who owns a risk, how do we do things like have triggers?

30

35

We have the ERCCs as mechanisms for reporting, we have CURA, which is the survey for reporting, but how do we institutionalise through the development of these triggers; what is, for example, a Board reportable event? How do you escalate again in a way that we have assurance about? So there is a lot which has happened which is why some of these things are complete. You would again be aware, and I think you might be calling him, Mr Deans did a report for Commissioner Finkelstein. We are in the process of implementing all of his helpful recommendations. Are you calling him? Am I right in that?

40

45

MR FEUTRILL: We have a report from him.

MS HALTON: Okay. Because one of the things I want to do, and we agreed
sometime ago to do, was to invite him to come and talk with us, but I didn't want to
actually do that until I was confident, I didn't want to give him any conflict, if that
5 makes sense. So I want to call --- get him to come and talk to the Risk Committee
and if the Board are interested, the Board as well, in terms of his observations. So
there is a lot to do here. You are never finished with risk, Mr Feutrill. The thing I
would say to you about every company is if you go back 20 years no one even knew
10 what the term "risk" was, and it has been an evolving area of practice. We are
getting much better, I think, at knowing what it is, how to manage it, et cetera, but, a
bit like the culture piece, this work really started in 2018. There were some
structures that had the name of risk and some processes there, but I think, as I said, I
haven't gone back and refreshed my memory, a lot of what occurred prior to that was
15 probably not consistent with certainly a modern framework. So there is a lot still
going on here. So notwithstanding what this document might say, and I think I did
talk about things in the periphery to these processes, there is a lot going on on risk.

MR FEUTRILL: You've obviously covered a fair bit of territory with that answer ---

20 MS HALTON: Sorry.

MR FEUTRILL: --- so you might want to focus on a few of those areas that you've --
-

25 MS HALTON: Sure.

MR FEUTRILL: Can I ask if you find your statement to this Commission, which is
the one CRW.998.002.0897, just direct your attention to paragraph 20, which is
30 where I think you've picked up and I understand to be in effect adopting what you
said, or the statement you gave to the Victorian Royal Commission in terms of
describing what the risk management framework and structures and policies are ---

MS HALTON: Yes.

35 MR FEUTRILL: --- at present and in some respects you deal with the past and the
changes that have taken place in response to questions that Commissioner Finkelstein
asked of you. And then this really was my area of interest. There are references in
paragraph 21 to the Kroll, engagement with Kroll and Kroll produced a draft report,
and you are no doubt familiar with that document?

40

MS HALTON: I haven't seen the Kroll report itself, no.

MR FEUTRILL: Are you familiar with the extent to which Kroll has been providing
45 feedback to Crown Resorts about its progress in the ILGA program?

45

MS HALTON: In the abstract, not in the specific, so I haven't been given that Kroll
report, and frankly I'm not sure that I should expect to be given that. I've been given
those higher-level reports about where we are at in that relationship with Kroll and

the progress, but I have not been given the Kroll report.

5 MR FEUTRILL: I think you have referred to a memorandum you received from Ms Siegers in your statement, which is CRW.701.009.3889. There is one area I would like to understand where you are up to. You may recall that one of the recommendations that Mr Deans made in his report to the Victorian Royal Commission was that the risk appetite statement be --- a separate risk appetite statement be prepared ---

10 MS HALTON: Yes.

15 MR FEUTRILL: --- prepared in a way that gave some granular detail around the --- or explanation for the risk, really. There is a reference on page CRW.701.009.3892 in Ms Siegers' memo.

MS HALTON: I don't have that with me, I'm sorry, Mr Feutrill. Can you show it to me? If you are going to refer to it in detail, probably it would be helpful.

20 MR FEUTRILL: You should have it on the screen in front of you. It is item 17 under risk management framework, if you could scroll down please.

MS HALTON: Item 17, is that the one?

25 MR FEUTRILL: I think it is paraphrasing there or perhaps even ---

MS HALTON: That's the one. I remember. Thank you.

30 MR FEUTRILL: Now it is indicated that is underway ---

MS HALTON: That's right.

35 MR FEUTRILL: --- and I think it may have been in the course of your evidence in the Bergin Inquiry, I think you yourself made this point about the risk appetite statement having some deficiencies in that it didn't provide sufficient granularity or detail around the risks and the triggers. That was in, I think, October last year or thereabouts.

40 MR FEUTRILL: So the question really is, it's been underway or should have been underway for some time. What stage are we at and when are we likely to see something more concrete?

45 MS HALTON: Yes, thank you. Two things if I might; firstly there was --- there were a series of changes made following that particular --- so if I go back to the Bergin context, there were more specific changes made to the risk appetite and that was certainly one of the steps. I think what I was saying to you before about the work that is currently underway goes at least in good part to this. So there was, there has been, ongoing updating of the risk appetite. So the risk appetite that was the case

in 2020 is not the same as the risk appetite in 2021. Mr Deans, in his report for Finkelstein, goes through the explicit statement in respect of the risk appetite and that's where he goes further and says that these things we ought to disaggregate this.
5 So that comes from the Deans report. And this has always been the intention. But whilst, as I think I indicated to you, we've been on a journey, ghastly management speak, but we have been on a journey, so we have been taking this in steps. And this next phase, and I think I indicated to you, I haven't seen yet, what I am going to get for the Risk Committee on 17 November and where they are up to in the work on this
10 particular component as part of the uplift, I don't yet know.

But I'm hoping that the risk uplift plan, if it doesn't make proposals about this --- and this is still quite a lot of work to do because you have to work through with each of the businesses, and particularly this issue about ownership. So my expectation is we
15 are going to see a process to do this and this is one of the reasons I actually would quite like to talk with Mr Deans because he has a lot of experience of this, albeit in banking. I have experience in banking, Mr Carter has experience in banking. So it is underway, is my understanding, but quite where it is at I can't answer that in the specific, other than to say it is a priority.
20

MR FEUTRILL: Okay, can I ask you to turn up your statement to the Bergin Inquiry. This might assist us to understand what is meant by "granularity" actually.

MS HALTON: Yes.

25 MR FEUTRILL: CRW.998.001.0152. If we could go to pinpoint 0160 and paragraph 74.

MS HALTON: Yes.

30 MR FEUTRILL: You've extracted from the board, the way that risk is reported to the RMC. Figure 4.

MS HALTON: Yes.

35 MR FEUTRILL: You may need to blow it up, it's a bit hard to read in its current form. Is that what --- is that sort of an example of what one might understand to be a statement with a bit more granularity to the information, so you've got ---

40 MS HALTON: No.

MR FEUTRILL: No?

45 MS HALTON: No. So this is part of the metrics, Mr Feutrill. I mean, essentially, this is one of the reasons I want to talk to Mr Deans to be absolutely clear about whether what he's talking about and what I'm talking about and what other people are talking about is all the same thing. So if you think about it, you will have a series of triggers and measures that will give you a sense of whether you are inside appetite,

outside appetite or if there is something you should be focused on. Your appetite, as I understand what he was saying, actually can be disaggregated below the macro appetite you have as a business into key areas. So we know, for example, and again
5 you can talk with Mr Blackburn about this because he will be far more eloquent than I can be about the risk appetite in respect of AML. And you will already see, in that area, we have enunciated a risk appetite in respect of AML. So what you've got, you've got your macro appetite as expressed, and in fact I think Commissioner Finkelstein quotes that appetite as it existed which we talk with him about, but what
10 we have got now explicitly at a more granular level is a specific appetite, for example, in respect of AML.

So the question about which other areas you need an appetite expressed in respect of and then how that cascades down in respect of measures and triggers is the
15 conversation. So what we've got here, we've got a framework and we've got these sorts of measures, but I think, I think and what I mean when I say this is, there are specific domains where we need a specific statement of appetite in those areas and then we will have the specific triggers and the measures. So these are across the whole business but I would expect them to be supplemented through this work.

20 MR FEUTRILL: So when you say "these are across the whole business", are you now referring to the figure 4 in your statement?

MS HALTON: Correct, that's right. Because they are a dashboard. It is an indicator
25 dashboard whereas what he was talking about, I believe to be a statement of appetite. And one of the things you do is you express your appetite in respect of risk, which we have for the whole business, but as I understand his meaning, it is what is your appetite in a number of subsidiary areas, and by that I'm not just talking about Perth, Sydney, Melbourne, I'm talking about AML, and it might well be in hospitality, it
30 might well be, again, this is the thing, this is the work. An then the issue about who owns the risk, because normally speaking you would have somebody who owns a particular risk. I think we would probably know that Mr Blackburn is likely to be the risk owner on AML, but with these other risks, who owns them?

35 MR FEUTRILL: Do you know that now or is it something to be ---

MS HALTON: No, no. Something, yes ---

40 MR FEUTRILL: --- (overspeaking) ---

MS HALTON: --- so I think there are bits of the business where they kind of all own
the risk in their bit of the business, but what you would have to my mind and for
good practice is you would have as part of your responsibilities, and again we've
seen this in banking, so if you think about the BEAR regime, which will be the FAR
45 regime fairly soon, and this is something I've been talking about for quite a long
time, being very clear about who is the risk owner. And then there are
accountabilities that attract to the person who is the risk owner which cascade into ---
are they properly trained, are they held properly accountable, what does their
remuneration

arrangement do in terms of ensuring that all of the arrangements in respect of that individual align and they are held accountable in respect of that risk.

5 MR FEUTRILL: Okay, so that is the work in progress, that's the future. What do we make of the present, which is this figure 4. It appears to --- if you look at the categories in the first column, they correlate, broadly speaking, to the various categories of risk ---

10 MS HALTON: Yes.

MR FEUTRILL: --- that are identified in the risk matrix.

MS HALTON: Yes.

15

MR FEUTRILL: And then there are some specific key indicators that are identified, in the centre of the page?

MS HALTON: Yes.

20

MR FEUTRILL: There is a "frequency", which is self explanatory, and then there is a "budget/ target/ average".

MS HALTON: That's right.

25

MR FEUTRILL: That appears to be a metric of some kind in respect of each risk.

MS HALTON: That's right.

30 MR FEUTRILL: And then there is a "trend", which is essentially a traffic light, saying are we good, are we on trend or are we off, outside the boundaries of our metric.

MS HALTON: Correct.

35

MR FEUTRILL: So in the concept of risk appetite language ---

MS HALTON: Yes.

40 MR FEUTRILL: --- is that --- where you see a red, is that describing a situation where you are outside your appetite?

MS HALTON: Not necessarily, it is something to be attended to. And that is exactly the work that I was talking about, Mr Feutrill. So what you would normally do is you would say what are the triggers and not everything is amenable to a number
45 in terms of whether you are inside or whether you are outside appetite.

But what you have is a series of triggers and this is the point about escalation. And

when I talked earlier about --- you want several means of actually being alerted to issues in respect of risk. You want some of these things to be systematised, data driven and, therefore, the triggers mean that they are automatically brought forward to whichever is the governance level that is relevant. And the question of what those triggers are, that work is underway. So this doesn't mean outside appetite, this means there is a trend or something here which is possibly problematic. It does not signal inside or outside appetite. That is the work that is underway.

10 MR FEUTRILL: I see. So you, as the chair of the RMC receiving this in any given month, are given some indication where you should perhaps be asking questions by reference to whether it is red, amber or green. Is that the gist of it?

15 MS HALTON: I think that's right. But, again, this is my point, what you want is a much more, again I'm using this word but it may mean different things to different people, I want a much more granular approach which actually by definition alerts me whether I'm inside, or on the edge of, or uncomfortable in respect of, or potentially outside appetite. As I've said, not everything is reducible to a number because not operating consistent with your social licence I think is probably hard to distil into numbers. But the combination of things may well say to you, actually, we're not in a good place. So you have to have both of these elements, you have to have the judgment component and also you really do want, and it is exactly the same as AML, you want a really --- a system which automatic generates information which is aggregated up, which draws to your attention if you don't happen to see it. I mean, when I was talking to the person who is actually doing this current piece of work, I actually said to her that as a CEO, when I was doing these things as a CEO, I had a lot of metrics in front of me but I also needed to be able to smell it if there was something wrong. This is the same. There are some things which aren't reducible to numbers, but you know or should know based on your understanding of the business. 25 This has to have both elements to it.

MR FEUTRILL: All right. So just staying, if I could, with the current information you are receiving at the RMC level.

35 MS HALTON: Yes.

MR FEUTRILL: This is an aggregated dashboard, isn't it? This is covering all businesses?

40 MS HALTON: That's right.

MR FEUTRILL: In today's terms means Crown Melbourne, Crown Perth, or possibly all the others as well?

45 MS HALTON: All of them, that's exactly right. And what I would expect, Mr Feutrill, is that you would get, a bit like we did with the culture survey, we actually could look at the different properties as well as look at the group as a whole. You would have seen that in the Deloitte report, it was disaggregated, assuming you

saw that version. But there was a version that gave you the differences across the properties. You would actually expect to see this in time. So the Perth board can have that look at what they are seeing in their context.

5

MR FEUTRILL: That was going to be my question because I haven't seen this kind of dashboard in the board papers for Burswood Ltd.

10 MS HALTON: No. And one of the things --- so one of the things you would appreciate with my history, Mr Feutrill, one of the things I've got a lot of experience of is ensuring that I engage the States and Territories in things. One of the things I want to be confident of is that each of the subsidiary boards has a look at the work that is done in this area because it has to be fit for purpose for each of those boards. So if there are particular things of interest or concern or peculiar, that word again, to 15 the subsidiaries, they have to be taken account of and that means the directors in each of those places have the same access to this metrics-driven warning system that you have at a group level.

20 MR FEUTRILL: And so how, as maybe I've missed it, Ms Halton, but I couldn't find any of the various framework, policy, charters, any reference to this key indicator document. How did this come into existence and who chose the metrics?

25 MS HALTON: So it was considered by the Risk Committee as part of its ongoing development of the risk framework.

25

MR FEUTRILL: Right.

MS HALTON: It's not final, that's the whole point.

30 MR FEUTRILL: And so you probably already see this point but just to explore it, if we take, for example --- I can't read it. It is too small. It's under "people", "2.5", "Number of Serious Misconduct Terminations". I'm picking this one because I can ask you a question that will work.

35 MS HALTON: Yes.

40 MR FEUTRILL: And under "target", it has got "5". So I take it if there were more than five serious misconduct terminations in a month across the group, we'd see a red line there, a red marker or something like that?

40

45 MS HALTON: Well, and the benchmark that was set for this one was actually the number from the previous year. So the other conversation I think we have, and this is the point of granularity, and it goes to the culture piece, and this is the conversation --- this is why the Deloitte report where it talks about all of these elements working in congruence, we actually have to ensure that the metrics and the targets we set are consistent with the new culture plan. So it may be last year's number is okay, it may not.

MR FEUTRILL: I'm not asking you about how you specifically set this one up. The question I really have for you is: at the level of the group you've decided that for whatever reason five is the metric. But if there is four at Burswood Ltd in a given
5 month ---

MS HALTON: Absolutely.

MR FEUTRILL: --- you would want to know about that if you ---
10

MS HALTON: Absolutely.

MR FEUTRILL: And wouldn't you want to know about that as a director of Crown Resorts?
15

MS HALTON: Yes. So when we get the reports, and this is my point about this being under development, when we get the reports, in the Risk Committee, so at the moment, we also get like a compliance report where we actually have the compliance officers talk to us about compliance and particular events and instances. And to your
20 point, I would expect to be told if the majority of those are at Burswood. Absolutely I would. The challenge is getting this into a reasonable framework so then we can break it down across the properties so then you can actually get that level of granularity. This is the point about we need the granularity.

MR FEUTRILL: Can I pick up something else that emerged from Mr Deans' report to the Victorian Royal Commission, which was --- he said words to the effect that there was an expectation that there would be a process involving management and either the board of Crown Resorts itself or at least the RMC in a discussion, perhaps of a day's duration possibly with an external facilitator in which risks are dealt with
30 in a very comprehensive way, including what are the material risks, the risk matrix and presumably also perhaps setting up metrics that you have been discussing. Has there been such a meeting during your time as a director?

MS HALTON: Yes, there has.
35

MR FEUTRILL: And when was that?

MS HALTON: So we've been through several times, the list of risks. We went through it most recently in great detail, I want to say the last Risk Committee. I
40 might be wrong about that, Mr Feutrill, but that included all of the --- both the directors with regulatory approval and observer directors as well. One of the things I wanted to do is make sure we had the benefit of their experience. We have been through that in great detail. It didn't go to the metrics. My view it was talking about what the risks were and we're not yet at the point where the metrics proceedings is
45 worthy of picking apart with the whole board, but we will at some point.

MR FEUTRILL: Do I understand that to have taken place this year?

12:59PM

MS HALTON: Oh, yes, definitely.

MR FEUTRILL: Would that be a convenient time?

5

COMMISSIONER OWEN: It would.

Ms Halton, we will break now for an hour. We will come back at 2.00 pm our time, which would be 5.00 pm your time.

10

MS HALTON: Thank you.

ADJOURNED

[12.59PM]

15

RESUMED

[2.00 PM]

20 COMMISSIONER OWEN: Please be seated. Mr Feutrill?

MR FEUTRILL: May it please the Commission.

25 Ms Halton, I want to ask you about a specific area of risk that is dealt with in the Remediation Plan. I'm sure you are aware that the WA regulator has given a direction that bans junkets and premium player activity in Perth.

MS HALTON: Yes.

30 MR FEUTRILL: The Remediation Plan has a reference to something which is referred to as the VIP business restructure. And it appears that that applies to Crown Melbourne and will in due course apply to Crown Sydney.

MS HALTON: (Nods head).

35

MR FEUTRILL: I understand it doesn't apply, as matters stand, to Crown Perth. Is that correct?

40 MS HALTON: My understanding, Mr Feutrill, of that part of the Remediation Plan, and it is a little while since I've looked at it but my understanding is, as you know, the VIP program, which was a source of considerable concern, that we basically have consolidated that into reporting into Crown Melbourne. All its staff are domestic and it will deal with those premium, Commission-based players, which, given as you've
45 rightly said, there is an explicit banning of all of those types of play. Though I notice from your regulator those types of play aren't relevant to WA.

MR FEUTRILL: Assuming that there may be some relaxation of that regulation in the future, are there any circumstances in which you would advocate or contemplate

the return of International Commission Business in Western Australia in Perth?

5 MS HALTON: Can we make a distinction between junkets here, which I think no
one has any appetite for, we said absolutely, categorically no way; in terms of
Commission play in WA, it would depend on the attitude of your regulator. If we are
permitted under regulations in NSW and Victoria to have a business of that kind,
with all the appropriate protections, et cetera, et cetera, if there is a change of that
10 view in WA well we'd have to look at it. But at the moment that is not the case as
you rightly observe.

MR FEUTRILL: So, regulation permitting, there would be an appetite for some
form of International Commission Business in Western Australia?

15 MS HALTON: If the protections are as we want them to be and if it is consistent
with the State's risk appetite, well, obviously we'd look at that, definitely.

MR FEUTRILL: When you mention, or when you describe or refer to protections,
20 what do you have in mind in that answer?

MS HALTON: Expended customer due diligence, and you would know one of the
issues with junkets is their being removed in terms of who the people are, and not
necessarily being confident about all of their bona fides. So the arrangements in
respect of the controls about the customer are obviously material into that part of the
25 business.

MR FEUTRILL: Are they protections you contemplate within Crown, the Crown
Resorts Group's own systems, or are you thinking of something in a more regulatory
imposition of protections?
30

MS HALTON: Look, my personal view, Mr Feutrill, has always been that there are
opportunities if the regulators, including law enforcement, wish to share more
information that we could do more. I mean, at the moment we can do what we can
do, and we are going to do a lot more than has been the case as you well understand,
35 but there are sources of information --- of course, I have held positive top security
clearances in my time. I still hold a security clearance, and I'm very conscious of the
information available to law enforcement and others which is not available in a
commercial context. If we were enabled to be informed in that way, that would be
enormously advantageous to everybody, to be perfectly honest with you.
40

MR FEUTRILL: Okay. Thank you. Can I return to the topic we were dealing with
before the break, and that is I think you've mentioned a couple of times, maybe I'm
misquoting you or I've read it in your statement about a process of escalation of risk -
--
45

MS HALTON: Yes.

MR FEUTRILL: --- through the various frameworks.

02:05PM

MS HALTON: Yes.

5 MR FEUTRILL: You dealt with this in the statement you gave in the Victorian Royal Commission, CRW.998.001.0152 and on 0154 you dealt with this at paragraphs 34 to 47 ---

MS HALTON: Yes.

10 MR FEUTRILL: --- of that statement. As I understand it, you are describing the process for escalation of risk through the frameworks and there is a diagram there that shows it in a pictorial way how it works.

MS HALTON: Yes.

15

MR FEUTRILL: You have referred in this statement or in the one you have given in this Commission, to various policies and documents ---

MS HALTON: Yes.

20

MR FEUTRILL: --- one of which is something called the risk management policy, which is CRW.512.043.0051. It may be unnecessary to call this up. There is something in it referred to as a risk profile. It indicates, if you are not familiar with this, I will bring it up, but there is an indication there that Crown will have risk profiles in place across all material Crown businesses ---

25

MS HALTON: Yes.

MR FEUTRILL: --- including Crown Perth ---

30

MS HALTON: Yes.

MR FEUTRILL: --- which document material risks to each business. You may have already said something about this in passing earlier today.

35

MS HALTON: Yes.

MR FEUTRILL: Then in the risk management strategy, which I will call up, which is CRW.512.041.0050 at pinpoint 0064, there is a diagrammatic ---

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MS HALTON: You will have to blow it up, I'm sorry, eyesight poor, age. That's better.

MR FEUTRILL: It will help us all, I think.

45

MS HALTON: Absolutely.

MR FEUTRILL: So this, I think, is sort of diagrammatically explaining what perhaps I just took you to in terms of the risk profile. So it appears that each business has a risk profile?

5

MS HALTON: Yes.

MR FEUTRILL: Then Australian Resorts gets compiled into an Australian Resorts profile.

10

MS HALTON: Yes.

MR FEUTRILL: And they all get compiled into a risk profile that goes ultimately to the Risk Management Committee.

15

MS HALTON: Yes.

MR FEUTRILL: So when the risk profile reaches the RMC, is the RMC itself involved in the compilation of the various profiles or is that done by management?

20

MS HALTON: No, it's done by management. As we discussed earlier, Mr Feutrill, you actually have a profile sub each of these business units as well. So there are some parts of the business that have been a greater level of focus, so hotels, for example. So they're not --- because each bit of the business is not quite the same; I mean, gaming in Perth doesn't have the same risk profile as what goes on in hotels and restaurants, for example. So you have a subsidiary component to this if that makes sense. But in terms of the expectation, we don't actually compile these as the committee. When we talked earlier on today about my expectation about what the boards of each of these subsidiaries would do, they should be looking at this risk profile, right, for each subsidiary. Now, do I expect to see them? Ultimately, yes. I want to be confident. As we talked earlier, just like the Deloitte survey, you want to look at the aggregate but you also want to see the component parts. But the committee itself doesn't compile that, those products.

25

30

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MR FEUTRILL: And so ultimately when there is a risk profile for the group and makes its way to the RMC, as I understand it ---

MS HALTON: Yes.

40

MR FEUTRILL: --- that risk profile will not have that level of granularity relating to each of the individual businesses, though? Is that ---

45

MS HALTON: This is my point to you. I think actually it should show the group, but then it should show the elements of the group. And we do, when we actually look at risk issues, compliance issues, we don't just deal with them in a homogenous whole, we like to see reporting against Melbourne, Perth, Sydney, Aspinalls, Betfair. So we are seeing the elements (unclear - coughing) not just that there was a regulatory breach. It goes to the point you made earlier about if you had five bad

HR outcomes in Perth, four out of five, you would want to know that that is where it is. This is the same --

5 MR FEUTRILL: As matters stand, it's not being reported in that way to the RMC, is it?

MS HALTON: No, not at the moment. This is the point I've been making about the work that is underway. And the profiles that are being done across these different
10 elements of the business, and I said this in the Finkelstein Inquiry, the big --- the material bits of the business have been done, but not every single component. Now, that might have changed, to be fair. I haven't had a briefing on this for a little while. So whether or not each element is done is a debatable point, I can't actually answer that question.

15 MR FEUTRILL: Okay. You might be able to help me with something else. In your statement you've referred to, I think, perhaps not in this statement, but in the Victorian Royal Commission statement, made a reference to a risk matrix, which is CRL.668.001.0006, which sort of identifies or correlates to that table we were
20 looking at before the break ---

MS HALTON: Can you get someone to show it to me, Mr Feutrill.

MR FEUTRILL: Sorry, it doesn't seem to have made its way on to the screen yet.
25 This is a table, but what I want to take you to is the risk map, pinpoint 0008.

MS HALTON: This isn't the physical one, this isn't the populated one.

ME FEUTRILL: In your statement you identify an example where it is actually
30 populated ---

MS HALTON: Yes.

MR FEUTRILL: --- but I just want to get the visual right to start with.
35

MS HALTON: Sure.

MR FEUTRILL: So the critical risks are in red. There is an indication that those risks that are critical there will be oversight by the RMC or the board. I take that to
40 mean the Board of Crown Resorts?

MS HALTON: Correct. What I said in evidence to Commissioner Finkelstein about this, and this is a fairly standardised risk map that you see in a lot of places. What I said, in practice, is the Crown Resorts Board has actually been concerned with things
45 that are below that critical, that red colour, into most certainly the orange colour. And if you go to the level of risk, for example, on a property-by-property basis, what you would expect is that you would see things located on a property-by-property basis further shifted to the right. Does that make sense? As opposed to what you

would see for the group, because you expect issues to be dealt with on a property-by-property basis. What gets escalated to the group would by definition be slightly more extreme. I probably didn't explain that very well, did I?

5

MR FEUTRILL: I think I understand it. You've answered another question, which is this risk map unpopulated, is there is an expectation there would be a similar document prepared for each property?

10 MS HALTON: I would think so, absolutely. And I reckon Mr Carter will expect it too. And I will expect it, as the Chair of Crown Sydney.

15 MR FEUTRILL: So for the individual properties, the areas that are red, may be red for the individual property but amber or orange for the group, that is principally what you said as I take it?

20 MS HALTON: That is exactly right. Because if you think about it, what you want your subsidiary board to be doing is focusing on a greater level of property-relevant detail. At the resorts level you, want to know if it is material to the group. What is material to Burswood Ltd, for example, wouldn't necessarily make it material for the whole group. It might. It depends on what the issue is. So if you take AML, if it is red down at the property group in terms of problems, my bet is it is going to be red up at the Resorts Board level but I think it is a question of which particular domain we are talking about.

25

MR FEUTRILL: Just in terms of what is your understanding, what does oversight mean in this context? It refers to "oversight by RMC/board". What falls into that conception?

30 MS HALTON: It might come down to challenge an inquiry and then satisfaction that management has done what they need to do. That could be everything from taking action to reporting to whatever. It may also be the board basically saying that they aren't comfortable with management's actions in terms of whatever the issue might be. So, I mean, oversight is a pretty broad category. If you think about it, we
35 talked earlier on about some of the actions the board has had to take earlier this year, which have kind of strayed into more action, less supervision, it depends on the issue.

40 MR FEUTRILL: You mentioned in passing to one of the earlier questions I had before the break, there was an element, when we were discussing at risk appetite, you said there was an element of judgment involved in some areas. Not everything could be measured by metric.

45 MS HALTON: Yes, measured by metric, I think that was tautology, Mr Feutrill.

MR FEUTRILL: Perhaps. So if I take you to CRW.701.006.3392, which is an agenda for the RMC meeting in August this year, and navigate to 3427.

Have we got a problem with this?

MR DHARMANANDA: Again this has material that involves disclosure of particular methods that ---

5 COMMISSIONER OWEN: Limit it to the in-room screens, please.

MR FEUTRILL: Before we go to that screen, could we perhaps go to 3425 first. You mention ---

10 MS HALTON: Yes.

MR FEUTRILL: --- this is a populated version of the risk map for the ---

MS HALTON: Yes.

15

MR FEUTRILL: You can see it explained, there is references there to what risks fall into which boxes?

MS HALTON: Yes.

20

MR FEUTRILL: The next page, which is 3426, which is a live example of the key risk indicators that we were dealing with earlier ---

MS HALTON: Yes.

25

MR FEUTRILL: And the next page is an update to material risks.

MS HALTON: Yes.

30 MR FEUTRILL: And here there is much more narrative and description of various risks that fall underneath each of the major headings of risk areas.

MS HALTON: Yes.

35 MR FEUTRILL: Is this what you mean when you say you are describing an element of judgment by the management in terms of what they want to put into this part of the report?

40 MS HALTON: Yes and no. So because we still have work to do on the triggers, which I talked about earlier, what I expect to see is that some of these elements will actually turn into measurable indicators. But, for example, just looking at this one, maintenance of productive relationships with key stakeholders, which includes regulators. I'm not entirely convinced that is amenable to a metric. You know, it is red, amber or green. How am I going to measure that? That's the conversation we
45 haven't had yet, but I do think that some of these things are not reducible, if that makes sense.

MR FEUTRILL: All right. Well, just in terms of escalation, if, for instance, there is a risk that is not specifically recognised in some risk register or previously identified, would you expect it to be addressed in this risk report in some fashion by the relevant
5 --- or brought to your attention through this process by the relevant manager?

MS HALTON: Well, mostly the answer is "yes", sometimes "no". Sometimes it is to do with when this was compiled and what the issue is. What I do find, and certainly what management have been encouraged to do, is to make sure, because
10 sometimes the documents take time to catch up, if that makes sense, but to talk to issues, to bring business to the Risk Committee on a contemporaneous basis so you are not lagged, if that makes sense. By and large they should be in here but I wouldn't say my expectations is all it's 100 per cent complete.

15 MR FEUTRILL: So there is an expectation that --- let's call it ad hoc --- ad hoc items will be reported to you directly as the Chair?

MS HALTON: Sometimes, yes. In fact, I've had that happen where there has been a particular issue, and I've made it absolutely clear I want to know, and so I will get ---
20 sometimes people will ring me and say we are going to have a meeting for another whatever, but you need to know X, because I've expressed a particular interest. That then leads to the inquiry about what is being done, et cetera, et cetera. It depends on the circumstance.

25 MR FEUTRILL: How is that message communicated to the Crown Resorts Group as a whole?

MS HALTON: So, if you think about it, there is a kind of parallel here. If you look at the picture which was on page 5 of my statement to this inquiry, I've got the
30 ERCCs. We've talked about that. If you think about the ERCCs, they are not only looking at the sort of metrics and reporting, they are looking at incidents, they are looking at all sorts of things. And we talked a bit before about culture. So one of the challenges is that people really are in no doubt that all the incentives should drive them to, and governance is such that you want to be told.

35 Now, those structures where you should be drawing up from the individual business into, and remembering that they have, including the Chief Risk Officer on each of those committees in each property, they should be another source of hearing, if I can put it that way, that there might be an issue. So you end up with several lines. This
40 isn't just the kind of one communication pipe. There are several ways that this information is going to reach you. That should be the way that this happens, that you have a very clear message across the whole business, the speak-up issue. And, again, if you go to the Deloitte report, it rightly makes the observation that you can tell people that they should speak up but if there are barriers to them doing that, well it
45 leads to a behaviour where they may censor or they may not bring things forward. So this is my point about the cultural component to this. So everything drives you to an environment where things are properly identified and then properly escalated.

COMMISSIONER OWEN: Sorry, Mr Feutrill, earlier in that answer, you were talking about the several ways in which information gets to you. Who was the "you"?

5

MS HALTON: Exactly, Commissioner. So, if you are the Board of Burswood, you are the Chairman of Burswood, in time, Mr Carter, you want to be confident that if there is something going on that hasn't for whatever reason appeared in a metric or a dashboard or something else, if there is something of concern, that push comes to shove, someone would tell you.

10

COMMISSIONER OWEN: The "you" is Burswood in the our context?

MS HALTON: In the first instance, that is exactly right.

15

COMMISSIONER OWEN: Thank you.

MS HALTON: Now, in the extreme, if you haven't gotten traction at Burswood Ltd, I want it to be completely clear, and people have actually rung me now because I've made it clear that if all else fails, ring me, and they do.

20

MR FEUTRILL: You have got ahead of me, Ms Halton. I was going to take you to this diagram and ask you questions about it but I think you have may have covered it. You are talking about figure 1 on page 5?

25

MS HALTON: I am, thank you.

MR FEUTRILL: I am interested to understand the role that the ERCC plays in this process.

30

MS HALTON: Yes.

MR FEUTRILL: Focusing on the Crown Perth box, you have the ERCC and the Burswood Board.

35

MS HALTON: Yes.

MR FEUTRILL: Do you understand from the answer to my question and that of Commissioner Owen that there is an expectation that the ERCC will identify risks of, let's call them, ad hoc nature and bring them to the attention of the Burswood Board directly, for that board to deal with them to the extent it can?

40

MS HALTON: Well, not only that, Mr Feutrill, because you've got the connection through the Chief Risk Officer to the group, you expect, if there is a systemic problem, not only for it to be identified as a problem peculiar or particular in this instance as seen by the management at Burswood, but if the Chief Risk Officer says, "That's interesting, I wonder if that problem is potentially occurring somewhere

45

else", then you get the opportunity to look at your systems to the extent that you've adopted these systems which we've already had that discussion about. Then you can actually look to see whether there is a problem somewhere else. So, I mean, you don't --- I wouldn't expect the completely undigested contents of the ERCC to be
5 dumped on the Burswood Board, right. What I would expect is a considered level of reporting to the Burswood Board about --- given the coloured diagram that we had before, if there is a series of risks there which are --- that the Burswood Board have said, or have indicated by the hierarchy are matters for the Burswood Board, not matters that have been delegated to management to deal with, what you expect is
10 those things to come forward to the Burswood Board.

MR FEUTRILL: What about --- there is obviously --- a common link in this framework is the Chief Risk Officer who participates in the ERCC meetings, may or may not participate in the Burswood Ltd meetings, but participates in the RMC
15 meetings. So to the extent that it is in the red zone for the Crown Resorts Group as a whole, is it your expectation that it would be reported both through the ERCC to the Burswood Ltd Board and to the RMC through the Chief Risk Officer?

MS HALTON: Yes, that's correct. And noting that the intended Chairman of
20 Burswood is also a member of the CRL Risk Committee.

MR FEUTRILL: In terms of demarcation and responsibility for "managing that risk", essentially, if it is of a sufficient critical nature it will end up being brought to the attention of both the RMC and perhaps also the Crown Resorts Ltd Board and the
25 Burswood Ltd Board. Who takes responsibility for addressing the risk in question?

MS HALTON: Well, I would say it depends on the nature of the risk. If the risk is material for the whole group, you would expect both the Perth --- the Burswood Board, Burswood Management, together with whom is appropriate at the group
30 level, to work on that issue together. If the risk has eventuated from the kind of systemic problem that I suggested was one possibility, so if there is a systems problem, and if it needs a systems fix, well, the experience of the Burswood management in whatever that problem is would inform the fixing of whatever is the system or technical problem. So I think it depends on the nature of the issue that is
35 raised.

MR FEUTRILL: So just so I'm clear on this, the common link, if you like, for reporting is through the Chief Risk Officer, is that the gist of it?

MS HALTON: Well, no, that's just one person. But we've talked already about the metrics. So those ideally will be generated systematically. You are not relying on one person. What you want here are systems that do not rely on one person because there is of itself a material risk. What you want is to ensure that the systems themselves will generate the material that comes to Burswood, will come to Crown
40 Resorts, will come to Melbourne, will come to Sydney, and what you want, though, is the eyes of someone who also knows what is going on elsewhere in that discussion, so someone who is more experienced about the management of risk more broadly. But you can't --- what you don't want, I think the best way to describe this, Mr
45

Feutrill, is you do not want a single point of failure in these systems, and that is always one of the challenges with designing the system. As soon as you have one person, you can have a single point of failure.

5

MR FEUTRILL: Where do you see the ERCC falling into the three lines of defence model you described earlier? Where does it sit in that model?

10 MS HALTON: So the three lines of defence, I mean, what you have is the risk function, and the people in AML who have the second line responsibility. You could regard it as being partly first line but it is probably more second line than first line, in truth. It is a bit of both, more second line I would say.

15 MR FEUTRILL: Obviously you are familiar with the structure in Melbourne is slightly different in that there is a ---

MS HALTON: Yes.

20 MR FEUTRILL: --- a separate audit committee for ---

MS HALTON: Yes.

25 MR FEUTRILL: Do you have a view at all about whether or not the composition of the ERCC should include an independent director of Burswood Ltd as one of its members?

30 MS HALTON: I'm not convinced about that. On the grounds that we've had this problem elsewhere in the business where you have directors performing roles that might be management. So my expectation would not be that they be a director on the ERCC.

MR FEUTRILL: What about bringing into existence a separate committee that deals with risk and/or audit ---

35 MS HALTON: Audit. Look, I would think that is highly likely for good governance purposes, as I would expect there to be one in Sydney as well, I might add. That is not a decision to be taken, that is just my leaning, to be clear.

40 MR FEUTRILL: Thank you. This might require a bit of juggling. This is an area where I think there has been an update from your Victorian Royal Commission status. When I say juggling, I mean juggling of ---

MS HALTON: (Inaudible).

45 MR FEUTRILL: Yeah, so, in your statement to this Commission in paragraph 33 you set out the members of the risk management team, their locations. In your previous statement in 110 to 118 ---

MS HALTON: Yeah, they've moved on ---

MR FEUTRILL: At that point in time you were looking to fill some roles.

5

MS HALTON: That's right.

MR FEUTRILL: We've seen some of them being filled, but is it figure 9 on page CRW.998.001.0168 of the previous statement?

10

MS HALTON: Figure 9 or figure 8?

MR FEUTRILL: Probably doesn't matter which, but this is --- as I understand it, it is almost impossible to read, I'm afraid. It appears that if we start with the first red box "to be recruited, Group General Manager risk".

15

MS HALTON: Yes, my understanding that has been recruited but please don't ask me to tell you the person's name.

20

MR FEUTRILL: Right. Would it be Stacey Conlin?

MS HALTON: Sounds right, but, please ---

MR FEUTRILL: There is a position out to the right of that, Jason O'Connor ---

25

MS HALTON: He's left the business.

MR FEUTRILL: Do you know if that role has been filled?

30

MS HALTON: No. No, it has not been filled and won't be filled. That was, I think you understand the history of Mr O'Connor.

MR FEUTRILL: Now, there is another to be recruited, risk advisor, Perth?

35

MS HALTON: Yes, we have two roles listed in my subsequent statement. I understand that one of those positions, the one at g) is that position, but to be fair, I haven't tested that for a little while. That's my belief.

MR FEUTRILL: Just trying to see where --- there does appear to have been --- what about the two recruited for Melbourne?

40

MS HALTON: Yes, I think that is the person at c).

MR FEUTRILL: Right. That's what I thought. Thank you for that.

45

MS HALTON: Yes. And then because these things are moving, Mr Feutrill, then we've also got the assistance, I think I mentioned to you earlier, in terms of the further uplift that we're doing at the moment of someone who is with us temporarily

who is doing other work on some of this uplift and some of the stuff we talked about earlier today. So there is another person who is not on this list at the moment as well.

5

MR FEUTRILL: As far as the chair of the Risk Management Committee, do you consider that the risk management function has adequate human resources for Crown Resorts Ltd?

10 MS HALTON: Look, at the moment what I would say to you, Mr Feutrill, because we are doing the work at the moment, the further development work on the second line is, I suspect we will probably need a few more, but I want to see that work properly built out before I come to a conclusion. I was actually talking with some of the management about this issue, like literally over the last few days, so at the end of
15 the day we will have the number of people we need to do the work properly. So what I would say to you is we're doing more of this work literally at the moment, and I think I indicated that I'm hoping some of it will come to the Risk Management Committee on 17 November. That may or may not come with an estimate of resourcing that might additionally be required but this will be what it will be. We
20 need the right resources to do the job properly. So I suspect the answer is we will need more, but as yet I don't have a firm handle on what that looks like.

MR FEUTRILL: Does that apply specifically to the Perth Casino as well?

25 MS HALTON: Yes, absolutely. This is the whole point about the second line, right. We need to make sure that we have adequate resources to undertake the tasks to actually deliver and implement the framework in a way that is effective. And we need each of our properties, each of them have a need to make sure that that is done appropriately and thoroughly, and that will be the intention.

30

MR FEUTRILL: Have you been made aware of any views that Kroll might have expressed about the adequacy of resourcing?

35 MS HALTON: No, I haven't. But, as I said, that is my starting position on this. I will be surprised if they think we need less.

MR FEUTRILL: Can we go back, if I may, just to this topic of escalation.

MS HALTON: Yes.

40

MR FEUTRILL: Again, this is something you dealt with in your statement to the Victorian Royal Commission. I think I have taken you to some of it. You went on at some length in paragraphs 48 through to 70, I think it is, where you were asked some questions in that Commission about the changes to the risk management framework
45 over a period of time and so on.

MS HALTON: Yes.

MR FEUTRILL: You may have already in part answered some of these questions, Ms Halton, but if I could take you to paragraph 50 of your statement there ---

5 MS HALTON: The Victorian statement?

ME FEUTRILL: Yes.

MS HALTON: Got it.

10

MR FEUTRILL: You said there:

Greater attention to risk issues at the Board level and greater engagement in significant risk issues have been evidence.

15

Is that a shorthand description of a lot of what we've been covering today?

MS HALTON: When I joined midway through 2018, and there had been the scarring experience obviously of China and Ms Siegers had been recruited before I arrived, and she had already started work on the risk framework, et cetera, et cetera, I was a member of the Risk Committee, I wasn't the Chair of the Risk Committee. Essentially there had been, as I understand it --- and I only discovered this later, I might add --- that there had been quite limited meetings of the Risk Committee prior to those circumstances. And the Risk Committee had been, when I joined, running about four meetings a year. That certainly wasn't, to my mind, adequate, and certainly once I took over as chair of the Risk Committee, we increased the number of meetings to six and ad hoc as needed, and there was not enough time given in each of those meetings to the kinds of detailed discussion that you would properly want to see, particularly when you are actually developing your frameworks and looking to see how they might be implemented. So there has been a lot more attention to this issue, and that has not only just been on the Committee, but filtered up to the Board as well.

20

25

30

MR FEUTRILL: Can we go through to paragraph 58, that is quite a compressed paragraph. Is that alluding to what emerged during the Bergin Inquiry?

35

MS HALTON: Yes, I think that would be probably one way to describe it. As I think has been probably pretty well covered, notwithstanding the fact that you may have had some understanding of risk in parts of the business, and obviously I wasn't there, I know what I know from what I've read, but there were bits of the business that were kind of off the reservation on risk, and the issue about what the actual risk appetite was was clearly not understood by everybody.

40

MR FEUTRILL: Does the same comment apply at 62, is that alluding to what was revealed during of the Bergin Inquiry?

45

MS HALTON: Absolutely.

MR FEUTRILL: With respect to the conclusions that, or many of the conclusions of the Bergin Inquiry, as you probably are aware, the recitals to our Terms of Reference here have summarised them, and there are three areas of primary focus. Obviously ---

5

MS HALTON: Mr Feutrill, would you just indulge me for a minute. The room that I'm in, the sun is coming straight in on me and all I can see is a reflection of myself. Would you indulge me with 30 seconds to let a blind down?

10 MR FEUTRILL: Most certainly. You can't be blinded.

MS HALTON: No, exactly.

15 Apologies, for the moment that's better. I won't bore you with the technical details of the Venetian blind which I've struggled to learn how to use, but anyway, I'm back.

MR FEUTRILL: I might put it to you this way, would you accept that the risk of detention of China-based staff was a risk that should have been escalated to the Crown Resorts Ltd Board?

20

MS HALTON: Well, I think yes is the answer to that question, simply.

25 MR FEUTRILL: And the risk of entering into or continuing commercial operations with junket operators who had links to triads or organised crime groups was also a risk that should have been escalated to the Crown Resorts Ltd Board?

MS HALTON: Yes.

30 MR FEUTRILL: And do I take it that you would also accept the risk of facilitating money laundering through Riverbank Investments and Southbank Investments bank accounts was a risk that should have been escalated to the Crown Resorts Ltd Board?

35 MS HALTON: Absolutely. And if I can make one observation about that, I'm not sure that everybody, but certainly the majority of people did not know that Riverbank or Southbank even existed.

40 MR FEUTRILL: Now, those risks that I've just been through, they are not risks that when they materialise, members of the Crown Resorts management team would have, or they would not have been specifically identified in the risk register.

MS HALTON: No, sorry, someone else has come to fiddle with the blind, Mr Feutrill, which is why I'm distracted. (Pause.)

45 Can we go back to the start of that thought or question?

MR FEUTRILL: I was pointing out or asking you, those --- they are of the ad hoc nature of risks, are they not?

MS HALTON: No, they are not, you know. What that actually is to my mind, Mr Feutrill, is that is an absolute structural failure. I mean, that was a significant piece of the business that actually was not utilising, to the extent that they had one --- and
5 as I said to you, I wasn't there, I'm not fully appraised of everything that they had vis-
is their risk frameworks. This was a number of years before I joined. But that is not an ad hoc issue. That is a structural problem.

MR FEUTRILL: Are you referencing there the VIP, international part of the
10 business?

MS HALTON: Correct.

MR FEUTRILL: You might recall earlier in the day I asked you about the statement
15 you gave to the Bergin Inquiry. I appreciate you may not have had time to re-
familiarise yourself with it. If I just ask you be can shown it. Obviously the focus of
that inquiry was a little different to this Commission, Ms Halton, but there are
aspects that overlap ---

20 MS HALTON: Yes, I understand that.

MR FEUTRILL: --- and I just want to take you to a couple of paragraphs before I
ask you a question. At paragraph 24, the first sentence refers to, and you might recall
25 you were asked some questions about the advertisement that was published following
the media reports and it refers to a meeting on 4 August 2019 of a subcommittee, and
then a brand committee was formed at that meeting.

MS HALTON: Yes, a committee that got known as "Brand" for whatever reason.
30 Yes.

MR FEUTRILL: And then I take you to paragraphs 34 and following. You might
need to re-read these.

35 It was around what you knew about Southbank and Riverbank Investments at the
time.

MS HALTON: Were they? I will take your word for that. I don't have the original
questions that were put to which it was responsive.

40 MR FEUTRILL: The crux of it is at paragraph 47.

MS HALTON: That is a separate section. I don't remember the structure of the
questions. They are related, Mr Feutrill. Ask the question and we'll see where it
45 goes.

MR FEUTRILL: Is paragraph 47 correct?

MS HALTON: Absolutely. Absolutely. I had never heard of them. And neither had most of the board. I can't tell you whether exactly any of them had. You would have to go back to evidence. I do not know, and as I said I haven't reviewed this
5 because it wasn't drawn to my attention, and that is absolutely correct. I had no understanding of the existence of either of these accounts.

MR FEUTRILL: I just want to ask you, to show you CRL.563.002.4035.

10 MS HALTON: Which is what, Mr Feutrill?

MR FEUTRILL: It should materialise on your screen, it is a memo from Mr Johnston and Mr Carr. You might have seen it at the time, you may not have.

15 MS HALTON: I don't remember this --- when you say at the time --- I don't remember this. Which time are we talking?

MR FEUTRILL: August 2019 or thereabouts.

20 MS HALTON: No, definitely not. I don't think I've ever seen this, but please keep going.

MR FEUTRILL: The reason I am taking you to it is in effect it is in a similar vein to what you described in paragraph 47. So I was going to ask you if that was a source
25 of your information. If not, then that is fine.

MS HALTON: As in source of information about Riverbank and Southbank?

30 ME FEUTRILL: Yes, and whether they were effectively within the same regime as other bank accounts.

MS HALTON: No, no. This is my point, Mr Feutrill. Until there was a media report, and this is what my statement says, about these accounts, I had never heard of them. So I was not informed of the existence of these accounts by anybody in
35 management or, indeed, a member of the board, which we now see from this at least one member of the board was aware of the existence of these accounts.

MR FEUTRILL: Right. So when --- you became aware of them through the media, is that right?
40

MS HALTON: Correct.

MR FEUTRILL: And in these meetings that were held in the middle of 2019, were managers present at those meetings?
45

MS HALTON: Absolutely.

MR FEUTRILL: Were questions asked of them about the existence of the accounts?

MS HALTON: Well, the meetings that occurred in --- so this --- I can't tell you because I haven't refreshed my memory, I'm sorry, Mr Feutrill, about when I became aware but it was when the media first reported the existence of these accounts. So
5 when it became clear that --- so if you think about it, what we've got here are a series of inquiries being made about a number of these allegations, including in respect of AML, those issues, and including in respect of the work that was being done by others to examine those matters --- including Initialism, I might add. These accounts were never referred to until such time as their existence became a matter of comment
10 in the media.

MR FEUTRILL: At that time then, were there meetings that you can recall holding with members of the management of Crown Resorts?

15 MS HALTON: Again, I would have to refresh my memory on exactly when that media reporting was. But certainly after it became clear that there were accounts including that had not been considered by Initialism as part of their report to the risk management committee and to the board about the reporting program, the transaction reporting program. So these accounts were not included. They were missed.
20

MR FEUTRILL: Can I ask you this: after the media reporting, were you --- were there meetings at which members of the management of Crown Resorts confirmed the existence of Riverbank Investments as a company?

25 MS HALTON: I don't recall whether they were confirmed as a company. I think that may be true, but I can't be absolutely certain. But the existence of these accounts after it became clear in the media, yes, it was confirmed, and, indeed, there were a number of conversations about what actually, and this then became a matter of comment and some notoriety about the opening and closing of accounts due to AML
30 concerns which you would be familiar with, I have no doubt. None of that had been reported to the board --- well, certainly in the time I was there and I believe a number of others had the same view about their absence of knowledge.

MR FEUTRILL: To your knowledge was there any interrogation or questioning of
35 the management at that time about the purpose of the accounts?

MS HALTON: I think there was an explanation given as to the purpose of the accounts. They had both been closed, as you would know. And, in fact, I remember having a conversation with Mr Barton in relation to what was happening in terms of
40 examining these accounts. Ultimately I personally asked to see the statements of a couple of these accounts to satisfy myself, whether it was completely evident on those statements, and it was, that there was evidence of structuring. But quite when -- that conversation with Mr Barton I think was probably in mid to late 2020.

45 MR FEUTRILL: I'm trying to ask you to cast your mind back to when the media reports were first aired in the middle of 2019, whether at that time at the board level there was any questioning of the management about why there was an account in the

name of Riverbank Investments, for instance.

5 MS HALTON: I think the question about what was the meaning of the account, as in why it had those names, there was a discussion about that, and the explanation given was because of people wanting privacy in relation to their gambling. The inquiry otherwise was in respect of those AML issues.

10 MR FEUTRILL: Were you satisfied at that time with that explanation, that privacy was enough to operate the Riverbank accounts?

15 MS HALTON: Well, there were a number of people --- yes and no. There were a number of people who had extensive experience in the industry who said this was relatively common practice. My concern was actually about whether they had been properly scrutinised as part of the program in respect of AML/CTF and representations that were being made about the completeness of that program.

20 MR FEUTRILL: Can I take you to the Risk Management Committee agenda for 4 December 2019, which is CRW.507.004.5663. Scroll to pinpoint 5690, which is the risk reporting. And the following page at 5691, there is an executive summary.

MS HALTON: Yes.

25 MR FEUTRILL: Just draw your attention to the second bullet point at the top of the page.

MS HALTON: Yes.

30 MR FEUTRILL: Do you recall whether there was any discussion at the RMC meeting about the decision of CBA to close the account?

35 MS HALTON: I don't, Mr Feutrill. I would have to go back to the minutes and refresh my memory. My suspicion is the answer to that question is "yes" because at this particular point there was, it is fair to say, a rather large storm engulfing the place and the issue about how a number of these matters were and had been dealt with was a matter of some interest and contention. But the nature of any discussion I would have to refresh my memory.

40 MR FEUTRILL: All right. If I take you to CRW.507.004.5742 and scroll to --- the whole entry begins at the bottom of 5744 and over the page at the top of 5745. Just read it. If it refreshes your memory you might be able to elaborate on what transpired at the meeting.

45 MS HALTON: Can you go to the next page. Yes. Yes. Thank you.

I think the point about this, my memory of this was that the question of this being a patron account was not entirely clear at this point. As I said, this was a time of considerable confusion and the question about what was happening with our

reputation, AML in particular, was important.

5 MR FEUTRILL: I would like you, if you can, if you were able to remember what was said at that meeting that led you to the view that --- the views that you recorded here, that the closure indicated a change in the perception of the gaming industry and the company.

10 MS HALTON: Look, I will struggle to remember this, I'm sorry, Mr Feutrill. My remark --- I guess what I think happened, but I would have to think about it some more, but my memory is, this whole question about the frameworks we were using, whether or not this was satisfactory to others, and the perception of their satisfaction with these arrangements was a concern. And you will see the suggestion was actually that this should go into the company's risk profile. This is before, can I say,
15 I'm pretty confident we understood that these were not being considered as part of the reporting framework.

MR FEUTRILL: Are you able to remember or assist us to what that reference actually is to incorporating into the company's risk profile? Is it a reference to a
20 change of perception of the gaming industry or was it something closer to the reason for the closure of the accounts?

MS HALTON: I don't recall. I'm sorry.

25 MR FEUTRILL: That's okay. Do you recall whether there was any questioning of the management about the reasons for the closure of the CBA account?

MS HALTON: I would have to think about that some more, Mr Feutrill. Sorry, it is quite a while ago and I haven't turned my mind to this. My expectation is the answer
30 to that question is "yes", but I really would have to think about it some more.

MR FEUTRILL: I think you said earlier you brought a sceptical mind to the role of director?

35 MS HALTON: That's correct. And there was an awful lot going on here. This is after there has been all this controversy and the question --- and in fact putting things in the company's risk profile and tidying these things up was very much a focus, but I would have to think --- there was a lot going on. I would have to think about who was asked what. Undoubtedly these meetings were not absent questioning, but I
40 would have to think about who was asked and what they were asked.

MR FEUTRILL: I just wonder if you can cast your mind back and whether, in your mind you began to have any seeds of doubt about the information you had received earlier in the year concerning the ---
45

MS HALTON: Absolutely.

MR FEUTRILL: --- media allegations?

MS HALTON: Absolutely.

MR FEUTRILL: What did you do about that at the time?

5

MS HALTON: Well, there were a number of things. I started asking for additional assurance on things, additional scrutiny from outside. I asked on multiple occasions for people to, and remembering that you are entitled to rely on the assurances you are given, I asked on many occasions, and in fact there are a number of instances in the minutes of meetings where it is explicit that I have asked in respect of additional 10 assurances on matters. It is actually one of the reasons, Mr Feutrill, that when we got to the point of getting agreement at the Board, that there would be an AML officer, AML Compliance Officer, recruited, that I inserted myself in the recruitment of that person.

15

MR FEUTRILL: I wanted to turn to, in a similar theme, in terms of escalation of risk but for a different topic. You might recall that during your examination in the Victorian Royal Commission you were asked some questions about your knowledge concerning, I am going to call it the bonus jackpot issue. You will know what I'm 20 talking about?

MS HALTON: Yes.

MR FEUTRILL: The effect of the evidence you gave there was that Mr Walsh had 25 brought to your attention there was something reflecting badly on culture.

MS HALTON: From the past.

MR FEUTRILL: From the past, it happened in 2012, it wasn't fulsomely disclosed at 30 that time but had been cleared up in 2018. I'm paraphrasing your evidence but it was along those lines.

MS HALTON: That's right.

MR FEUTRILL: I take it you were aware that Commissioner Finkelstein had made 35 a request for information from Crown Melbourne in the early part of March this year?

MS HALTON: There were many, many requests, Mr Feutrill. I didn't know about 40 each one individually, but the aggregate of them I was aware of, not each individual request.

MR FEUTRILL: In the course of your evidence in the Victorian Royal Commission 45 you made reference to the expression "bring out your dead" context or words to that effect. Do you recall there being a request to provide essentially information to the Commission about any breaches there may have been of the Act or the Management Agreement in Victoria?

MS HALTON: Yes, that's right.

MR FEUTRILL: Do you recall attending a Risk Management Committee meeting in
5 March, late March this year?

MS HALTON: There was one in late March, I believe.

MR FEUTRILL: Is it your expectation that if any of the managers present at that
10 meeting was aware of the risk that Crown Melbourne may have underpaid casino tax
in Victoria, that that risk would have been brought to your attention at that meeting?

MS HALTON: Well, it would have been my expectation. It would also be in the
15 expectation of my colleagues that we would be aware that there was a material risk,
yes.

MR FEUTRILL: As I understand the evidence you gave in the Victorian Royal
Commission, you did not become aware of that until after your evidence in June
20 2021?

MS HALTON: In terms of materiality, that's correct. And the issue --- and I think
the question of the certainty of the risk, whether there was any contention, so it was
presented to us as being a historical matter and then there was the issue of material
not provided to the Finkelstein report which was largely a matter of oversight and
25 error, is my belief. And there is still, I think, some contention about, and there was
advice sought about whether in fact there was an underpayment, and I think there is
still some debate about a number of items.

MR FEUTRILL: Yes, but the question really is directed to the question of whether
30 the risk --- that you became aware of the risk of underpayment of casino tax in that
period.

MS HALTON: I don't think there was an awareness a risk of a material risk of
underpayment.

35

MR FEUTRILL: All right, so were you aware of any risk of underpayment?

MS HALTON: Well, I'm not sure, to be honest with you. I think there was some
suggestion that there was contention about the definition in a number of areas, but
40 not that there was potential material risk. But again, I would have to go back and
look at the timeline to refresh my memory. The problem, Mr Feutrill, there has been
so much going on that the timeline does tend to get a little bit blurred.

MR FEUTRILL: I appreciate that. Ms Halton, I'm trying to ask you to cast your
45 mind back to the Risk Management Committee meeting in March this year.

MS HALTON: Yes, and absent looking at the papers and the minutes, I will struggle

to tell you in precise detail. March is a long time ago in the history of what is going on in this company so I would need to refresh my memory.

5 MR FEUTRILL: Are you able to recall whether at that meeting, any manager present raised with you, as the chair of the Risk Management Committee, a risk of potential underpayment of casino tax?

10 MS HALTON: So what I would have to refresh my memory of, Mr Feutrill, is when I had the conversation with Mr Walsh versus when we had that Risk Management Committee, my instant reaction to you is I do not believe I was alerted to a material risk in relation to underpayment. But my memory could be faulty. So I don't want to give you that answer categorically because I have not refreshed my memory about the sequence of events and the particular --- there were so many meetings, Mr
15 Feutrill. And I think you understand that there are almost, it seems sometimes like, daily meetings of Crown committees. So I get them --- I can easily get them confused and certainly one in March, I would need to refresh my memory.

20 MR FEUTRILL: All right. It would be a concern, would it not, if a senior manager who knew of the potential risk of underpayment of casino tax had not brought it to your attention, and he was present at that meeting; would it not?

25 MS HALTON: Yes, and I think that was the essence of the evidence given to Commissioner Finkelstein.

MR FEUTRILL: And would it not suggest to you that the message, whatever the message about escalation of material risk was not getting through to at least some management?

30 MS HALTON: Well, I think there has been a lot of discussion of this issue if I could say. And I would simply point out that this manager has left the business.

MR FEUTRILL: You are speaking of Mr Walsh?

35 MS HALTON: I am.

MR FEUTRILL: Have you asked Mr McGregor if he was aware of the potential underpayment of casino tax?

40 MS HALTON: No, I don't believe I have. It's been discussed in his presence. Have I explicitly put that question to him? I'm not sure that I have.

45 MR FEUTRILL: What about Ms Siegers? Have you asked her if she was aware of the potential underpayment of casino tax?

MS HALTON: Well --- I don't know why I have this understanding. I have an understanding that she was not aware, but I don't know where I have that understanding from. It may well have been from a conversation. Whether it was

a question put by me is a separate question.

5 MR FEUTRILL: All right. Can I ask this of you: if you became aware that a senior manager had not brought it to your attention and ought to have, what would be the consequences of that failing?

10 MS HALTON: It would depend on the context, to be honest with you. What I would say to you is the following --- some of the cultural issues in the business, and remembering if we are talking March here, that this is some two or three weeks after the business has had enormous change, the large majority of the board exited. Significant numbers of senior managers were either on their way out or had left, but I think it takes awhile for the message to actually, one, be delivered effectively to all people, and secondly, probably to be heard. So I would not in the first instance say that somebody who, on inquiry or with an opportunity to say where they didn't in say 15 March or April, I would not, well, want to give them an appropriate opportunity to demonstrate that they have the best interests of the company at heart. I mean, I think the regime, Mr Feutrill, that was in place was there for a very long time. And I do think that what we are seeing with the new management is the opportunity for some people to demonstrate that they have heard and they are working consistent with the 20 ethos, the spirit and the letter of the law in these areas. So I think it would depend on the context, and it would depend on seniority, and I think it would depend very much on whether or not I have been convinced that the person has understood that there is a new broom and that they are behaving in a way that is completely consistent with 25 that.

30 MR FEUTRILL: Well, given I think as you've acknowledged the previous regime was in place for a long time, do you have confidence that managers that participated in the former regime will appropriately escalate risk in the future?

35 MS HALTON: I actually believe, and the actions that I have seen a number of those managers take, Mr Feutrill, and what I have seen so far I have not seen a red flag. But I do think a number of people will receive a high level of scrutiny for those reasons.

40 Can I make one additional point though, Mr Feutrill. One of the questions I got asked by investors in the very, very many conversations I had with investors in the run in to the annual general meeting was whether we had sufficient corporate knowledge to run the business. And so I don't think it's either desirable or practical to not give particular people who were not the boss, if I can put it that way, give 45 them an opportunity. I treat people in the context that we are now very fortunately in, this is not an easy place, Mr Feutrill, let's be clear, but we have what I would describe as clear air. I'm treating people on their merit and it is not a matter for me in terms of people's employment, that is a matter for Mr McCann. But the ethics, the expectations are being made very clear and people need to live by those. And to your point, if people do not, in the regime that we are describing and building, and if they do not do the right thing, there won't be very much sympathy for them.

MR FEUTRILL: Thank you, Ms Halton, for that answer. I would like to move to a different topic, if I may, which is something we started the day on in part, which is the question of harm minimisation.

5

MS HALTON: Yes.

MR FEUTRILL: And in your topics --- I think I would like to call it up please, PCRC.0002.0029.0008, page 15.

10

There is more than one question in them as you can see, but these were two specific topics that were brought to your attention.

MS HALTON: Yes.

15

MR FEUTRILL: And you have addressed this in paragraphs 55 to 63 of your statement.

MS HALTON: Yes.

20

MR FEUTRILL: But just focusing on the specific questions or topics that were in the information that went to you, I take it from the answers that you have given or the explanation you have provided under --- in answer to these questions, that you consider that the Crown Group has obligations and duties to minimise gambling related harm from the gambling operations at the Perth Casino?

25

MS HALTON: Yes.

30

MR FEUTRILL: We may, at the risk of traversing some ground that was already covered today, but can I just ask you, what do you consider to be the proper nature and extent of the Crown Group's role in minimising gambling related harm?

35

MS HALTON: Yes, thank you. What I would say is there is a couple of elements to this so bear with me if you could. To start with we do need good evidence-based programs. That means by definition they will change over time as evidence improves to identify and then provide appropriate interventions for people who are at risk and, indeed, who are experiencing gambling related harm. We don't, however, have an obligation to provide treatment services for those people. We do have an obligation to continue to work on the information and knowledge about how those either actual, realised risks or potential risks may occur. So that includes in respect of data gathering, research, et cetera. And we do have an obligation to work with what I would describe loosely as the community sector, because they often will understand things like how gambling and gaming-related harms and particularly the role of the casino in that are manifest that might not be part of our --- we can't see it ourselves, in terms of the people who attend our premises.

45

We have the responsibility of ensuring, wherever it is practical to do so, that we provide the interventions in this respect in a way that has the most chance of being

efficacious. We have the responsibility to work and to be open to families and others who may come on someone else's behalf to seek assistance, and we have a responsibility at all times to ensure that people who are in any way distressed or showing signs when they are in the facility that they will actually receive an intervention.

MR FEUTRILL: What do you mean by "intervention"? Do you mean as in a withdrawal of their ability to be on the premises?

MS HALTON: So there is a hierarchy of those things. Again, if we go to that list in the panel's report where it talks about the public health hierarchy where for some people the interventions will be the provision of information, the provision of external cues, the provision of an environment that enables them to take alternative actions. For some people it will be the tapping them on the shoulder, having a nice chat, et cetera. And for --- talking to them to make sure that they are not distressed, and in some cases suggesting it might be time to leave in a nice way. And in other instances it will be the withdrawal of licence, it will be the implementation of the regime where people either voluntarily or not voluntarily are excluded. And it may also be a circumstance where in terms of their withdrawal of licence, some people, there is a kind of --- in the Victorian context, there is a whole regime around how you withdraw for a period. Some people find that too difficult to come at in the first instance so they voluntarily exclude themselves for a lesser period. So it is essentially a hierarchy and the hierarchy is relevant to the needs of the individual and the context in which they are in. And all of those things need to be properly implemented with staff who are properly trained to do that work.

MR FEUTRILL: All right. So putting to one side intervention then, do you consider the casino operator has any responsibility to restrict or modify the way in which it delivers gambling services?

MS HALTON: Depending on the circumstance. So we know that the large majority of people who gamble do so without harm. If there were to be some particular aspect of the recreational part of this that is universally damaging and dangerous that requires a restriction, clearly, this is my point about evidence, clearly you would look at that, yes.

MR FEUTRILL: When you refer to "evidence", are you having in mind that there will be some form of study undertaken to identify, if you like, what causes there may be that lead to some individuals developing a gambling-related problem?

MS HALTON: Well, "cause" is a big word in any kind of social sciences research. So let's think about it in this way. We know people with problems with gambling are more likely to gamble using a number of different channels. And they will most likely not use just one channel, they will use multiple channels. So the issue about how you identify those people, how it is you provide supports to them, whether there is anything inherent in the service offering and the particular individual's response to that service offering, all of that is amenable to research, yes. And whether there are

interventions, to go back to that word, that can be developed, and there is quite a bit of work going on in this domain, Mr Feutrill. So, for example, whether a message comes down in front of the person in relation to breaks, whether there are other
5 mechanisms that can be used to minimise or to moderate harm or potential harm, all of that is, and this is one of the reasons for having the panel, is to be informed as best as is possible and then to contribute through data collection to that research. That is one of the reasons why in the increase in resourcing into this area agreed so many months ago, one of the positions, including in Perth, will be someone who has a
10 research remit.

MR FEUTRILL: If the outcome of the research indicates that there are modifications that can be made to the way that the games services are delivered, is it your expectation that those modifications would be made?
15

MS HALTON: As a general rule, yes. It would depend on how widespread --- I mean, if we are talking about one individual who may be negatively affected, then your right response in a broad regulatory context would be to try and exclude the individual and not disadvantage the bulk of people who use something --- but if there
20 is something that causes widespread harm, absolutely, you would expect it to be dealt with.

MR FEUTRILL: All right, now, in the context of money, the financial crime area, you would understand from the mediation plan there is an enterprise-wide risk assessment being undertaken?
25

MS HALTON: I do understand that, yes.

MR FEUTRILL: Do you see any value or possibility in undertaking a similar kind of exercise in respect to gambling-related harm in the casinos, so enterprise-wide harm risk assessment?
30

MS HALTON: Yeah, well, I've heard this contention and I have to say it is a bit of a misapprehension about what an enterprise-wide risk assessment actually is. I mean
35 an enterprise-wide risk assessment is something where you look at the whole environment in which you are operating and where you think about the risks they pose to the way your business operates and you move to mitigate those risks with systems, processes, et cetera, because you are looking at a risk-based approach. I don't think there is a direct parallel with looking at the harms that you might consider
40 in this context. What I do think you can do is look at the way people use, the context in which they gamble. I think you can look at the operation of machines. I think you can look at the physical environment in which they gamble. But I do not think that is the same as an enterprise-wide risk assessment at all. The truth is this area is quite --
45 - not quite, it is extremely complicated in terms of human behaviour. It is very complicated to work out what the drivers are and so, yes, we are doing, and we will continue to work very cooperatively in this area, but the notion that one process will give you the answer on this I would challenge quite vigorously.

I would also say to you that the reason groups such as the Productivity Commission, et cetera, et cetera, bring in a variety of experts, and this is exactly why we did what we did with our expert panel, we went and found a group of world-leading experts in this domain to look at all of the research and continue to look at the research to give us a view about how best to tackle the issues. But our commitment, Mr Feutrill, is very clear: that this is unbelievably very important and we want to be the best in the world at this, there is no doubt about it. But I don't think there is an easy way to draw a parallel between an enterprise-wide risk assessment and looking at harms in this context.

MR FEUTRILL: Just to put it to you bluntly, do you consider that at present the Crown Group or Crown Perth, or both, are adequately mitigating the risk of gambling-related harm at the Perth Casino?

MS HALTON: I haven't been to the Perth Casino for some time. I'm aware that we are recruiting more resources. What I don't know, Mr Feutrill, is whether those resources are in place. I know there has been a lot more training of the staff on the ground. So when I look at an on-paper analysis of how those resources have been provided, they certainly look, and I also am aware that the centre that is used to talk with people to offer advice to refer them to services is being significantly modified. But I haven't had the opportunity to come and talk with the people on the ground, including the people who actually work on the gaming floor to give myself an assurance. I have been able to do that in other parts of the country. I've sat in on training of staff in Sydney, notwithstanding that we're not yet open. I have participated in those processes to give myself an assurance. What I see on paper with the new arrangements, I believe to be good and I've talked to Professor Blaszczynski about this but I haven't seen this myself and that will be my intention the first opportunity I get. So I would say to you, on paper I think there is good action being taken. But --- I'm sorry, I feel like I'm going on too long, but the other thing I would say is we are looking around the world for the systems, and there are a couple that have been developed but they are in very early stages, to actually work particularly on EGMs to monitor people's play. So there is still more that can be done. I don't want to say to you it's all fine and on paper it looks fine because to my mind there is much more work that needs doing. But are we doing what I think is significantly improved on the paper, yes, but it does not mean that we are done.

MR FEUTRILL: All right. Mr Blackburn has primary responsibility at the executive level for gambling-related harm ---

MS HALTON: Yes.

MR FEUTRILL: --- and obviously his expertise clearly lies in the financial crime area predominantly. Do you have a view, or do you consider it appropriate that Mr Blackburn has the primary responsibility for this area?

MS HALTON: So as the member of one of the very most senior levels in the company, he has this responsibility together with his AML/CTF responsibilities. I

actually believe that Mr Blackburn has a huge energy and commitment to this particular issue, and I do believe that he has the capacity, recognising, and this is more important, that we are recruiting a more senior person than we had previously
5 in the role. So I believe Mr Blackburn does have the capacity to oversight this area, but this is in a context where he will be assisted by a specialist. I mean one of the issues we have --- what I would encourage you to think about in this respect, Mr Feutrill, is the higher up you go, the more you can't be an expert on everything. That's why we have colleagues with various skills, that's why we have a risk matrix
10 at the board. In the most senior levels of management, Mr Blackburn, I believe, has the energy and the capacity and the systems thinking and approach to undertake this work, but he has to be assisted by people who are clinically expert in doing this work.

15 MR FEUTRILL: Thank you, Ms Halton. Can I ask you more policy related questions in this area, just to get your sense given your background.

Do you have a view on the extent to which civil or criminal penalties should be imposed on casino operators as a means of encouraging harm minimisation?
20

MS HALTON: You are straying into an area which I do not have policy expertise in. The creation of penalty regimes is not something that I've spent any of my professional career on. My instant reaction is --- to criminalise is to take a very large mallet to this issue. I think there should be accountability, absolutely, but to take a
25 criminal lens to this, I think is probably a little extreme.

MR FEUTRILL: In you look in the area of occupational health and safety, for example. There are sanctions imposed of a criminal nature in that area for causing harm to workers.
30

MS HALTON: Sure, absolutely. But let's be clear, if you are on a building site and that building site is fundamentally unsafe, you can look to the construction of the building site and say, "That's a problem". With gambling, you can be gambling not just at Crown, you can be gambling on a whole variety of websites, you can be
35 playing poker with your mates, you can be doing a whole series of other things. So I think in an environment where you are not the sole controller of the risks that the person faces, I mean, I would draw a parallel with the fact that in most jurisdictions, you are not now liable for workers compensation during travel to and from work because of the other risks, because you can't control all of those risks. So I would
40 struggle with that parallel.

MR FEUTRILL: What about sanctions, for example, for permitting people who have self-excluded to enter and gamble in the casino?

45 MS HALTON: I think that is an appropriate concern. I think the question about whether all reasonable steps have been taken, I think there are systems and processes that need to be in place and need to be operating reliably. If they are not, there will occasionally be mistakes, Mr Feutrill. But if there are systematic breaches, yes, I

agree with that.

5 MR FEUTRILL: What are the sanctions for accepting funds for gambling where the casino operator knows or has a reasonable grounds to suspect they are the proceeds of crime?

10 MS HALTON: Well, absolutely. There should not be any circumstance in which you would accept funds where you had any conception that these are the proceeds of crime.

MR FEUTRILL: What I am suggesting to you is there may be a specific sanction associated with that, though?

15 MS HALTON: Yes, I think there should be. I have no problem with that from a policy perspective.

20 MR FEUTRILL: Can I return now to a topic that we started with and which you almost immediately went to, and that is the topic of culture. You have, in response to some questions, laid out some views about that in your statement. I think you said earlier you read the Deloitte culture review?

MS HALTON: Yes.

25 MR FEUTRILL: What is it that you --- I think you said something like "it was informative" or words to that effect.

MS HALTON: "Very useful", I think that is what I said.

30 MR FEUTRILL: Yes, very useful. What aspects of it do you consider to be useful?

35 MS HALTON: So, Mr Feutrill, when you are embarking on a very necessary program of change, and I have already covered this, where you are looking to embed, entrench, have part of the warp and the weft of a culture of a place, issues around ways of working, cultural attributes, regulatory compliance, an understanding of what your role is and how you should work with others and what your responsibilities are, both to the people with whom you deal on a day-by-day basis but also broadly to the community in which you deliver this service, one of the things that was really evident to a number of us, and particularly this was in the risk context, I might remind you, I'm sure you know this, that this started as a piece in the risk context. The earlier part of work on this was taken on by Ms Siegers and it's taken over by Mr Weston.

45 So, understanding the base position in which you find yourself, if you are going to design culture change programs, if you are going to think about how you are able to do this work, you actually have to understand, root and branch, what the issues are. And so this particular work --- and the reason I like the work that Deloitte has done is, it gives you, in each of the attributes, both the opportunities but also the barriers. So

if you think about the way the report is structured, in each of those domains you have opportunities and barriers. So what is it about what people have said, what is it about how they regard the context? That gives the opportunity, as you do this culture change program, to build on.

And then what are the barriers? What is it you have to have dealt with, addressed, removed, whatever it might be, in order to actually make your cultural change effective and make it stick.

MR FEUTRILL: Has there been any discussion of that report or review at the level of Crown Resorts Board?

MS HALTON: Many times.

MR FEUTRILL: Has that resulted in any decisions to implement proposals for change in connection with the report?

MS HALTON: Well, I describe this as happening in layers, if I could. Mr Weston has been working on a very detailed change program which will be very comprehensive but will also take time, and I think you have Ms Arzadon giving testimony or who is giving some sort of report, you would know that she gave a report in the context of the Finkelstein Royal Commission. I should say that I've already seen Ms Arzadon's work in the banking context, and I think what she and I would be in agreement on is the fact that you can't effect culture change quickly. You can get behaviours to change pretty quickly, but you have to have systems and processes and reinforcement over a long period to entrench that. Culture is very sticky. It is a very hard to get your hands on, difficult thing. This is why I've talked already about the need to have everything working congruently. So your remuneration policies, your reporting policies, accountability, et cetera. So there have been many discussions about that culture report and Mr Weston has talked about a number of the elements. Not all of it is yet finalised and developed, and he has obviously been talking with Kroll about those plans and where we're at on them, and that conversation is, I think, going very well. So we have a way to go yet, Mr Feutrill, but the journey has well and truly commenced.

MR FEUTRILL: Can I say something in connection with this --- it may be in connection, I'm not sure --- in paragraph 66 of your statement, you have indicated --- what appears to be indicating a change in purpose and values.

MS HALTON: And the message being heard I think is the other --- and this is my point, Mr --- sorry, were you probably going to ask a question, rather than me start talking. What was the question?

MR FEUTRILL: I was going to ask you whether there has been a recent change in the statement of Crown Resorts values or description of them.

MS HALTON: Yeah, we have. So we've talked about the purpose. So one of the

things that came out of the Deloitte report was the need, and I think this is consistent with Ms Arzadon's observations as well, we need to have a purpose that connects everything we do, including to the community. That's one of the things which is in that report, and --- so the re-statement of our purpose about exceptional experience is caring for our community, which is part of that new purpose, and that was well tested with staff. So there was a lot of work done, including through focus groups, et cetera, on redrafting of that. And them being very particular about the values. And the values do go to those issues around the compliance issues, the way we work, et cetera. So, and again, recognising that the opportunity to talk with people has been relatively limited in the last couple of months. But the message which we certainly were endeavouring to communicate from March onwards, and recognising it can take a while when you are trying to communicate with a working body of 20,000 people, I think I've talked about this at Finkelstein, but one of the things I have a habit of doing when I'm in any of the properties is just kind of wandering around chatting to people. I stay at the property in Melbourne when I'm in Melbourne for other purposes. I've stayed and visited the Burswood property many times over the years. And I've certainly been to visit the Sydney property on many occasions.

The thing I would say to you is that in talking to people, the message, the fact that there is a change in the tone and the message, certainly I've been getting feedback that people have heard that, which I think is important. But to the conversation we had earlier, entrenching that, it is the discussion we had earlier, if you've got 20 staff, you can be on their shoulder, you can live, breathe and eat it and be visible. When you have 20,000, you have to have all the other drivers running in the same direction.

MR FEUTRILL: In amongst the documents you have referred to I think as part of the framework, either --- I've lost track of which statement this is in, Ms Halton --- you make reference to something called the risk and compliance culture framework?

MS HALTON: Yes.

MR FEUTRILL: And in that it, also makes reference to something called the Enterprise Culture Steering Committee.

MS HALTON: Yes.

MR FEUTRILL: Is there such a committee that has been formed?

MS HALTON: There was an Enterprise Culture Steering Committee at that point. Mr Weston, since he's taken these things over, I haven't actually asked him. He certainly has a steering committee, I don't know what he's called it.

MR FEUTRILL: Do you know who the members are?

MS HALTON: No, I don't, sorry. That is an oversight on my part that I haven't asked him explicitly. There is a high level of engagement in the management of this issue across the business but I can't give you the precise names. We can get those to

you, if you like.

5 MR FEUTRILL: Is there a committee of the Board of Crown Resorts that, if you like, the cultural change piece so remediation is in the remit of that committee?

10 MS HALTON: Yes, it would normally be the People Committee. With the departure of Ms Korsanos, as you would know, she retired at the end of the AGM, what we've agreed is that that committee is rolled into the Board for the meantime. Dr Switkowski has indicated that he would like, and will, share that committee when he gets his regulatory approvals. So until such time as he joins, those issues will be dealt with by the whole Board, and I think that is in recognition of the importance of them.

15 MR FEUTRILL: I want to take you to a comment you made earlier, that change takes time or culture takes time --- it takes time to change a culture. Do you have any sense of the time frame, either based on your previous experience and knowledge of Crown Resorts of how long you think it would take to really embed the new culture into the Crown Resorts Group?

20 MS HALTON: So what I would say to you as a general rule is I would expect three years. And some people will tell you three to five. What I would also say to you is that when you have had I think what is euphemistically describe as a burning platform, you do tend, i think, to get much greater focus. If you can capitalise on that, so in other words, while you have everyone's attention, you can probably be more confident earlier.

30 I do think, again if I refer to my banking experience, particularly the issues in respect of risk culture in the banking context, we're now several years on from the Royal Commission, we've seen good progress across all of the major banks, I'm not so familiar with the smaller institutions, but I do think you keep working at it. Does that make sense? I don't think you ever take your eye off it, but I think you can be more confident as you get a couple of years in.

35 MR FEUTRILL: There has been obviously quite a bit of change at the level of director and senior management. Is any part of the Remediation Plan intending to look at, if you like, those who run the show, the middle management level, and the extent to which cultural change is necessary at that level?

40 MS HALTON: Well, to start with, I don't care if you are on the door in any of our properties, whether you work in the plant room, whether you are a middle manager or senior manager, this program applies to absolutely everybody. And there is no doubt that I think in Finkelstein that they used a rather unattractive language of "permafrost". Look, my experience actually is you don't get a thing about
45 permafrost, as in a layer below which you can't penetrate, if what you do is engage staff right across the organisation. I've run very big enterprises in my time, and if you have a good process of engagement --- now, a bit like the question that you asked me earlier, Mr Feutrill, we need to give everyone in this organisation the opportunity to

succeed. We need to give them the opportunity to work in a context where there is no ambiguity about what we stand for, how we expect people to operate. We need to make sure that all of the drivers, all of the things which motivate your behaviour are consistent, they are completely congruent.

What I can tell you is I actually very firmly believe that people right down the organisation will respond to that. I think there is large parts of this organisation is that the thing they care about is customer service, and they take huge pride in their work, and I know that that is the case as much at Burswood as it is in Sydney. But we will be very clear about our expectations right through the management levels, right through the organisation. You don't want to read about bullying or people who are overly hierarchical. You don't want to read about people who are not encouraging their staff, thinking about the development opportunities. That's not who we want to be and it's not who we should be. But that process will engage everybody.

MR FEUTRILL: Thank you. Can I direct your attention to paragraph 77 of your statement. You have used language here that might have some management meeting but the meaning escapes me.

MS HALTON: I would be very happy to disentangle it for you, Mr Feutrill.

MR FEUTRILL: If you don't mind. There is a reference to the approach that Crown had previously adopted to remuneration, was out of step with normally accepted remuneration practices of a listed entity like Crown. This is not one of the ones that I'm worried about, but what do you mean by that, "out of step"?

MS HALTON: Out of step. So I had to discuss this with our investors. This was the reason we got a second strike at our AGM, because when we were saying goodbye to a significant number of our senior executives, their remuneration arrangements, contractual arrangements, were not as were you see them elsewhere, and that meant that they were legally entitled to very significant payouts. That was not something that our investor community were happy about, and as I had said to them, I was not particularly happy about it either, but that was their legal entitlement, and that was because of the way their contracts, most of which were very longstanding, had been constructed. And, as I said to the AGM, that horse had bolted. That doesn't mean we intend to continue like that.

MR FEUTRILL: You might be alluding to this. What is a value-based gatekeeper provision then?

MS HALTON: I know, it is terrible language, isn't it? So you are entirely within your rights to say "What on earth does that mean?"

This is common parlance in this particular world.

MR FEUTRILL: What it means is quite simple: if you do not follow, practice,

demonstrate the values that we have said, and you do not have regulatory compliance, you are not doing the job consistent with our regulatory obligations, it doesn't matter what else you do, you will not be eligible for any long-term incentive or any short-term incentive. So when we talk about a gatekeeper, the way most people --- they have balance scorecards and they have different elements that go to whether or not --- and they have different weights and values, they go to whether or not you are eligible. So you might have your base salary and the components on top. If you don't show the values and you don't have the compliance demonstrated, that means you are not eligible. It doesn't matter whether you had fantastic financial outcomes, if you haven't got there the right way, you are not eligible.

And the other thing that is relevant here, and I draw from banking a little bit, we claw back if we does something later. So we didn't know it at the time, we paid you and we discovered something later, well, clawback needs to be a feature of these systems as well.

MR FEUTRILL: And a little easier to understand but maybe not all the nuances, mandatory compliance and risk key performance indicators. There is a mandatory aspect. What is meant by that phrase?

MS HALTON: Well, it is the same, essentially. If you do not comply, if you are not part of ensuring that we comply with our regulatory obligations and issues in respect of risk, you will simply not be eligible. You have not undertaken your responsibilities. So when I talk before about making sure that all the drivers of behaviour are congruent, we have the carrot, Mr Feutrill, this bit is the stick.

MR FEUTRILL: I just want to ask you again some general questions here about the nature of the regulatory relationship or the environment.

MS HALTON: Yes.

MR FEUTRILL: You will no doubt be familiar or heard some of the evidence that this Commission has heard regarding the closeness of certain relations between Crown staff and the Western Australian regulator. What is your view of the appropriate nature of a relationship between the regulator and the regulated in this casino context?

MS HALTON: Professional, respectful, and at not an unreasonable distance, but certainly appropriate to the role, professional and not personal.

MR FEUTRILL: Do you have a view about the extent to which communications with the regulator should be transparent, open, candid and frank?

MS HALTON: Absolutely. Mr Feutrill, it is worth remembering, I've been a regulator for a fair amount of my career. At the end of the day, you can't do your job as a regulator unless you've got a good dialogue with the regulated but similarly, and you have to be able to be frank, but you want the regulated party to be open and

transparent with you. It is fundamental. Fundamental to the relationship.

5 MR FEUTRILL: What steps do you see the Crown Resorts Board taking to ensure that the licensee here, Burswood Nominees, maintains an appropriate relationship with the GWC going forward?

10 MS HALTON: So, again, I am aware that you talked to Mr Carter about this. This is absolutely crucial to us. I should say that I have had a conversation with the Victorian regulator, I've had a conversation with the NSW regulator. I wrote to the WA regulator. I have not had an answer, I've had an answer from her office saying she is a bit busy, but one of the key messages I have been delivering is that we need to ensure that the relationship is appropriate from both sides, and that Crown has and will continue to have a commitment to ensuring that that dialogue is open and robust.
15 And the Crown Resorts Board will be expecting that each of our subsidiaries will not only behave in that way, but that will report to us and be accountable for their behaviour. That is actually part of the thing we were just talking about in terms of the remuneration arrangements and how we structure them.

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

COMMISSIONER OWEN: Thank you, Mr Feutrill. Ms Halton, we need to give our transcribers a break. We will break for 10 minutes.

25 MS HALTON: Okay.

COMMISSIONER OWEN: We will come back at 5 past the hour.

30 MS HALTON: All right. Commissioner, is it very unreasonable of me to ask any idea how long we might still be here?

COMMISSIONER OWEN: Not entirely in my hands.

35 MS HALTON: I understand that. Fair enough. An unreasonable question.

COMMISSIONER OWEN: I'm not suggesting it will take anywhere near this time, but we will be out of here before 8 pm your time, and I'm not saying it is going to take all that length either ---

40 MS HALTON: No, no, I should have asked when do you rise. That would have been a better question to raise.

COMMISSIONER OWEN: We will put a stop clock on. Back at 5 past.

45

ADJOURNED

[3.57PM]

RESUMED

[4.07 PM]

5 COMMISSIONER OWEN: Thank you, Ms Halton. I will start with counsel who are in the in this room. Are there any applications? No. Are there any applications from the room?

10 **QUESTIONS BY THE COMMISSIONERS**

COMMISSIONER JENKINS: I have a couple of questions for you, Ms Halton. In respect of the Barangaroo Casino, it was developed with approval for gaming by
15 rebate players, and members-only premium gaming. With the reduction in the number of overseas gamblers and prohibition on junkets, if Crown gets the licence for Barangaroo, is there any plan or discussion about broadening its patron base?

MS HALTON: No, not that I'm aware of, Commissioner.
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COMMISSIONER JENKINS: Also, I understand that poker machines weren't to be permitted at Barangaroo except without regulator approval?

MS HALTON: They are not permitted at Barangaroo. There is no suggestion that --
25 - and, frankly, we don't have the space.

COMMISSIONER JENKINS: Prior to the Bergin Inquiry you were aware of the risk of criminal infiltration of casinos through junket operations?

30 MS HALTON: I wouldn't say through junket operations specifically, but the criminal issue was certainly something that I was cognisant of, yes.

COMMISSIONER JENKINS: And how did you think that CRL was managing that risk at its Australian casinos?

35 MS HALTON: Well, as I think I've indicated, the AML/CTF responsibility under the legislation is --- was with each of the subsidiaries. The issue of criminal infiltration, there was and is an extensive security function at Crown. I had met with the head of security, in fact, before I agreed to join the Board, and I had met with a
40 number of other people in respect of the programs that were operated by the subsidiaries. And certainly the relationship with policing the interactions with AUSTRAC and a number of others were all part of what was put to me as being the program in those respects.

45 MR FEUTRILL: You've given evidence to the effect that the Crown that exists today is very different and better to the Crown that existed in 2018 when you joined the Crown board; would you agree with that?

MS HALTON: Wholeheartedly.

5 COMMISSIONER JENKINS: Why were you content in 2018 to join and remain on the unreformed Crown Board?

10 MS HALTON: Because it wasn't all evident, Commissioner. You do your due diligence before you join the board of a company. And if you talked to a number of people, which I did, it did not look to me as being quite what we now understand was the case in the parts of the organisation that was not evident. And it was certainly represented that the errors, omissions, et cetera, that occurred in the run-in to 2016, which is when those events occurred, that there had been substantial uplift and mitigation in respect of those risks. Now, it takes you some time, when you join, to learn actually the detail, and I have to say in my experience it does take you a while, 15 when you join a board, to actually start to unpick the real detail, and of course, about the same time we know that then there was quite some commotion.

20 COMMISSIONER JENKINS: So when you said you did your due diligence but things were not revealed or --- to you so you became aware of them, what do you see as the impediment to those things being revealed to you at that time?

25 MS HALTON: Well, when you do your due diligence, Commissioner, you talk to the staff, you talk to other directors, you enquire of others in the broad context. You ask the questions about systems and processes and commitment to AML and all of those other issues, and you don't necessarily see the work detail. And I think as we now know, some of the detail, what was going on lower down in the organisation, wasn't communicated.

30 COMMISSIONER JENKINS: And that was a management failure?

MS HALTON: I believe so.

35 COMMISSIONER JENKINS: On another topic, you said that Crown did not have to provide counselling services to those suffering harm from gaming. Just on that issue, you may not be aware, but the Crown Perth directly contributes funding towards the Problem Gambling Support Services Committee in Western Australia, which then provides funding to gambling or counselling services for people affected by gambling. Do you have any issue with the Perth Casino providing funding in that way?

40 MS HALTON: No. On the contrary, I'm very supportive of it, Commissioner. The word I used was "treatment". We, I don't think, are appropriately a treatment service. And we actually do counsel people sometimes, particularly when we are talking with them about exclusion. And it is absolutely appropriate that we make a contribution to those services. And I talked about the need to ensure we are really engaged with 45 the people who provide those services, because they often have knowledge and intelligence about the circumstance of a service we deliver, but also sometimes of patrons that it is important we understand.

COMMISSIONER JENKINS: Do you have any view about whether Crown should be involved in the determination of where that funding goes to, which particular services are engaged?

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MS HALTON: No, I don't, necessarily. My preference in these matters is usually to have those things done at arm's length. You would certainly have a view that the services that the funds go to should be highly competent and should be directed to the problem, but in terms of being the determiner, no, I don't have a few.

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COMMISSIONER JENKINS: Thank you, I don't have any other questions.

COMMISSIONER OWEN: Thank you, Ms Halton. I have two or three questions for you.

15

In an exchange with Mr Feutrill you said that you wouldn't see a director of Burswood Ltd being on the ERCC. You stressed this was a personal view and not one that the Board considered, but that you could see a situation where there was a new committee in Perth and probably similarly in Sydney ---

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MS HALTON: Yes.

COMMISSIONER OWEN: --- do I take it that you are there referring to a proper committee of the Board, Burswood Ltd?

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MS HALTON: Yes, and Audit and Risk Committee, most like.

COMMISSIONER OWEN: Would you see, ideally, a non-executive, independent director being on that board committee?

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MS HALTON: Oh, absolutely. And I do think there is an argument that can be mounted, Commissioner, that you may actually want an independent to chair that committee. I mean, the level of scrutiny that comes, and I have to say, I do chair a financial risk and audit committee at a law firm, as it happens, and I am the independent member of that board, and I chair that committee, and that is for a very particular reason of scrutiny. So I think there is a good argument to be made in that relationship.

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COMMISSIONER OWEN: I notice in figure 1 in paragraph 24 of your statement --- no need to bring it up, I'm sure you can recall it, but --- there are two committees of -- what looks to be two committees of the Crown Melbourne board, Audit Committee and a Compliance Committee.

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MS HALTON: Correct.

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COMMISSIONER OWEN: If you were to replicate a similar structure under Burswood Ltd, would that not strengthen an argument for an additional

non-executive director at Burswood Ltd level?

5 MS HALTON: Yes, I think that does make that argument, Commissioner. I think I've said I'm not averse to the notion that there would be another local director. I think I talked about my experience of the balance between the directors, and I'm a big supporter of having that level of local involvement. So I agree with you. The thing I would say to you about the committees is that they often themselves bring quite a bit of work in terms of agenda setting and minute-taking and all those other things, and whether you need one or two, given the size of the business, would be, I don't have a formed view on that, but I think you would think that through.

COMMISSIONER OWEN: And if I could concentrate on the risk area ---

15 MS HALTON: Yes.

COMMISSIONER OWEN: --- it doesn't matter how many committees that you have, but if you did have a committee of the Board of Burswood Ltd that was looking at risk issues ---

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MS HALTON: Yes.

COMMISSIONER OWEN: --- how would you see, and I realise that this is not a developed proposal by any means, but how would you see that interacting with the ERCC, or would it replace the ERCC, or how would you see it interacting?

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MS HALTON: A very important question, Commissioner. So, no, it wouldn't replace the ERCC because it is the management process where you bring together the managers to work through the risk issues but you would see there being a very close relationship between the ERCC, its reporting and operations with either the Board itself or the Committee of the Board. And again we are making here, aren't we, the distinction between governance and management, which is one of the reasons I don't think you have a director on the ERCC. We need to be clear about --- in the normal course of business, how we keep that line. But, yes, the ERCC clearly has a direct line into either and/or the Board and any of its committees.

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COMMISSIONER OWEN: Thank you. On a different topic, when you were in an exchange with Mr Feutrill about the risk matrix and the risk management strategy, one of the examples you gave of difficulties was the relationship with governments and regulators. You said I think it was very difficult to measure that as a risk. Now, accepting the difficulty of measurement, nonetheless, when you are looking at the relationship between the regulator and the regulatee ---

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MS HALTON: Yes.

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COMMISSIONER OWEN: --- from the point of view of the regulatee, what are the factors that you would take into account in assessing how you are going in managing that risk?

MS HALTON: Absolutely. And, you know, as I said, having been a regulator in my time and now the boot is on the other foot, so to speak, the things that I used to, and I think this is still germane, is there a regular exchange of information between the regulator and the regulatee, which is other than standard reporting? So you would have, obviously, systemised and regular reports, but what you want to see is the regulated raising with the regulator matters of concern and contention, issues of uncertainty, and I think also, if the relationship is good, if there are things that are happening in the regulator's environment, giving the regulator --- regulated, I should say, giving the regulator a heads up about what is actually going on I think is good practice.

Now, similarly, the regulator, I think, actually has also an obligation to work constructively with the regulated entity. This is it takes two to tango, Commissioner. And so one of the things I used to find, and I used to know, when I was a slightly more junior public servant and I had a lot of inspectors who were running around a particular sector, I knew when our relationship wasn't very good because I would start to getting complaints from the regulated sector about heavy-handed nature of my inspectors, et cetera, et cetera. And you would look to see whether in fact it was a reasonable complaint, whether we had perhaps some communication issue, or absence of training, or whatever else, so you would take that on board to assess whether your performance as the regulator was up to standard.

And so what I would be --- so what I'm conscious of, and this is the difficulty in boiling outline that down to a bunch of numbers and triggers, because I think so much of that is having your ear to the ground and being aware of what the nature of those interactions are. Now, that is not the same, Commissioner, as some of the behaviours that I think you've taken evidence about.

COMMISSIONER OWEN: All right. Thank you. Can I come now to the structure of the Burswood subgroup, if I could call it that.

MS HALTON: Yes, sure.

COMMISSIONER OWEN: Now, at one point --- I'm going to use my words, which I think encapsulates what you were saying but if it doesn't, please let me know --- at one point, and this was the question of really the systems and areas and levels of responsibility. At one point I think you said that the fact that Burswood Ltd might adopt a system that had been developed elsewhere in the group within the shared structure, the shared services model, didn't indicate an abrogation of the responsibility that the board of Burswood Ltd had for that system. Is that a fair encapsulation of what you said?

MS HALTON: Yeah, I think it is. Essentially the board of Burswood needs to be confident that whatever the system is actually meets their obligations.

COMMISSIONER OWEN: Can I put this proposition to you: that really depends on

the capacity of Burswood Ltd to have a say in the development of that system and the tailoring and the implementation of that system at Perth level, at local level.

5 MS HALTON: Yes. I agree. And what I would say to you is that there are some things which are and need to be tailored to a local circumstance. There are other things which do not, and that is exactly the art of this, Commissioner. You know, I once had a very dear Aboriginal doctor friend of mine say to me in slight frustration, this might be someone in WA actually, who said to me, "It's not a matter of cultural
10 practical whether I deliver the three measles, mumps, rubella shots at a variable interview, it is a matter of science and requirement".

So there are some things, in terms of the national regulatory obligations, and I'm thinking particularly about AML/CTF here. AML/CTF, those obligations apply in a
15 standard way across the country. They apply regardless of what kind of business you are. If you are caught within that regime, they apply. And your need to do things like reporting, IFTIs, TTRs, et cetera, those things are standard. Now, there are still, sometimes, differences in the regulatory regime in each State and Territory. If there are differences, obviously Burswood needs to be accommodated in those. I'm not
20 sure I'm explaining that well, but you understand the point I'm making, I think.

COMMISSIONER OWEN: In the end, doesn't it come down to a value judgment as to where ultimate responsibility lies?

25 MS HALTON: I would probably argue with you slightly about that. What I would say to you is, and this is the where the kind of goodwill and practice I've seen operate where actually you have a good level of responsibility across an organisation where they do exercise those responsibilities diligently and properly, as opposed to the needs of the corporation, the group. So to say it is a value judgment, I would say that
30 in every circumstance, you need to find that balance. You need to meet the needs of the subsidiary, and this is where I think I said to Mr Feutrill before, I don't believe they are inconsistent, to be honest with you. And there are obligations on the subsidiary, particularly in relation to the agreement. They are unarguable. So I think it is more than just a value judgment.

35 Now, I would not say to you that I think where the line has been struck in the past is necessarily as --- and I think Mr Carter was going to this --- I think the line needs to be discussed and agreed, and I'm not sure that has been the case for a while. So I think --- and I think this is quite doable, to be honest with you.

40 COMMISSIONER OWEN: Do you agree with the proposition that the holding of a casino licence is a privilege?

MS HALTON: I think I might have said that earlier on. Absolutely, I do.

45 COMMISSIONER OWEN: And it is a different sort of enterprise to many others, in that there are some inherent risks, for example, the potential for harm, the potential

for criminal infiltration. So there are some inherent risks. And the licence is granted by a State Government on behalf of the people, the community of that State.

5 MS HALTON: Absolutely.

COMMISSIONER OWEN: And it creates a situation where the licensee has a peculiar, and I'm using that word as I think you used it ---

10 MS HALTON: Yes.

COMMISSIONER OWEN: --- not as in "strange" ---

MS HALTON: Different, yes.

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COMMISSIONER OWEN: --- but that a peculiar set of obligations from that licensee to the community in which it is situated?

20 MS HALTON: Commissioner, I completely agree with you. But what I would say to you is, I don't think that, if it is discharged properly by a subsidiary, is inconsistent or in conflict with the role of a subsidiary in the broader group. In fact, to the contrary, I think the licence, if it is done properly, can be discharged in a way which is to the advantage of the people of WA, and to the very real responsibility given to the licence holder. One of the ways that that happens is through the ability to
25 actually understand in more detail, based on a broader group of operations, how best to deliver some things. Those are the things which I think we've already talked about might be more standard, as opposed to the things which are peculiar --- we keep coming back to that word --- to the WA context.

30 COMMISSIONER OWEN: The situation in which a company like Crown finds itself is that it has through, one subsidiary, a peculiar set of obligations to one community, and through two other subsidiaries it has peculiar sets of obligations to two other communities, which makes it different to something like, if I can use the ANZ as an example, ANZ is one business. It operates in States and it has, as I
35 understand it, advisory boards to connect it with its communities. But it is a different situation.

MS HALTON: Well, it has a subsidiary in New Zealand which is a wholly-owned subsidiary which has regulatory obligations to the New Zealand Government, to the
40 Reserve Bank of New Zealand, where there are cultural and other expectations, in fact we are the biggest bank in New Zealand.

COMMISSIONER OWEN: Just concentrating on Australia for a moment. This situation, the situation that Crown finds itself in --- I will put the proposition to you --
45 - it makes it more difficult, not impossible, perhaps not even difficult, but requires a different attitude and approach than what is the more standard market view of the relationship between a parent company and subsidiary in an operating situation.

MS HALTON: So, Commissioner, I endorse that view. It requires thought, it requires finesse and it requires focus. So, no, you don't run this like you would run Woolworths. It is not the same. And even though you may have a Woolworths in WA who does a great thing with their local community, it is not the same as that. It is --- there is no doubt it is not the same. I would say to you, and I'm very convinced of this, that it is very possible to run this business being mindful of the obligations owed to the people of NSW, to the people of Victoria and to the people of WA, courtesy of the privilege of a licence in each of those States in a way which discharges those obligations properly and thoughtfully. But actually, I would also argue to you that actually the people of those three States get a better deal by the opportunity of the group as opposed to if these businesses were freestanding. But, you are right, you don't stick it on, set and forget. It doesn't work like that. This does require a level of understanding at all levels of the business of whose role is what; and if there are problems, how they are going to be resolved.

COMMISSIONER OWEN: Yes, the purpose of my question was not to suggest that there should be three freestanding businesses, but simply that properly to discharge the obligations that each subsidiary has directly through the holding of the licences to the community requires a different approach. And that approach is --- I will put this proposition to you: that approach is sensitive to the degree of control which the subsidiary has over decisions that might impact on the nature of the obligations it has to its community.

MS HALTON: We could probably have a theoretical argument about this, Commissioner, in terms of who is going to be able to be sensitive to those needs. But what I would say to you is you do have to have sensitivity to those needs. I accept the contention that in a number of respects, that those may be more able to be discharged if there is, and this is reflected in the Constitution, that there is absolute presence and focus on the needs of WA in WA. I think it goes to the point I made about regulators earlier on to Mr Feutrill, we are regulating, from a head office perspective, heavy trucks up and down, all across WA, at least from a head office perspective out of Brisbane.

Now, in truth there are people in WA who discharge those responsibilities, but this is more than that. This is not the one uniform regime. This is not a regime where you can apply the same rules to everything all across the country. This is a world where there are rightfully different requirements and expectations, including of being a good local citizen that come with the privilege of the licence. I think where we are feeling our way around is how you best achieve that and how do you make those structures put some of that stuff in a balance which is hard to disrupt.

COMMISSIONER OWEN: All right, thank you. I have nothing further. Anything arising, Mr Feutrill? Ms Thornton?

MS THORNTON: No re-examination.

COMMISSIONER OWEN: Ms Halton, thank you very much. I realise there are

04:34PM

many calls on your time, and so making yourself available, you have our gratitude
for that and your testimony which has been of assistance to us. The situation is still
fluid so I will leave the summons in case. I doubt we need to speak to you again, but
5 just in case, but thank you very much.

We will now adjourn until 2 pm tomorrow afternoon.

10 **THE WITNESS STOOD DOWN**

**ADJOURNED AT 4.35 PM UNTIL TUESDAY, 2 NOVEMBER 2021 AT 2.00
PM**

15

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