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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 54

10:01AM FRIDAY 5 NOVEMBER 2021

COMMISSIONER NJ OWEN

COMMISSIONER CF JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MS PATRICIA CAHILL SC as Counsel Assisting the Perth Casino Royal Commission

MR RICHARD HARRIS as Counsel for Ms Victoria Whittaker

MR JOSHUA BERSON as Counsel for the Department of Local Government, Sport and Cultural Industries

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

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

MR PAUL D EVANS as Counsel for the Gaming and Wagering Commission of Western Australia

COMMISSIONER OWEN: Please be seated. Just before we here from Ms Whitaker, we're now moving into the final phase of the public hearings, which is to do, in the main, with expert evidence. We had hoped that today would be our last day of hearings. For a variety of reasons that has not been possible. So there will be a few, hopefully not more than three days spread over the next two weeks. Next week, during the course next week, the Commission will publish on its website a statement, detailing the program through the rest of November, December and January, leading up to the completion of the report.

10 Now, are we going to start with tendering the reports or will we deal with that a little later?

MS CAHILL: (Inaudible) tender the reports but I can do that ---

COMMISSIONER OWEN: At some point during the day we'll deal with the tender of the various expert reports.

Ms Whitaker, thank you for making your time available. Do you wish to take an oath or make an affirmation?

WITNESS: I will take an oath, please.

COMMISSIONER OWEN: Do you have a Bible?

WITNESS: I do not. I do. Hold on, they are getting me one.

MR HARRIS: I don't think we do have one available, Commissioner, apologies.

WITNESS: I can do an affirmation.

COMMISSIONER OWEN: All right. We will do the affirmation then.

35 **MS VICTORIA WHITAKER, AFFIRMED**

COMMISSIONER OWEN: Thank you, Ms Whitaker. Mr Harris, do you wish to examine?

40 MR HARRIS: Nothing in-chief, Commissioner. I may wish to ask questions at the conclusion of Ms Whitaker's examination if that's okay.

COMMISSIONER OWEN: All right. We have the various reports. As I understand, we have a document, "Crown Culture Review, Current State Culture --- Final Report", with the identifier CRW.701.004.9441.

We have a second document, "Culture at Crown Survey --- Survey Results,

10:04AM

Demographic Details", September 2021, and it has the identifier DTT.010.0009.0002.

5 We then have a document "Crown Organisational Culture Review - Draft Culture Change Roadmap", August 2021, and it has the identifier number DTT.010.0007.0048.

10 The final document is a document "Crown Culture Review --- Crown's Draft Ethical Compass and Aspirational Culture", August 2021, and it has the identifier number DTT.010.0007.0036. They are the documents that we have, Ms Whitaker. Is there anything do you think we may have missed?

15 **EXHIBIT #CRW.701.004.9441 - CROWN CULTURE REVIEW, CURRENT STATE CULTURE - FINAL REPORT**

20 **EXHIBIT #DTT.010.0009.0002 - CULTURE AT CROWN SURVEY - SURVEY RESULTS, DEMOGRAPHIC DETAILS DATED SEPTEMBER 2021**

25 **EXHIBIT #DTT.010.0007.0048 - CROWN ORGANISATIONAL CULTURE REVIEW - DRAFT CULTURE CHANGE ROADMAP DATED AUGUST 2021**

30 **EXHIBIT #DTT.010.0007.0036 - CROWN CULTURE REVIEW - CROWN'S DRAFT ETHICAL COMPASS AND ASPIRATIONAL CULTURE**

MS WHITAKER: There is an additional document, which is the phase 1 report, which goes to the cultural architecture of Crown, which is part of the full suite of documents.

35 COMMISSIONER OWEN: All right. We will find that in due course.

Ms Whitaker, is there anything of an introductory or general nature that you would like to say or should we have Ms Cahill lead you through some questions?

40 MS WHITAKER: I'm happy to be led by Ms Cahill.

COMMISSIONER OWEN: Thank you, Ms Whitaker.

Ms Cahill.

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EXAMINATION-IN-CHIEF BY MS CAHILL

MS CAHILL: Thank you, Commissioner.

5 Ms Whitaker, you gave evidence, you will no doubt recall, to the Victorian Royal
Commission on 9 June of this year. I don't intend to go over matters that you were
examined about there or ask you to repeat any of that evidence here today, but just to
clarify, it was the case, though, that in early June when you gave evidence to the
Victorian Royal Commission, Deloitte was still in the process of preparing and
10 completing that current state culture report for Crown that Commissioner Owen took
you to as the first document he mentioned a moment ago?

MS WHITAKER: Yes, that's correct.

15 MS CAHILL: Let's have a quick look at that document, CRW.701.004.9441 and at
9443 on the screen, there, do you have it, Ms Whitaker?

MS WHITAKER: Yes, I do.

20 MS CAHILL: That is your cover letter to the CEO of CRL, Mr McCann. So that
report was prepared by Deloitte under your direction; that is the case?

MS WHITAKER: Yes.

25 MS CAHILL: I note that you designate yourself at the bottom of the letter where
you sign as a partner within the Deloitte risk advisory team or group. Is it the case
that the consulting services Deloitte provides in relation to organisational culture sits
within its risk advisory team?

30 MS WHITAKER: For this engagement and for other engagements I also often work
with our consulting practice, our human capital team. So I had several members of
that team performing work on this engagement as well and they also conduct
organisational culture reviews.

35 MS CAHILL: I see. Now, the purpose of this report that I've just shown you was to
ascertain the current state of organisational culture of the Crown Group at the time; is
that right?

MS WHITAKER: Yes.

40 MS CAHILL: If I go to page 9488, which is further towards the end of the report,
this is where you begin to make those additional observations about risk culture, and
in doing so, in the prefatory paragraph at the beginning, you draw a distinction
between an assessment of organisational culture on the one hand, which is what this
45 report is, yes?

MS WHITAKER: Yes.

MS CAHILL: --- and a risk culture review on the other. Can I ask you to explain or elaborate what is the difference between an assessment of organisational culture and a risk culture review, first of all in terms of the objective of each?

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MS WHITAKER: Yes, okay. So an organisational culture review, we're really trying to understand the behaviours and mindsets that are shared within the organisation in order to understand the extent to which they are driving and helping pursue organisational strategy across the organisation. We've taken the frame of using the values of the organisation and the behaviours that were articulated by Crown as the framework by which to assess that.

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A risk culture review is a review where you are looking at the extent to which mindsets and behaviours are contributing to effective risk management within the organisation. So it is a subset of an organisational culture.

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For the purposes of this engagement Ken Barton, who was the CEO at the time, we did have the conversation as to whether this should be an organisational culture review or a risk culture review, and he requested that it be an organisational culture review and not specifically a risk culture review.

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MS CAHILL: So that was back in November 2020 you had that discussion?

MS WHITAKER: Yes, that's right. Yes.

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MS CAHILL: Just for the record, Ms Whitaker, I will identify the engagement letter and ask you to confirm that at DTT.005.0001.0223.

MS WHITAKER: Yes. So the initial proposal had the full four phases of work, and he asked us initially just to undertake that first phase as a first piece. So this relates to that, yes.

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MS CAHILL: All right. And you say that --- do I understand you correctly that you effectively presented Mr Barton with the option of doing either the organisational cultural assessment or the risk culture review, and he opted for the former?

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MS WHITAKER: Yes. We had the conversation as to whether this should be an organisational culture review, a risk culture review or a more thorough sort of RGS, a risk governance compliance or culture and accountability review, and he opted for the former. He didn't think that the latter was appropriate for them, given they weren't a bank.

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MS CAHILL: Given they weren't a bank, did you say?

MS WHITAKER: Yes. The latter being the risk governance culture and accountability review or compliance review, being typical of what a bank might perform, which is a much broader piece of work.

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MS CAHILL: Broader and more focused, would you agree, on risk?

5 MS WHITAKER: It's the sort of review that we saw off the back of the CBA APRA review, where, yes, they go right through the risk systems, the governance systems, et cetera, and he didn't opt for that at this point in time.

10 MS CAHILL: That was going to be my next question in terms of understanding the difference between the two types of review, to ask you how do they differ in terms of how they are carried out.

MS WHITAKER: In terms of how --- do you mean between an organisational culture review and a risk culture review?

15 MS CAHILL: Exactly.

20 MS WHITAKER: They are carried out in similar ways, so you would use similar methods. It's really about the questions that you go to and what you are asking and looking to find across them. So a typical organisational cultural review, you can conduct them in different ways and it depends on the appetite of the client in how you may conduct them. But if you are looking to the perceptions and mindsets of people, then you will do surveys, focus groups, et cetera. You may complement that with looking at the business starter, looking at artefacts, et cetera, across the business to try to understand whether the perceptions and mindsets hold true to the factual data, the evidence.

25 MS CAHILL: In terms again of the difference between the two, organisational cultural assessment and risk cultural review, are there differences in terms of once they are completed, how they may be utilised and the purpose to which they may be put?

30 MS WHITAKER: So an organisational cultural review, you are looking at strengths and weaknesses right across the organisation in pursuit of your strategy. So you are looking at all different dimensions of the business. Within a risk culture review, you are really focusing on the ability of people to effectively manage risk within the business. So you are looking at the strengths and the weakness of risk-based systems and processes, for example, and how they support risk-intelligent decision-making. There is certainly overlap between them, but a risk culture review, you would be much more focussed, you might go into understanding additional elements like the effectiveness of controls across the organisation, the effectiveness of the three lines of defence, and other sorts of questions that would have been a more detailed piece than what we've done in relation to risk culture.

35 MS CAHILL: Right. Therefore, understanding that there is an element of the organisational cultural assessment that looks at risk culture, to what extent is that a reliable piece of work from which to address change in risk culture specifically?

40 MS WHITAKER: So in relation to the piece of work that we've done, you will note

that one of Crown's values within their value suite is to do the right thing. And for them as an organisation, that was really helping develop that risk mindset around conduct and compliance, in particular. It goes away, but as you will see from our
5 recommendations, we did recommend, given our findings, that they undertake a more thorough and detailed risk culture assessment.

The risk culture chapter in the report came about when Jane Halton, when we interviewed her as part of our work, she asked, will this have a risk culture
10 component? And we said look, we can draw it out through a separate chapter, but it didn't go into the original design to be a full and comprehensive risk culture assessment, if that makes sense.

MS CAHILL: Yes.
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MS WHITAKER: So that's how that came about.

MS CAHILL: I think it is two or three pages that sit here from 9488 arose as a result of an inquiry from Ms Halton about what the report would say, and the guidance it
20 would provide in relation to assessing risk culture specifically?

MS WHITAKER: Yes. And that was partway through, that was after we had conducted the survey, for example, or after at least we had designed it and deployed it.
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MS CAHILL: And you mentioned that a recommendation that a risk culture review be undertaken.

MS WHITAKER: Yes.
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MS CAHILL: Has that recommendation been accepted, to your knowledge, and have you been instructed to undertake that work?

MS WHITAKER: From what I understand, it has been accepted. We have not yet
35 been engaged to undertake that work, although I have been asked to have a conversation about further measurement which is scheduled for the 15th of this month.

MS CAHILL: If you were to undertake a risk culture review, appreciating that you can't be specific about this as you sit here now, what would be the appropriate length of time or ranges it would take to complete that work from commencement to delivery of a report such as you've prepared here for the organisational cultural assessment?
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MS WHITAKER: So the time taken obviously depends on the comprehensiveness of what you are establishing to do. I would say anything from three to six months depending on the level of detail it goes into.
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MS CAHILL: And because of that recommendation that you've made, do I take it then that you don't see this report that you have in front of you here as being sufficiently sufficient and determinative of the state, the present state of Crown's risk culture?
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MS WHITAKER: I think if we were to undertake a further assessment, it would go into further detail in relation to those types of areas that I mentioned before, looking at the three lines of defence, in particularly Line 1, which is, within the business, how is risk understood, how are the accountabilities taken for, what steps can be taken to improve it. Looking at the controls across the business and the extent to which behaviour plays a role in them being effective. Those sorts of additional pieces of analysis would be important.
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But, that said, I think there is a level of insight in our report that goes to risk culture already. I think that that early chapter on "we do the right thing" does talk to many of those dimensions and the chapter at the end also on risk culture also talks to many of those dimensions.
15

MS CAHILL: So it gives you some insight but the focused question I had for you is, is it sufficient, in your view, from which to build a program to improve risk culture at Crown, or do you need to do this further review?
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MS WHITAKER: I think it is sufficient in that there have been a lot of conversations around what these findings mean with the likes of Anne Siegers, with now others within the business that have insight that look after risk management. This piece of work doesn't happen in a vacuum, it is being informed by other pieces of work already as well, and I think there is an expectation, we have in the roadmap quite a substantial part of the roadmap is addressing issues around risk management and looking at some of the things that need to be put in place to bring more effect to effective risk management within the business. They've obviously got a huge piece of work around financial crime and AML on the go and part of their broader roadmap, which doesn't form part of the cultural roadmap, goes to the governance of the organisation, information flowing up and down the business, how decisions are made, et cetera.
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So I think this is a contributing dimension to assisting and strengthening of the risk management practices, and ultimately the risk culture.

MR CAHILL: But if I understood how you began that answer, you said that you considered the work done in this assessment in relation to risk was sufficient from which to create a change program in relation to risk culture; why then the need for the further review that you have recommended?
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MS WHITAKER: I think the further and deeper insight into things like the effectiveness of the controls in place, there is an acknowledgement within the business that there needs to be work done in that regard and, therefore, some additional testing of where those accountabilities lie at Line 1. The understanding of
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the accountabilities at Line 1 would give further insight and would provide further context by which to either strengthen or uplift where deficiencies may lay. So I think they can get the ball rolling, but I think further insight could assist in taking it further, if that makes sense.

MS CAHILL: So is the further review desirable but not necessary?

MS WHITAKER: I think it is desirable and necessary, but I don't think that prevents them from starting the ball rolling.

MS CAHILL: Just getting to --- trying to understand whether the change program as it is without the further review you've recommended will be sufficient, or whether it needs to have this additional review feed into the change program and modify it accordingly.

MS WHITAKER: Yes, I understand. I think what I'm suggesting also is that by having the further insight, you will be able to then observe the further change over time. So the deeper the insight goes, then you can observe whether the change programs that they are initiating are actually being effective in giving that uplift to those further detailed areas.

MS CAHILL: So for that reason it is necessary, is that your evidence?

MS WHITAKER: I think so, yes.

MS CAHILL: Now, can I come back to the assessment that you have done and we'll have a look a little more closely at your report. At 9442 you set out Crown's purpose, values and behaviours as they were at July 2021; is that right?

MS WHITAKER: Yes, that's correct. And I will just add, the behaviours articulated there are then further detailed in the bullet points at the chapter headings for each chapter. They are the behaviours articulated by Crown. These are like a summary of those behaviours.

MS CAHILL: Thank you. The reason that the purpose, values and behaviours are set out effectively on the front page of the report, is that because fundamentally by reference to the values is how you've conducted your assessment; is that right?

MS WHITAKER: Yes, that's correct. This is what Crown aspires towards and, therefore, we are measuring the extent to which they have achieved that aspirational culture.

MS CAHILL: So in substance, your approach was to ascertain how those who work within the Crown Group perceive the group reflecting those values in practice as they work?

MS WHITAKER: That's right.

MS CAHILL: And you use the expression at page 9447 in the opening words of the executive summary, just in that full paragraph at the top, that the review had been designed to understand how Crown's values are, you use this expression "currently lived". Would it be more specifically correct, though, to say that the review has been designed to understand the perceptions of Crown people, as to whether and to what extent Crown's values are currently lived throughout the business?

MS WHITAKER: Yes, I would agree with that.

MS CAHILL: You are aware, of course, that Crown's statement of purpose and values has changed since this assessment was undertaken?

MS WHITAKER: Yes.

MS CAHILL: And in fact Deloitte were involved in the work leading to the modification of Crown's statement of purpose and values?

MS WHITAKER: Yes, that's correct.

MS CAHILL: That was the subject of a report I think which Commissioner Owen referred to as the "Draft Ethical Compass and Aspirational Culture" which you provided to Deloitte I think in August of this year, is that right?

MS WHITAKER: That's correct.

MS CAHILL: DTT.010.0007.0036.

Does the amendment to Crown's values affect the relevance or usefulness of the organisational culture assessment that was completed by reference to the values in their previous form?

MS WHITAKER: Yes. It's a good point you make. It is a perfect day when I get to work with an organisation who has everything lined up perfectly ready to work in and complete the work. When we initially proposed this work, Ken Barton did suggest that he wanted to change and update the purpose and values. We proposed to do that first. He felt at that point in time he knew there would be a change in executive, and he wanted the executive to be involved in defining them so that there would be ownership over them, so that got put to the end of the work. That said, I still think there is relevance to the findings, although they have a different aspiration that they are working to, it's more of an evolution than a complete redefinition of them, recognising that there are both strengths and weaknesses in their current state culture and wanting to work towards that future state.

MS CAHILL: You've been provided with Ms Arzadon's report prepared by this Commission dated October 2021?

MS WHITAKER: Yes.

5 MS CAHILL: You've reviewed that for the purposes of giving evidence today?

MS WHITAKER: I have.

10 MS CAHILL: If we go to page PCRC.0021.0001.0007, in the second-last paragraph Ms Arzadon is making this point that Crown's stated values as they were at the time that your report was prepared, are expressed at a relatively high level ---

MS WHITAKER: (Nods head).

15 MS CAHILL: --- and linked more directly to organisational management and performance than risk management and conduct. Would you agree with what Ms Arzadon says there?

20 MS WHITAKER: I think the values themselves are quite high level, as they are in many organisations, particularly large ones where you want them to be memorable across the organisation. We did align our survey to the values but also to the behaviours as well, and we were careful to ensure that those behaviours were reflected through the survey. I think in relation to the question around whether they reflect risk management and conduct outcomes, there is a strong, I suppose, swing to do the right thing as the one that really works to uphold the most, as well as perhaps 25 the "we act respectfully". So from that perspective, I wouldn't agree that there is no reflection of risk management or conduct in those values.

30 MS CAHILL: Well, she's not saying that, though. It's just a relative thing. She says they are less specifically linked to risk management and conduct outcomes; you would agree with that, though?

MS WHITAKER: In terms of the ---

35 MS CAHILL: Values?

MS WHITAKER: (Inaudible) passion and innovation?

40 MS CAHILL: Well, that is an example, but the broad proposition as I understand Ms Arzadon is articulating here is that those values, expressed at the high level that they are, are less specifically directed to risk management and conduct outcomes?

45 MS WHITAKER: I think the way that "Do the right thing" is understood in the business is directly related to risk management conduct outcomes, in --- one of our findings is that people understood it to mean "follow the rules".

MS CAHILL: Coming back to your report, if we go to page 9451 where you say a little more about methodology, we just might pop that back so Ms Whitaker can get a sense of where she is in her own report and then we can put it out again. So I'm

just taking you to the right-hand column and the first full paragraph on that page.

MS WHITAKER: Yes.

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MS CAHILL: That is where you've explained how you've collected your data and where from. I wanted to ask you, firstly, about the survey component of the work.

MS WHITAKER: Yes.

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MS CAHILL: Now, your team designed a survey, a set of survey propositions. We'll call them maybe questions for shorthand, they are not literally questions but ---

MS WHITAKER: No, statements, yes.

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MS CAHILL: But with the objective of eliciting people's perceptions of Crown's values being implemented in practice or lived; that is the idea?

MS WHITAKER: Yes.

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MS CAHILL: Was everyone in the Crown Group invited to respond to the survey?

MS WHITAKER: Yes.

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MS CAHILL: You mention in this paragraph that survey participation included almost 60 per cent of Crown staff?

MS WHITAKER: Yes.

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MS CAHILL: Is that across every aspect of Crown's business?

MS WHITAKER: There will be varying levels across different parts of the business. I think Perth was slightly lower than Melbourne, for example, but on average across the group it was just under 60 per cent.

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MS CAHILL: You identify that 60 per cent response rate as resulting in a less than 1 per cent margin of error at 95 per cent confidence?

MS WHITAKER: Yes.

40

MS CAHILL: Putting that in layman's terms, it means one can have a great deal of confidence that if 100 per cent of staff would have responded, the aggregated results would have been effectively the same?

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MS WHITAKER: Exactly. That's at the group level.

MS CAHILL: Yes.

10:31AM

MS WHITAKER: Less confidence as you work down to smaller groups ---

5 MS CAHILL: Yes. So aggregated across the Group they would have been essentially the same?

MS WHITAKER: Yes.

10 MS CAHILL: Thank you. Now, you also refer in this paragraph to conducting interviews and focus groups and making observations, which you explain in a little more detail at 9453, if we can go there, please. In the summary --- are you able to see that or should we blow it up a little bit for you?

15 MS WHITAKER: Thank you.

MS CAHILL: Can I just take you to the internal interviews and you say that they were conducted individually and held at senior leadership level, that was to get a top-down perspective, you say, what the senior leadership is perceiving about values?

20 MS WHITAKER: That's correct.

MS CAHILL: What was the cut-off for senior leadership? How senior are we talking here?

25 MS WHITAKER: So it was the board, at the time, the top executive group, and then a number of people that reported into that top executive group, but not --- I don't think it would have been everyone reporting into the top executive group.

30 MS CAHILL: And the top executive group is who?

MS WHITAKER: Oh, you will test my memory now. Those who are CEO of sites, those with group level responsibilities, those that report directly to the CEO. There was at the time 13 reporting to the CEO.

35 MS CAHILL: So the direct reports to the CEO and then a couple of others, perhaps, but ---

MS WHITAKER: Yes.

40 MS CAHILL: --- you are not sure how many or who?

MS WHITAKER: Well, sorry, in terms of numbers there were 37 in total, 6 board members and 31 leaders across the group.

45 MS CAHILL: You speak at different points of your report about, you use this language of senior leadership, senior executive, senior management. Are they all interchangeable to describe the group that you've just explained to me?

MS WHITAKER: Yes. We would consider that to be the CEO and direct reports, and then what they call the BOT, the next level reporting into those top 13 executives.

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MS CAHILL: So if we put it this way, the first two layers underneath the CEO, that's the senior leadership?

MS WHITAKER: Yes.

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MS CAHILL: Thank you.

MS WHITAKER: I mean, to be honest, it has throughout the engagement it has kind of changed. I think there is 130 now they consider the senior leadership. A few months ago it was 70. So, yeah.

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MS CAHILL: But despite those changes in numbers and perhaps what people are doing, the structure is still the first two layers underneath the CEO?

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MS WHITAKER: Yes, for the purposes of our report, that would be correct.

MS CAHILL: Yes, that's all I'm asking about. The focus groups on the other hand here at 953 were a team member or supervisor, manager level and that is for the bottom-up perspective as you explain.

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MS WHITAKER: Yes.

MS CAHILL: So that includes people at operational level, croupiers and food and beverage servers?

30

MS WHITAKER: Yes.

MS CAHILL: As well as their supervisors and managers?

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MS WHITAKER: Yes.

MS CAHILL: Is there a level of leadership or management, as far as you are concerned, and for the purposes of your report, between the senior leadership that you identified a moment ago and the team members, supervisors and managers that you refer here to in the focus group section?

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MS WHITAKER: I think my understanding and pardon me, I'm trying to recollect, but I do believe we attempted to hit all levels.

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MS CAHILL: So would anyone below those two levels underneath the CEO have gone into the focus group section?

MS WHITAKER: We had general managers that we interviewed, and they were interviews as opposed to focus groups, and we had, sort of, more senior managers as part of the focus groups as well. So I do believe the intention was to try to hit all levels throughout the organisation.

MS CAHILL: All right. But ---

MS WHITAKER: I can't be absolutely certain. I don't have the full structure in front of me.

MS CAHILL: Understood. But just to be aware, when we are reading the report, that between that senior leadership, senior management, senior executive to which you refer in the report, and then team members, supervisors and managers to which you refer in the report, there is also, in between those two, a level of management comprised of people such as general managers and more senior managers that you also gathered data from?

MS WHITAKER: Yes. As I said, there were general managers that we did conduct interviews with, which I would consider those reporting into the executive.

MS CAHILL: What is the difference in terms of purpose and scope of gathering data from focus groups as opposed to these one-on-one interviews?

MS WHITAKER: So in terms of the interviews, you are trying to create --- well, first of all, you know, we prioritise those that were more senior, given they have a broader view of the organisation, in order to get into that level of depth that we can with them. You will see under the language of approach we had two different ways of interviewing. So some of them were hypothesis-led, which is what we did with the people that work at Crown every day. From the survey we generated, I think six hypotheses, and from that we used them to interview those leaders. For the board, because they are not at Crown necessarily every day and some of the (inaudible) surveys we were doing wouldn't necessarily resonate with them to be able to describe in detail what they observed; instead, we used the values with them.

In terms of the focus groups, we are looking at a broader group of stakeholders. They will come and talk to us. We did all of them face-to-face, which was challenging given opening up, shutting down of COVID happening, but we did all of them face-to-face, and in that, we are taking a larger group of people again to explore the same hypothesis that we've done in the interviews. It is a way to cover more people and also generate some dialogue around the group as well, to get them agreeing or disagreeing with each other to draw out the insights. But the purpose of focus groups and interviews generally is really to take those hypotheses that we've established through the survey, and trying to get down to the root causes or the mindsets that are driving the behaviours that they are observing, so that we can get closer to those levers Crown can pull to create change in the organisation. So by understanding what the behaviour is, we need to understand what is driving the behaviour, the mindset driving the behaviour, what do they believe to be true, and we

do that through that dialogue.

5 MS CAHILL: Thank you. The external interviews that you refer to at 9453, they were conducted with whom?

10 MS WHITAKER: We looked at a broad range of stakeholders to conduct those interviews. So some of them were suppliers, some were customers, some were --- we had a regulator in there. We had community groups that Crown worked with, so there was a number of different stakeholders. I can't recall exactly who they were, specifically, but a number of different ones.

MS CAHILL: Which regulator?

15 MS WHITAKER: It was the Victorian ---

MS CAHILL: VCGLR?

20 MS WHITAKER: That's the one, yes.

MS CAHILL: Was the purpose of the interviews the same, to gather perceptions about whether and to what extent Crown lived its values in practice?

25 MS WHITAKER: Yes, that's right.

MS CAHILL: And then coming back to page 9451 in your report, and that full paragraph we popped out before, there is a reference to business data and document review. I will ask you about that in a second. I just skipped over observations. These were Deloitte's own observations that it made, generated from the interviews and --- observing the interviews and focus groups; is that right?

30

MS WHITAKER: No. What we did there is we identified a number of meetings to attend and observed those meetings from a behavioural point of view to understand the types of behaviour that we could observe in relation to the values and behaviours that the organisation espoused, and whether we observed them being lived within those meetings.

35

MS CAHILL: So were these ordinary business meetings or meetings set up to discuss culture?

40

MS WHITAKER: No, ordinary business meetings.

MS CAHILL: I understand. So observing things which may have been left implicit or unsaid in the formal interviews and focus groups; is that the idea?

45

MS WHITAKER: Yes, exactly. So just attending their normal team meetings or those sorts of things to understand the extent to which we could see the behaviours and values being lived at those meetings.

MS CAHILL: Coming back to 9451, please, and the business data that you refer there, I gather from the balance of the report that the business data to which you refer there is referenced to the material that sits in the bottom half of each, or the bottom
5 part of each part of the survey dashboards. I am going to come to the survey dashboards in a moment in more detail, but just now to understand about the business data, if I go to one as an example at page 9480.

MS WHITAKER: Yes, that's correct.
10

MS CAHILL: So you have the business data identified down the bottom there.

If we can highlight that for Ms Whitaker so she can read it more easily.

15 The "LEAD" and "LAG" words there, is that intended, or acronyms, is that intended as a reference to LEAD and LAG indicators?

MS WHITAKER: Yes, that's correct. So what we are looking at there is the LEAD indicators ---
20

MS CAHILL: Sorry, I will just frame a question.

MS WHITAKER: Sorry, go ahead.

25 MS CAHILL: Can you just explain what a LEAD indicator and what a LAG indicator is to the Commission?

MS WHITAKER: Sure. So the LEAD indicator are those things that may affect the mindset or behaviour within the business. So here, you can see the completion of
30 diversity and inclusion training. One would hope that that would lead to a mindset of appreciating diversity and enabling inclusion. The LAG indicator is the business impact that that mindset may have on the organisation. So we're trying to create a pathway here of, "If you pull this lever, you will shift that mindset which will have this business impact".

35 MS CAHILL: And the business data that sits at the bottom of each of the survey dashboards differs, depending on what the value is that you are assessing as being lived; is that right?

40 MS WHITAKER: Yes.

MS CAHILL: If I can understand, how does that business data inform you about Crown's staff perceptions of whether values are lived?

45 MS WHITAKER: The business data for the purposes of this report is effectively baseline data for future reports. So you would hope to see that this will move in a way that is towards the values, for example. And over time that trend analysis will

help them understand whether the levers that they are pulling are shifting the mindsets they want to have to shift the business outcomes they are looking for. You can see, I think there is an example in here where they have done increased AML training and then you will see the uptick in AML issues being reported, for example.

MS CAHILL: The final piece of data that you refer to at 9451 is document review.

MS WHITAKER: Yes.

MS CAHILL: What sort of documents did Deloitte review for the purposes of this assessment?

MS WHITAKER: For the full engagement, the phase 1 piece of work was really a very detailed look at the documents in place to understand how they thought about an architected --- is that a word, I don't know --- the architecture around how they conceived or organisational culture. The documents that we looked at for the purpose of phases 2 and 3 was really to validate against claims made by people throughout the engagement. So, for example, some people said, oh, we don't get assessed for risk in our performance reviews. So we would go to the performance review document to have a look at whether they were assessed for risk.

MS CAHILL: So just in terms of the what, rather than the why ---

MS WHITAKER: Sorry.

MS CAHILL: --- the documents that you reviewed, do I understand your answer correctly, varied depending upon what people were saying in interviews or focus groups or how they responded to the survey, and was used as effectively a cross-check to validate what was being said?

MS WHITAKER: Exactly. Yes.

MS CAHILL: Coming back to Ms Arzadon's report, PCRC.0021.0001.0001, at 0010, she makes the point about different approaches that can be taken to the work of cultural assessment and says that some people favour a perception-based approach and others can combine that with some fact-based data or formal mechanisms. Would you say that your approach purely perception-based?

MS WHITAKER: I would say it was predominantly perception-based.

MS CAHILL: But, as you've just explained, there was some reference to data to validate certain indications or findings that you might reach?

MS WHITAKER: Yes, that's for this phase of the report. The phase 1 report was really very heavily based on the review of those documents.

MS CAHILL: What do you say to the point that I understand Ms Arzadon to be

making on this page that to actually go into documents, such as, and I understand her to be referring particularly to policies and procedures and documents that evidence systems that are in place in an organisation, can provide insight into what needs to be changed to reinforce new behaviours, in particular whether policies, procedures and documents (inaudible) would you agree or disagree as to that providing additional insight into root causes and how to make effective change?

MS WHITAKER: I think it can.

MS CAHILL: Do you also agree with what I understand her to be putting there, is that looking at those documents, policies, procedures, documented systems and so forth can also provide additional insight into how long it will take to effect change, such as ---

MS WHITAKER: I think --

MR CAHILL: Sorry, you go.

MS WHITAKER: Sorry. I think how long it takes to effect change is very much down to, particularly in this case, the context of the organisation and where it is at the moment. An organisation that has had multiple shutdowns over the past year due to COVID, it is very difficult to change a culture when people aren't present to live it day-to-day. So I think there is context around that, but I think it can, reviewing the policies and systems and processes and those sorts of things, can give insight into those things that are giving shape to behaviours and mindsets within the organisation.

MS CAHILL: Thank you. Now, if we come back to your report at page 9454, and we look at the third paragraph, so we are in the top half of the page, if that can be pulled out, please. The top half of the page, please.

In the smaller text, not the opening words, we see in the right-hand column, top page --- well, it is apparent from the left-hand side that the data for the report was collected between February and July 2021, with the survey responses being received up until about mid-May 2021. And you can confirm that was in fact what happened?

MS WHITAKER: Yes.

MS CAHILL: And between February 2021 and now, Crown has, to your knowledge, been undertaking already certain steps to improve the culture of the organisation?

MS WHITAKER: I believe so.

MS CAHILL: But it's the case, isn't it, that your findings in this report, based on the data collected between February and July, the survey results up to May, still have currency and accurately reflect the present state of the culture at Crown?

MS WHITAKER: I couldn't be 100 per cent sure without going and measuring it all

again, but given they have, bar Perth, effectively been closed in that period of time, it will have shifted a little bit but it won't be revolutionary.

5 MS CAHILL: You mentioned closures, but even if Crown had been opened, even if the steps that had been taken improved the culture to a degree, you would not normally in your experience expect to see a material improvement in culture over a period of months, is that right? In an organisation of this size?

10 MS WHITAKER: Yes, it does take time to embed the change across the organisation.

MS CAHILL: We've heard quite a bit about the importance of changing culture through senior management, senior executive modelling good behaviour and so forth
15 and we have seen a lot of changes in the senior management during the course of this year and last, Ms Whitaker; it is the case though, isn't it, that even with a wholesale change of senior management the organisation still has to come to grips with what that means for it as an organisation before you can begin to see embedded cultural improvement; is that right?

20 MS WHITAKER: Yes, I think what we are looking for in culture change is that the change is sustained. So that requires us to measure it over time. You can see change happen very rapidly, and then for it to come off again. But it is that sustained change that you want to see come about.

25 MS CAHILL: Accepting that every organisation is different, are you able to provide us with a rough guide --- and we understand that would be a very rough guide --- even in terms of range of the amount of time it usually takes to make material change to culture of an organisation of this size?

30 MS WHITAKER: Material sustained change, I think you are talking about three to five years.

MS CAHILL: If one were to want to undertake another assessment such as the one
35 you've undertaken in this report, at some time in the future in order to measure whether or not there has been a material improvement in the culture at Crown, what in your opinion would be the earlier point in time at which it would be meaningful to conduct such an assessment?

40 MS WHITAKER: I think in the context of Crown at the moment I think the one-year mark from the first assessment would be appropriate, due to the fact that they have had closures, et cetera. I think that would be an appropriate period of time.

MS CAHILL: So do you mean specifically that one might --- whoever is conducting
45 that assessment would begin in February 2022?

MS WHITAKER: Yes, most likely.

MS CAHILL: I've got a couple of questions to ask you about how to read certain parts of your report. If we go to 9461, there is some instructions given. And if you see about a third of the way down the page, the last two-thirds, we have some
5 instructions there about reading the survey dashboards, which is a reference to pages such as, and I will just ask the operator to go to 9473. That is an example dashboard in the report?

MS WHITAKER: Yes.
10

MS CAHILL: And there is a dashboard for each of the stated values?

MS WHITAKER: Yes.

MS CAHILL: I think four survey dashboards, all in all. Do the dashboards rely exclusively on the survey results and not the other data?
15

MS WHITAKER: It relies on the survey results and the business data.

MS CAHILL: But doesn't have regard to interviews or focus groups?
20

MS WHITAKER: No.

MS CAHILL: For each dashboard, the propositions in the survey that most closely correlate to the Crown value under consideration are set out with the measure of responses ---
25

MS WHITAKER: That's right.

MS CAHILL: So that was Deloitte's task to evaluate which of the propositions or questions most closely reflected that value; is that right?
30

MS WHITAKER: Yes, so when we designed the survey, we looked to both the value and behaviours espoused, and to design survey questions off that and this is a reflection of that.
35

MS CAHILL: So now if we come back to page CRW.701.004.9461, and we bring out the bottom two-thirds of the page, please.

40 Firstly, in relation to negatively worded survey questions, now these are marked in the dashboards with an accent to identify that they are negatively worded questions or propositions.

MS WHITAKER: Yes.
45

MS CAHILL: And you identify on this page, before we get back to those specifically negatively-worded questions, how you've colour-coded the responses in the survey dashboards generally. So, in this example that you give here, the largest one, the

17 per cent is the percentage of respondents who strongly agreed with the proposition; is that right?

5 MS WHITAKER: Yes.

MS CAHILL: Then the 41 per cent is a combination of those who both strongly agreed and agreed; is that how that works?

10 MS WHITAKER: No. The 41 per cent is just those that agreed.

MS CAHILL: All right. And then there would be other percentages ---

MS WHITAKER: Yes.

15

MS CAHILL: --- for the others. Understand.

MS WHITAKER: And the "strongly agree" plus the "agree", so the 17 per cent and 41 per cent gives you the 59 per cent.

20

MS CAHILL: Understand. So when we come to a reverse scored item, such as "The people I work with bend the rules when it suits them", this appears at page 9467 at item 13, this is the survey dashboard of "we do the right thing". So we have 43 per cent who strongly disagree with that proposition; is that right?

25

MS WHITAKER: So what we do with negatively worded questions is we reverse it. So green is good, red is bad. The same with everything else. So as you read down the page, that 43 per cent who believe that it isn't necessary to bend the rules and the rest of them think it is necessary to bend the rules.

30

MS CAHILL: Let's just be clear; 11 per cent of respondents are strongly agreed that the people they worked with bent the rules when it suited them?

MS WHITAKER: No, 11 per cent strongly disagree that people bend the rules.

35

MS CAHILL: Right. 32 per cent.

MS WHITAKER: Does that make sense? Sorry, it is a bit confusing but we find people get confused either way when you do negatively-worded questions. We always spend time explaining this to the client.

40

MS CAHILL: 11 per cent strongly disagreed that the people they worked with bent rules when it suited them?

45 MS WHITAKER: Yes.

MS CAHILL: 32 per cent disagreed?

10:59AM

MS WHITAKER: Yes.

MS CAHILL: 26 per cent were neutral?

5

MS WHITAKER: Yes.

MS CAHILL: 24 per cent agreed.

10 MS WHITAKER: Yes.

MS CAHILL: And 43 per cent strongly agreed?

MS WHITAKER: No, 43 per cent is the average of (inaudible) ---

15

MS CAHILL: I see. So the number for "strongly agreed" is not set out there?

MS WHITAKER: Exactly.

20 MS CAHILL: And why is that?

MS WHITAKER: Just space.

MS CAHILL: Now, if we come back to 9461, I wanted to ask you a question about
25 the bottom right-hand corner where you provide the overall positive perception. So
on each dashboard for the relevant value, you've got a combined average, if you will,
across all scores. I wanted to ask you about the second sentence here, and you say:

30 *While it provides an indicator of sentiment, it does not provide an overall score
of the extent to which the value is lived.*

You are not trying to, though, ascertain the extent to which the value is lived
objectively, are you? This is an assessment of what people's perceptions are about
the living of values?

35

MS WHITAKER: Yes, that's true. What I mean to say here is clients often want,
"Give me one number, tell me the one number that the value is lived or not lived",
and it oversimplifies the status of the perceptions in relation to that value. So it is not
to say that therefore, it is amazing or it is terrible, but it is there to provide an
40 indicator, and again, trends over time will show them whether that is moving, and so
can assist the board, for example, in getting across that sentiment very quickly, but
the second half of the sentence is really there to say "Look further".

MS CAHILL: Well, it also indicates, doesn't it, what this assessment isn't, which is
45 an objective measure of what is actually happening in terms of culture in the
organisation; it is just how people think, in the organisation, the values are being
lived or not?

MS WHITAKER: Yes. Yes. So it is based on perception.

5 MS CAHILL: One more question about how to read the report, if we go back to 9464, please. Behind each of these values you have an overview. Here is the value "we do the right thing" and if we can blow that up so Ms Whitaker can see it, please. Does the overview section of each value follow this format? On the left-hand column on the page you provide your overview of what the data gathered says about the value being implemented in practice within the Crown Group, or the perception
10 of that?

MS WHITAKER: Yes.

15 MS CAHILL: And on the right-hand side is a statement of things that can be done to address negative perceptions or to enable more positive perceptions to be developed?

MS WHITAKER: Yes. So the right-hand side goes to those things that are sort of strengths as well as those things that could be improved.

20 MS CAHILL: I want to understand this clearly; is there any part of the right-hand column that is a finding from the data?

25 MS WHITAKER: I mean, the left-hand is the findings from the data. The right-hand column is an expression of those things that they should focus on to change, looking at both, I guess, highlights and low lights, those things that are strengths that they can lean into further as well as those things that could be improved.

30 MS CAHILL: I think I might have said that was the last thing I wanted to know about how to read the report. I have one more question. At various points in your report you make reference to "Line 1", capitalised, what is that in relation to?

35 MS WHITAKER: That's in relation to the three lines of defence. The three lines of defence being Line 1 is the business and people in their everyday roles should be managing risk, Line 2 being the risk function, Line 3 being the audit function.

MS CAHILL: So Line 1 is then anybody who is involved in the direct operations of the organisation?

40 MS WHITAKER: Yes. So if you are pouring glasses of wine for people, you should be paying attention to your Responsible Service of Alcohol and managing risk around that, for example.

MS CAHILL: What about a manager of someone who is serving alcohol?

45 MS WHITAKER: Yes, they are also Line 1.

MS CAHILL: Now, your overarching findings in this report are set out between

pages 9456 and 9459. Starting with 9456, this heading of "purpose and values contributes to risk and compliance", it seems to be not --- just zoom out so I can see the whole page, please. In part of the text that is not in columns at the top of the page, is this your finding in relation to this issue of purpose and values contributes to risk and compliance?

MS WHITAKER: So the way that the overarching findings came about was when we did the analysis of the data, there were four key themes that emerged from our factor analysis. So what we are looking for there is like ways in which people are responding to questions. We also did regression analysis to look at what is driving those perceptions. So one of those key findings really was around risk and compliance, and that risk and compliance has a strong attitude towards it, there is a strong mindset of it, but there are limitations in people's ability to follow through in their risk and compliance obligations.

We also found, in our regression analysis, that people that were motivated and felt connected to the purpose and values of the organisation also had really positive sentiment towards risk and compliance. So that means for Crown, if they want to motivate people around risk and compliance, they should focus on the purpose and values and helping them be lived and people with feel motivated. We found that correlation there.

So the four themes of the overarching findings relate to those cross-cutting findings across all the different values.

MS CAHILL: So it wasn't an overarching finding that although there was a lot of awareness of risk and compliance and the need for it, it wasn't actually being implemented in practice, that is not an overarching finding?

MS WHITAKER: That is an overarching finding, that is part of this overarching finding.

MS CAHILL: Expressed where?

MS WHITAKER: In the second paragraph:

This awareness is not yet driving compliance behaviours, with multiple barriers preventing the activation of these behaviours

MS CAHILL: So what is the first paragraph about?

MS WHITAKER: The first paragraph is about the relationship, the correlation. You know in hindsight you read the reports and always think there are things you could have done better. Obviously we could have explained this better or given better sentiment around it. SO the first part of the statement is this finding of correlation, the connection to purpose and values, people feeling connected to the purpose and values, drives positive sentiment towards risk and compliance. And the second

5 sentence says that again. And then the finding that although people feel the sentiment towards compliance, there are barriers preventing them from being compliant with multiple reasons for it, so poor relationships with managers, poor policy frameworks, inconsistent performance management, and we say go and have a look at the "We do the right thing" section to explore that further, as well as the "We are passionate" section.

10 MS CAHILL: In relation to that second paragraph, "This awareness is not yet driving compliance behaviours", this is an important finding in relation to risk culture, isn't it?

MS WHITAKER: It is, yes.

15 MS CAHILL: Because you need to have a culture of compliance for risk to be identified and managed adequately. You'd agree with that?

20 MS WHITAKER: I would say that it is true in relation to your regulatory risk, but of course there's risks that are outside of compliance as well. But having an understanding is only one step, having good systems and processes, being supported by your manager to manage risk effectively, all goes towards effective risk management.

25 MS CAHILL: You mentioned a moment ago that in the second paragraph, you identify some of the reasons for the awareness not yet driving compliance behaviour, and you mentioned management in two respects; poor relationships with managers and inconsistent performance management.

30 MS WHITAKER: Yes.

MS CAHILL: Is it fair to say that a poor perception of management themselves actually living the values was one of the most prominent findings of your assessment?

35 MS WHITAKER: Yes, and that is the next overarching finding.

40 MS CAHILL: If we pop that section of the page back in, and we look at the two columns underneath it, you've got these two columns, one is "Cultural enablers" and the other is "Cultural derailers". Taking the left-hand column first, "Cultural enablers", is any part of this column comprised of your findings from the data?

MS WHITAKER: Let me take a moment to read it, please.

45 MS WHITAKER: What we are attempting to do with these cultural enablers and derailers is effectively taking the findings and helping them understand what they are to do with them, or what will drive the next steps. So it is a combination of interpreting the findings and interpreting particularly either the regression analysis, et cetera, to help them understand "These are the steps that you should be taking to

enable your culture". In terms of the cultural derailers it is really pointing to those things that are actually preventing their culture to coming to life. So an abundance of policies, we learnt through the process that there was a large number of policies
5 which were really leading to making it difficult for people to comply with the overwhelming number of policies that they were to be across. So, for example, that first one is really talking to, if you want to get your culture right, you've got to overcome this abundance of policy.

10 MR CAHILL: So the cultural derailers, in particular, are effectively Deloitte's professional assessment based on the data, the root cause for those findings.

MS WHITAKER: I think that is a fair assessment.

15 MS CAHILL: Whereas the left-hand column is more about understanding what those findings say, "This is our professional assessment of what you could do to improve the culture"?

MS WHITAKER: I think some of those things are strengths of the culture as well, in
20 terms of thinking through and those things that you could do, yes.

MS CAHILL: How do we distinguish what is Deloitte professional judgment and what is something that you've actually seen in the data?

25 MS WHITAKER: I think to be honest, to be fair, it probably does lack a little bit of clarity there. I think as you get into the detail of the report the clarity becomes clearer. There is greater clarity.

MS CAHILL: So if we go to 9457, you've got a similar format there in respect of
30 this "Leadership drives trust" finding. If we cut to the chase and try and summarise it, Ms Whitaker, essentially you found that Crown staff do not generally perceive the board and senior management to be behaving in accordance with Crown values, is that the effect of this overarching finding?

35 MS WHITAKER: I think what I would say is that I don't generally agree or strongly agree that they are behaving in effect with the purpose and values. There was a very, very high neutral response, in particular, and so that always leads us to ask why is there a neutral response. We don't know, but if I were to hazard a guess in my professional judgment, we did ask people their sentiment when we went to the focus
40 groups, there was very little visibility, for example, of the board. Almost no communication from the Board until Helen Coonan became the Executive Chair and that would lead me to ask the question of with a high neutral response, who is the board for me to have an opinion on whether they are living the values or not. It was about half the business that responded neutrally. Certainly they didn't agree or
45 strongly agree.

MS CAHILL: Would you regard it as a cultural weakness that an organisation's staff, below senior level, would be neutral about whether the senior leadership lived the

11:14AM

company or the organisation's values?

5 MS WHITAKER: I think there is definitely work to be done by Crown leadership and board to set the tone in relation to living the purpose and values.

10 MS CAHILL: Just to come back to my question though, when you get results like that where predominantly the staff are neutral about whether the senior leadership are living the organisation's values, that to you is a significant concern, it is a significant cultural weakness?

MS WHITAKER: Yes, absolutely.

15 MS CAHILL: What you want to see in a strong culture is staff perceiving that the senior leadership live the values that are espoused, is that right?

MS WHITAKER: That's correct.

20 MS CAHILL: Within this theme of "Leadership drives trust", was there also this perception that was also a significant weakness of staff perceiving that customers and profit are prioritised above compliance?

MS WHITAKER: That was a perception held, yes.

25 MS CAHILL: If we go to --- sir, that is probably a convenient time.

30 COMMISSIONER OWEN: Ms Whitaker, we take a break at this time of the morning. We will break now and will come back at 11.30 our time, which is 2.30 your time.

MS WHITAKER: Thank you.

35 **ADJOURNED** [11.16 AM]

RESUMED [11.32AM]

40 COMMISSIONER OWEN: Please be seated. Thank you, Ms Whitaker.

45 MS CAHILL: Now, Ms Whitaker, I had you at that second overarching finding just before the break there, if you can flip over to 9458, please, and we get to "Relationships with managers are critical to success".

MS WHITAKER: Yes.

MS CAHILL: Trying to gather what the actual finding was here in terms of the

perception of the quality of relationships staff are with managers?

5 MS WHITAKER: I would say here that the relationship an individual had with their manager had a very significant bearing on their response to the survey generally and their perceptions generally. Some people perceive that they had an excellent relationship with their manager and therefore perceived the values were being lived, they perceived good risk and compliance. Others felt that managers were bullying or showed favouritism to others, et cetera, which had a significant bearing on their
10 perceptions as well. So here it is to state that the importance of the manager was absolutely critical to the organisation being able to pursue its aspirational culture.

MS CAHILL: So this overarching finding, is this just to do with managers down at that, for the lower end ---

15

MS WHITAKER: At all levels of the organisation, so your line manager.

MS CAHILL: So "your direct report", might that be a generic way to describe ---

20 MS WHITAKER: Yes.

MS CAHILL: --- what the overarching finding relates to?

25 MS WHITAKER: Yes.

MS CAHILL: Or, sorry, the person to whom you directly report?

MS WHITAKER: Yes, exactly.

30 MS CAHILL: Then I think the final overarching finding is at 9459, "Effective working relationships support engagement". What was the finding here in relation to the perception of whether working relationships were effective and supported engagement?

35 MS WHITAKER: So here when we are talking about engagement, we mean an employee engagement. The extent to which they feel engaged to be at work, whether they want to continue to work at Crown and feel happy to work there. Here we are talking about those people that feel that they have got good working relationships with their team, with their manager, et cetera feel more engaged within the
40 organisation?

What was particularly interesting here was the role that respect played in engagement. So people who felt respected, or feeling respected accounted for 50 per cent of whether they felt engaged within the workplace.

45

MS CAHILL: Did people generally feel respected and therefore engaged?

MS WHITAKER: I think there was a large proportion who did not feel respected

within the organisation.

MS CAHILL: And, therefore, you concluded did not feel engaged?

5

MS WHITAKER: Yes.

MS CAHILL: If we return to Ms Arzadon's report at page 0009, here Ms Arzadon is discussing the reasonableness of your key findings which you doesn't take issue with, although she takes issue with the way in which the findings were phrased and suggests that they could be framed more objectively and clearly. And in that table there, a third of the way down the page, she sets out in the right-hand column a different version of your overarching finding, based on her review of the survey results. Do you take any issue with how she has framed her findings?

10
15

MS WHITAKER: I think her framing of the findings is overly simplified in that customer satisfaction is prioritised over compliance. First of all, she took a risk culture lens to conducting her assessment. But it is overly simplified in that when we were looking, for example, at risk and compliance, there is a number of factors that are driving their ability to uphold or have an effective risk and compliance culture. Customer satisfaction is one of those things, but an overly complex environment is another, poor skills among management is another.

20

So I think for me, it is very direct language and maybe we should have been more direct in our language, but it is overly simplified and ours, as I mentioned also, was a reflection of that factor analysis that we undertook. Really, these were just headlines statements as well.

25

MS CAHILL: Hers or yours?

30

MS WHITAKER: Ours, Deloitte.

MS CAHILL: They are overarching findings, how they are described?

MS WHITAKER: Well, it's an introductory sentence into a paragraph that is the overarching findings.

35

MS CAHILL: All right. Now, in terms of Ms Arzadon's descriptions, so you say they are oversimplified and the first example that you give customer satisfaction and profit is prioritised over compliance, is what is you are really saying there is that is just one aspect of the conclusion. It is correct as far as it goes, but it is incomplete?

40

MS WHITAKER: Exactly.

MS CAHILL: And would you say that about the other three?

45

MS WHITAKER: Senior leaders are not trusted? I think for a proportion of the staff, that is true. "Tension between managers and staff prevents escalation of

issues", I think from a risk perspective that is true, but I think there is other challenges, both strengths and weaknesses, actually. There are some managers who are excellent managers and for whom the staff are very supportive of, you know, so again I think that is a simplification of it. An "effective working relationships support engagement" and "staff value their relationships with peers", I would say that is a fair reflection of that finding.

MS CAHILL: If you were to do what Ms Arzadon did, and in your words, provide a --- look at this with a risk culture lens, applying that, would you consider them to be less simplified and more complete than you just expressed?

MS WHITAKER: Yes. I think for the first one, no, I would say it is still simplified in that there are other dimensions of risk management that are contributing to deficiencies in a risk culture. In terms of leaders are not trusted, from a risk culture lens I think that may be fair. I think with the escalation of issues, it is probably not just escalating issues that could be creating problems for risk management although that is an important part of effective risk management. I think there is probably things beyond that. And then valuing your relationship with peers, I don't know if that particularly reflects a risk culture anyway.

MS CAHILL: If we pop that back, please, and Ms Arzadon underneath the table sets out three bullet points, three sub-bullet points which she says are of particular concern from a risk culture perspective, that the results of the surveys indicate. Do you agree that those are results of particular concern from a risk culture perspective?

MS WHITAKER: I'll just take a moment to read it. I think they are all of concern.

MS CAHILL: And they are what you would call cultural derailers?

MS WHITAKER: Yes, I think so.

MS CAHILL: Specifically in relation to a positive risk and compliance culture?

MS WHITAKER: Yes.

MS CAHILL: And over the page at 0010, in the second dot point, second sub-dot point on that page, Ms Arzadon is making reference to a "Speak Up" initiative being piloted in Perth to address poor perceptions about psychological safety, which presumably means, for example, about feeling safe to speak up about something of concern.

MS WHITAKER: Yes.

MS CAHILL: She goes on to say that because of the very poor results reported by Perth staff in relation to psychological safety, you could not conclude from that initiative that there had been progress on that issue, psychological safety. Would you agree with that?

MS WHITAKER: We have not sought to examine that program of work to establish the extent to which it is addressing the issue. I don't know whether it will have addressed the issue, but I do think there are other aspects that drive psychological safety that would need to be addressed in order to sought out psychological safety across the organisation.

MS CAHILL: Ms Arzadon hadn't measured it either. She's simply saying in terms, as I understand her, coming off such a low base as you are in Perth, that "Speak Up" initiative is not going to, as they like to say these days, move the needle; would you agree with me?

MS WHITAKER: I don't know if it is a training program or whether the initiative actually seeks to go further, but I would suggest that things like consequence management, and whether their consequence management framework is sufficient, would need to be addressed. I would suggest that their performance management needs to be addressed, and all of these things together would seek to address psychological safety.

So from that perspective, what needs to go into enhancing psychological safety, it needs to be more than a training program. But what I don't know is whether the "Speak Up" initiative is more than a training program.

MS CAHILL: I want to take you to page 0008 of Ms Arzadon's report. It is always difficult to read other people critiquing your work, I appreciate that.

Down the bottom, what Ms Arzadon is critiquing there is the style of the report and how it is expressed. I wanted to ask you about the first bullet point, which I read as her referring to an assessment of the relative cultural weaknesses in the Crown Group compared to other organisations. You don't actually seek to express a view on that topic in your report, do you?

MS WHITAKER: We don't make comparisons or benchmarks to other organisations, no.

MS CAHILL: Is there a reason for that?

MS WHITAKER: I think the reason for it is the difficulty in doing that. So the framework that we've used is Crown's organisational values and behaviours, and I don't think there would be another organisation in the world that would have the same values and behaviours to benchmark against. I think if we were to benchmark against other organisations, it would most likely be from other sectors and, therefore, that comparison might be slightly unfair and also, philosophically, if you benchmark, you may be driving towards the (inaudible). If they are better than the worst, it doesn't make them good. So measuring them against who they aspire to be, in my view, is a better measure of their culture.

MS CAHILL: So you define the aspirational culture statement which is the value statement, and then you will, say, let me measure the gap?

5 MS WHITAKER: Exactly.

MS CAHILL: Now, in relation to the next bullet point in terms, it said that the style of the report makes it difficult to clearly determine how difficult it will for Crown to change in a positive direction. You haven't expressed a view about that either in
10 your report, have you?

MS WHITAKER: I think two things for that, one is that the roadmap we developed for Crown goes to the changes that are necessary, and that was done through a consultative process. So us at Deloitte, presenting the findings to Crown, and
15 working with them within the current context to establish what was going to be possible and appropriate, in what timing, given the broader remediation work that they have planned, what was the appropriate cadence and scheduling of the activities for change, and included in our change strategy is an articulation of the barriers to change, and those things that need to be overcome in order to enable change to be
20 effective within the organisation.

MS CAHILL: So that is in the roadmap and the documents that come in at phase 4; am I right?

25 MS WHITAKER: So the roadmap was phase 4, the change strategy, which is a separate document, was a subsequent engagement after.

MS CAHILL: Yes. Post-phase 4?

30 MS WHITAKER: Exactly.

MS CAHILL: But to be clear in this report, you don't attempt to opine on how easy or difficult, how fast or slow it will be to make a positive change to the culture in Crown?
35

MS WHITAKER: No.

MS CAHILL: The last bullet point, she says the style of the report makes it difficult to clearly determine which subgroups within Crown are the most critical to address
40 first. You don't seek to do that in your report either, do you?

MS WHITAKER: No.

MS CAHILL: Now at page 0016 of Ms Arzadon's report, you will have read this, she commences a consideration of how she would prioritise certain issues. So you've
45 read that discussion commencing at section 5 of her report?

MS WHITAKER: Yes.

MS CAHILL: At page 0020 at the bottom she sets out this conclusion which goes on to page 0021. Yes, please pop that out.

5 She uses this language at the end of this first paragraph about Crown being in a very precarious position, by which she means that apart from knowledge of risk management policies, all of the cultural traits identified as directly causal in risk management failure were areas of relative weakness for Crown; would you agree with that?

10 MS WHITAKER: I think based on the analysis that she's put forward, there is evidence to suggest there is various weakness in terms of their risk culture, yes.

15 MS CAHILL: Well, that's not what I put to you. More specifically, she describes Crown as being in a very precarious position in that regard, would you agree with that?

20 MS WHITAKER: In terms of where Crown is in relation to its organisation, is it in a precarious --- sorry, can you restate that question?

25 MS CAHILL: So in this first paragraph here, she has looked at whole causal factors, and she has identified in terms all but one of the key cultural traits identified as directly causal in risk management failure were areas of relative weakness for Crown; do you agree with that?

MS WHITAKER: So were those areas of relative weakness in relation to other organisations, I presume?

30 MS CAHILL: Well, I'm just asking you to tell me whether you agree with what she says there or not.

MS WHITAKER: Give me a moment to read it, if that's okay.

35 I think she provides assessment that they are relatively --- relative areas of weakness.

MS CAHILL: I'm not asking you what she says, I'm asking you whether you agree with what she has said.

40 MS WHITAKER: I mean, I haven't done the assessment against the risk culture framework, but I would say anecdotally I would agree that there is relative weakness across that area.

45 MS CAHILL: That then leads to her saying that this suggests, "this" being what we've just discussed, that Crown is in a very precarious position; would you agree with that conclusion?

MS WHITAKER: I think she is talking about a very precarious position in relation

to the cultural traits undermining immediate behaviour change.

MS CAHILL: Yes.

5

MS WHITAKER: I think there is a lot of work that Crown needs to do across those areas to enable that cultural change to be effective.

MS CAHILL: So do you agree with what she has said there in that sentence?

10

MS WHITAKER: Yes.

MS CAHILL: Now, at section 7 of her report, which commences at the bottom of page 0024, Ms Arzadon makes comment about the assessment of culture within individual business units within each of the properties, Melbourne, Perth, Sydney. Your report does not address that, does it?

15

MS WHITAKER: We have a subsequent document that we shared with Crown which provides the full detail of the heat maps across each business unit. In addition we have called out within the report those areas that were found to be statistically significant by business unit to call out where those differences lay.

20

MS CAHILL: But you are agreeing with me that this report that I've got in front of me does not do that, differentiate the business units?

25

MS WHITAKER: Elizabeth's report?

MS CAHILL: Your report ---

30

MS WHITAKER: Okay, sorry, Elizabeth's report is on the screen.

MS CAHILL: Your report with the survey dashboards that I've been taking you to today.

35

MS WHITAKER: Yes.

MS CAHILL: That first report before the demographic detail report ---

MS WHITAKER: Yes.

40

MS CAHILL: --- that doesn't comment on individual business units, does it?

MS WHITAKER: It only comments on individual business units where it is statistically significant that there are outliers, from the mean.

45

MS CAHILL: At section 7.2 on page 0025 of Ms Arzadon's report, she singles out three business units in Perth: the surveillance team, the VIP gaming team and the legal and regulatory team, where there are particular issues of concern she has

identified. That then culminates in her overarching observations at section 7.3 down the bottom of page 0026 about these business units particularly reflecting this tension between meeting customer demands on the one hand and compliance obligations on theory. Do you agree with the conclusions she has reached in that regard or do you need to read that again?

MS WHITAKER: I would like to read it, please.

10 Do I agree with that conclusion?

MS CAHILL: Yes.

15 MS WHITAKER: I think it is highlighted through the report that it is a challenge within those business units to balance compliance and customer experience, if I'm reading that correctly.

MS CAHILL: Her conclusions on page 0029 suggest consideration be given to a more detailed analysis be given at the business unit level in Perth. Do you consider it would be useful to undertake that additional work?

20 MS WHITAKER: I think there is already conversations happening within Perth to further explore and understand some of those aspects. My understanding is the VIP gaming business unit no longer exists. However, I know, for example, that they are looking closely at surveillance. Legal and regulatory, I'm not certain about that one in particular.

MS CAHILL: To the extent that those operations are still in existence, would you agree with the recommendations for a more detailed analysis of the culture within those business units?

MS WHITAKER: Yes.

35 MS CAHILL: I want to ask you questions back in your report about the additional observations you made about risk culture. And if we go to 9488, those key observations in the left-hand column, are they derived from the relevant survey responses, are they?

MS WHITAKER: They will be observations from the survey responses combined with the other data points.

MS CAHILL: And at page 9489, what that page about is basically a more detailed set of observations that support the key ones on the previous page?

45 MS WHITAKER: That is the intention, yes.

MS CAHILL: In relation to the key observations, is it a fair summary to say that, I think as you've alluded to before, the gist of your observations is that apart from the

general awareness of staff of the relevance of risk and compliance to the business, and the need to comply, your observations about risk culture at Crown were negative?

5

MS WHITAKER: Yes, I think that is a fair conclusion on the whole. I think there is a lot of room for improvement.

10 MS CAHILL: And did it come down, in your mind, to two key things --- there would be others, but these are the most prominent conclusions --- that tension between compliance on the one hand and giving customers what they want on the other is one?

15 MS WHITAKER: Can I answer that when I know the other one that you're --- if they are my two key ones, then maybe I will have a third one.

MS CAHILL: Insufficient attention especially at managerial level to requiring and enforcing compliance in practice in the workplace.

20 MS WHITAKER: I think for me the key things would be, if you are asking me to boil them down to two because we have a number there, I would say the complexity of the policy environment, and how that rolls out into the organisation from a controls point of view makes it very difficult for people to comply. And I think that combined with the drive from management to make decisions that are pursuant for profit and customer satisfaction is the other thing that makes it difficult for people to
25 comply. I would think they are the two key things that make it difficult.

MS CAHILL: Now, if I can just take you back to Ms Arzadon's report at page 0011, she analyses the data that Deloitte has collected. And in that section 4 there, and in
30 the following pages, she makes some assessments, particularly about the culture of Crown and that culture as a driver of conduct and risk. And when we get to the bottom of page 0015, her conclusion is to the affect that there are serious deficiencies across all dimensions of the risk culture framework. You would agree with that,
35 wouldn't you?

MS WHITAKER: When we are saying "their risk culture framework", do you mean Deloitte or Crowns?

40 MS CAHILL: Crown's.

MS WHITAKER: To be honest, I don't recall their risk culture framework specifically.

45 MS CAHILL: All right. Ms Arzadon observes that a complete transformation is required. You can see in the last sentence, involving removing the formal and informal mechanisms that "currently reinforce existing behavioural norms, and replacing them with new formal and informal mechanisms to reinforce new, desired behaviours". Do you agree with that?

MS WHITAKER: I think I do agree with that, and I think a significant portion of the roadmap is addressing deficiencies in risk formally --- risk culture mechanisms, both formally and informally.

5

MS CAHILL: All right, so let's move on to phase 4 then. Once the cultural assessment had been completed, you moved into phase 4 of your engagement; is that right?

10 MS WHITAKER: Actually, we commenced that before this was completed.

MS CAHILL: All right. If we can stay with your report this morning that we've been looking at and go to page 9451. We can see in the diagram at the bottom half of the page, if that can be popped out, please. You have the culture --- I'm not sure where all these paras are heading but it looks like the culture change roadmap was prepared before the aspirational culture?

15

MS WHITAKER: No. It goes down the page like a worm. So we prepared the aspirational culture, and then the roadmap.

20

MS CAHILL: I see. In fact, they were done together, weren't they?

MS WHITAKER: They were done in the same engagement. But we defined the aspirational culture, what it would look like, and from there we were able to assess the gap and look at the activities needed to close that gap.

25

MS CAHILL: All right. The aspirational culture work product was the draft ethical compass document; is that right?

30 MS WHITAKER: Yes.

MS CAHILL: DTT.010.0007.0036. I will ask you a couple of questions about that document at page 0001. This is the covering letter dated 13 August 2021. It refers in the second paragraph to this document being "developed through a process informed by the Current State Report".

35

MS WHITAKER: Yes.

MS CAHILL: And then "Crown's Leaders' Forums", who were involved in those?

40

MS WHITAKER: So the top 70 leaders from across the business. It didn't include the Board, but the CEO, the direct reports of the CEO, and then a selection of additional people within the business.

45 MS CAHILL: And "a series of interviews" it refers to, with whom?

MS WHITAKER: The interviews were with the Board and some executive

12:04PM

members.

MS CAHILL: What is an artefact review?
5

MS WHITAKER: Documents.

MS CAHILL: Which ones?

10 MS WHITAKER: I cannot recall. Sorry.

MS CAHILL: Then it says a "workshop with Crown Perth's working group"; what is that group and who belongs to it?

15 MS WHITAKER: That was a working group established particularly for the development of the purpose and values. The members of it included some of the team reporting directly to the CEO and some additional members that formed part of the leadership group.

20 MS CAHILL: The last paragraph contemplates the possibility that the draft ethical compass will need to be revised and finalised?

MS WHITAKER: Yes.

25 MS CAHILL: Has it been revised and has it been finalised?

MS WHITAKER: I believe that it has been finalised. I don't believe any changes were made from what we put forward here.

30 MS CAHILL: All right. At page DTT.010.0007.0036_0003, in the third paragraph, in addition to the Purpose Working Group, there is a reference to the Culture Working Group. Who are they and what do they do?

35 MS WHITAKER: The Culture Working Group were more a group from the HR team, or the People and Culture team, that were assigned to this project to assist in seeing it through.

40 MS CAHILL: Page DTT.010.0007.0036_0005, this is the diagram I showed you in your first report, showing --- it may have been modified but it is essentially the same pathway. And, as I understand it, you revised the statement of purpose and values so you have your new aspirational culture, and then you prepare the cultural change roadmap; is that right?

45 MS WHITAKER: Yes.

MS CAHILL: The idea of the roadmap is, it is a pathway to implement and embed the new purpose and values within the organisation; is that right?

MS WHITAKER: And to address the gaps that were identified between the existing culture and the aspirational culture.

5 MS CAHILL: The roadmap in draft form is DTT.010.0007.0048_0001, this is provided to Crown on the same day as the ethical compass document that I just took you to. Were the two prepared in tandem?

10 MS WHITAKER: They were prepared over the same period of time, but the aspirational culture was articulated first and then the roadmap prepared as well.

MS CAHILL: Seeing this is a draft roadmap, has it been revised since August?

15 MS WHITAKER: It has been revised but with minor modifications. There were some change in timeline, et cetera, once they understood the interdependencies with other activities a little bit more across the business, but I think substantively the activities within it remain the same.

20 MS CAHILL: Has the roadmap been rendered in final form to Crown?

MS WHITAKER: Not from Deloitte. It was handed over as a living document.

25 MS CAHILL: Are you aware that Crown is actually implementing the roadmap in its current iteration?

MS WHITAKER: I have been informed that they are implementing it, as I mentioned, substantively within its current form with some minor modifications here and there.

30 MS CAHILL: In terms of the inputs into the roadmap, can I take you to page DTT.010.0007.0036_0008 of this document which sets out the design principles. Do I understand correctly from the left-hand side that the roadmap is in part informed by the current state culture report?

35 MS WHITAKER: Yes.

MS CAHILL: And then moving one to the right, it says "Review of Royal Commission reports"?

40 MS WHITAKER: Yes.

MS CAHILL: What are you referring to there?

45 MS WHITAKER: So "Royal Commission reports" might be not the correct language, but the ILGA Inquiry. So we looked at what came through there, as well as some of the things that were coming through from the Melbourne inquiry at that point in time. Just looking for those aspects that related to behaviour or culture or were being reported also in the news, to try and make sure that those things that had

been identified were being addressed.

5 MS CAHILL: So you weren't actually looking at a report of a Royal Commission but rather some of the evidence that was coming out of the Victorian Royal Commission?

MS WHITAKER: Yes, and of the ILGA Inquiry as well.

10 MS CAHILL: And anything from this Commission?

MS WHITAKER: If it was available, we would have been looking at it. I did have a team member go through quite thoroughly what was coming out, but I can't recall specifically which artefacts.

15 MS CAHILL: The artefact review of 90 documents, are you still in a position where you can't recall what that comprised?

MS WHITAKER: It would have been those documents that we reviewed through the phase 1 report, for example, it would have been documents that had emerged since then that were relevant to it, but I can't recall specifically the full list. But it would have been taking into account all the difference things that was used through the course of the engagement.

25 MS CAHILL: And then there is a series of interviews, forums and meetings to which you refer. Page DTT.010.0007.0036_0057 has further details given in relation to the interviews undertaken, and this was for the specific purpose of identifying whether there were any overlaps with the roadmap relative to what was already being undertaken on the ground; is that the idea?

30 MS WHITAKER: That's correct.

MS CAHILL: The interview with Lonnie Bossi, what is that "T23" a reference to?

35 MS WHITAKER: So the T23 is a group of leaders that come together cross-functionally in Perth to work on strategic initiatives. As a leadership group, they've identified a number of initiatives, they then have cross-functional teams to work on them as a way to enable collaboration across the group.

40 MS CAHILL: If we go to the next page, DTT.010.0007.0036_0058, it says that initiative should continue and modify. Modify in what way?

MS WHITAKER: So it should continue in that it was viewed as quite a strong initiative to enable collaboration across the business. I think we would be looking to modify it to reflect the new aspirational purpose and values and anything that may come out of that, and out of the rest of the roadmap. So there may be some activities there that they need to give it in relation to that.

MS CAHILL: If we return to the inputs at DTT.010.0007.0036_0008. You see there is a reference to consultation with Deloitte and Crown SMEs. What does "SME" mean?

5

MS WHITAKER: Subject matter experts.

MS CAHILL: Can you give me an example?

10 MS WHITAKER: For example, we consulted with some senior partners in Deloitte who are very familiar with risk transformation to ensure that we had covered off everything that needed to be covered off based on the findings of our review.

MS CAHILL: Who are the Crown subject matter experts?

15

MS WHITAKER: They may have been people within the business, for example, people who dealt within HR with performance management or other such things just to get their input. It could have been with the likes of, say, Anne Siegers to get her sense of what needed to happen based on the findings of the review.

20

MS CAHILL: All right. Thank you. In terms of timing at page DTT.010.0007.0036_0013, you identify nine workstreams that are the subject of the roadmap. And at DTT.010.0007.0036_0015, these workstreams are set out in more detail. Is it the case that items 7, 8 and 9 are of particular relevance to the improvement of risk culture?

25

MS WHITAKER: Yes.

30 MS CAHILL: But this roadmap is not specifically and directly about improving risk culture but rather the culture across the organisation as a whole?

35 MS WHITAKER: This is set out to improve the organisational culture as a whole, but given the findings, these were identified to be particularly important. And actually, now that you put this in front of me, 7 and 9 were combined to be one stream of work.

MS CAHILL: So now there is eight workstreams?

40 MS WHITAKER: That's right.

MS CAHILL: If we go back to page DTT.010.0007.0036_0013 and there is a reference to three waves of work with the first to be completed by December 2021, how is that progressing to your knowledge?

45 MS WHITAKER: I think some things are on track, and I think some things are behind track. Some of those are naturally behind track due to the closure of Sydney and Melbourne for recent months. To be honest, I'm not specifically across the full detail of the roadmap, other than to know that many aspects are progressing.

MS CAHILL: The final third wave is to be completed by December 2023. And if we have a look at this in more detail at page DTT.010.0007.0036_0016, if you can give me some help with the explanation of the chart. Now, the nine workstreams, now eight, are down the left-hand side of the page, is that right, in that column?

MS WHITAKER: Yes.

MS CAHILL: And the specific components of each workstream, 1.1, 1.2, 2.6, et cetera, they are set out from page DTT.010.0007.0036_0018; is that right, if we go there? So they correlate to the numbers under each wave of work on page DTT.010.0007.0036_0016?

MS WHITAKER: That's correct.

15

MS CAHILL: Now if we go back to DTT.010.0007.0036_0016, what is the meaning of the different strengths of shading on the lines on the chart?

MS WHITAKER: Just the wave in which they fall. I will just say that some of those timings have changed as they've come to understand the interdependencies with the broader program of work. I probably don't have the most up-to-date specific answers for each stream or each sub-activity, but I do know that some of them have stretched out and will naturally stretch out, given the level of work needed to be done to address some of those issues.

25

MS CAHILL: Sorry, I either didn't hear or didn't understand your answer to the question. What are the different strengths of shading about?

MS WHITAKER: Oh, they are just the wave within which they fall. So the light blue is first year, the next shade of blue is the second year and the darker blue is the third year.

30

MS CAHILL: So when they commence?

MS WHITAKER: Yes, exactly.

MS CAHILL: You've set out at DTT.010.0007.0036_0005 in the executive summary the second last sentence of "assumptions". You see there on the right-hand column, you have said:

40

We have assumed that Crown will have adequate resources aligned to each workstream, appropriate SME input and governance of workstreams.

You have not, however, made any assessment about the resources that will be required for each workstream; is that right?

45

MS WHITAKER: That's correct.

MS CAHILL: Save that you've identified at various points, for example, at 0017 under the workstream owner and initiatives, where there is an asterisk, you've identified that subject matter expert input will likely be required but you don't say
5 how much?

MS WHITAKER: So this was in --- in many ways this was co-created with Crown and this was determined and agreed together that they would most likely require some assistance to engage those particular activities.
10

MS CAHILL: But nowhere do you identify or attempt to assess how much of that SME, as you call it, input is required?

MS WHITAKER: No.
15

MS CAHILL: One issue that you have identified in the roadmap in relation to implementing the aspirational culture is at DTT.010.0007.0036_0005 in the executive summary, second paragraph of the left-hand column. You are referring to the "continually volatile time for Crown", including COVID-19 and various
20 leadership changes and you identify that this leads to potential change fatigue. You say that those have been taken into account in considering the development and timing of the roadmap. Do you mean by that that the 2.5 years you've allowed for the rollout of the plan that is identified in the roadmap, is longer than you might otherwise have allowed in those conditions didn't operate?
25

MS WHITAKER: That's a really great question. I think, you know, if I knew then that they were about to head into another four months of lockdown we may have put even more time on it. I think in reality as they've revisited the roadmap over recent months, some of those time frames have pushed out, and it won't be 2.5 years, it may
30 be more like 3 years, maybe even 4 years. I'm not absolutely certain about that. But there is certainly a feeling that there is a lot of change coming. And so that is the express around change fatigue, that is they do recognise the seriousness of what needs to change. There is a lot of change happening and the ability of people to absorb what is happening needs to be monitored.
35

MS CAHILL: Yes, you say so, and what you are identifying there is that Crown has to keep on top of the possibility that people within the organisation may not be prepared to change while things remain volatile?

MS WHITAKER: It's going to be a challenge. Aside from the public scrutiny, I think many organisations in Australia are facing challenges around recruiting sufficient staff, for example, and the public inquiries make that even more difficult for Crown. So I think they do need to monitor for that change and ensure a really coordinated approach to change. So if they were to happen independently of each
40 other, it would be even harder to absorb, but making sure that happens in a coordinated way can allow for a faster changeout than might happen if they were to be done independently of each other.
45

MS CAHILL: Do you think there might have to be a period of stability before meaningful cultural change can be affected within Crown?

5 MS WHITAKER: I think that sometimes instability in some ways can be good for change, because people will be moved into that new behaviour quicker, but I think there are certain types of stability that need to be in place for Crown, such as in the leadership group, to enable the change to be effective.

10 MS CAHILL: Does the roadmap prioritise addressing the identified cultural weaknesses in relation to management?

MS WHITAKER: Yes.

15 MS CAHILL: How does it do that, specifically?

MS WHITAKER: There is a stream that is specifically focused on the uplift of leadership capability across the executive right down to supervisors. In addition to that, the other mechanisms that support leaders to be able to be leaders, such as
20 executive performance management, consequence management, and those sorts of things, good and effective risk and control systems, the ability to draw data from the business, all of those things that will address, which I believe will help support managers to be better managers, and leaders to be better leaders.

25 MS CAHILL: Does the roadmap require the introduction of new technology at Crown?

MS WHITAKER: It is asking new technology to be put in place in relation to the risk management. So at the moment Line 1 isn't able to effectively draw data from
30 the system to understand and test whether their controls are working. So it is asking for better technology be put in place in relation to that.

MS CAHILL: Now, I think as you've already alluded to in your evidence, you were given tasks after the preparation of the draft roadmap and after phase 4 had been
35 completed, to do further things in relation to culture at Crown. If we go to your engagement letter of 24 August 2021, DTT.010.0009.0003, to understand the scope of that engagement.

40 The second paragraph of the letter, finalising the framework for cultural measurement is one and then it says:

Socialising the Crown culture review current state assessment

45 What do you mean by that?

MS WHITAKER: We participating in meetings in their BOT, so their leadership teams in Melbourne and Perth, to explain the current state findings, we also assisted

in preparing some materials to deliver those findings to the broader business as well, to feedback to those who had taken the time to respond to the survey or participate in focus groups what has been heard.

5

MS CAHILL: What does "determining your culture transformation governance" mean?

10 MS WHITAKER: Really it is looking at the change program, how it is going to be governed and managed within the business, who is going to take ownership of it, who will be accountable for it, how it will be managed and that change delivered.

MS CAHILL: Do you know if that has been determined yet?

15 MS WHITAKER: I believe so. I think ultimately Steve McCann is taking responsibility. Day-to-day, Tony Weston is managing the transformation. He is supported by a team that are delivering on that transformation from the people and culture perspective, and then the risk team are delivering on the risk transformation components, and the policy uplift program is being delivered by Steve Blackburn and
20 his team.

MS CAHILL: In relation to the next item of work, developing a change management strategy and approach, you've prepared a document which is DTT.010.0007.0002; is that right?
25

MS WHITAKER: Yes.

MS CAHILL: Then there is a further task of preparing a detailed project plan to implement the roadmap, isn't there, that you've ---
30

MS WHITAKER: Yes.

MS CAHILL: --- undertaken? The engagement letter is at DTT.010.0007.0040.

35 MS WHITAKER: Yes.

MS CAHILL: The project plan that you produced pursuant to that letter of engagement is DTT.010.0007.0039?

40 MS WHITAKER: No, it is an Excel spreadsheet.

MS CAHILL: If we go to the next page.

45 MS WHITAKER: That's it.

MS CAHILL: Did your role extend beyond this project plan to be involved in guiding and implementing the change program?

MS WHITAKER: At this point in time we are having conversations but we haven't been engaged to head that up.

5 MS CAHILL: Do you have any current role, does Deloitte have any current role in relation to culture issues at Crown as we speak?

MS WHITAKER: No, we haven't been engaged to do anything currently.

10 MS CAHILL: Thank you.

I have nothing further, Commissioner.

15 COMMISSIONER OWEN: Thank you. Are there any applications?

MR EVANS: If I could ask a couple of questions.

COMMISSIONER OWEN: Yes, Mr Evans.

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CROSS-EXAMINATION BY MR EVANS

25 MR EVANS: Ms Whitaker, my name is Evans, I appear for the Gaming and Wagering Commission. Can I ask you one or two questions about the methodology in the report that you adopted so I can understand, for the assistance of the Commission, the level of confidence the Commission can place on the conclusions reached.

30 MS WHITAKER: Sure.

MR EVANS: I understand that fundamentally the report that you produced on the current state of culture is a report based upon a survey which is undertaken of Crown employees; is that correct?

35

MS WHITAKER: Survey plus other data collection methods.

40 MR EVANS: But the actual statistical tables, including the heatmap in the supplementary report, are fundamentally a result of the surveys activity which was undertaken?

MS WHITAKER: The heatmaps are as a result of the survey, yes.

45 MR EVANS: Thank you. Now, as I understand the survey methodology, if I can take you to CRW.701.004.9451, and the middle of the right-hand column. This was a voluntary survey in the sense that presumably employees were invited to partnership by some means but were not compelled to do so?

MS WHITAKER: Yes.

5 MR EVANS: And was it administered electronically?

MS WHITAKER: Yes.

10 MR EVANS: The response rate which you got was, August, almost 60 per cent of Crown staff?

MS WHITAKER: Yes.

15 MR EVANS: To understand that, as we understand it there are around 12,000 Crown employees at the moment?

MS WHITAKER: I think, yes, I think at the time it was just over 13,000.

20 MR EVANS: So your results represent about 8, 7.5 thousand-odd staff, about 5,000 staff that didn't participate?

MS WHITAKER: Yes.

MR EVANS: We don't know why they didn't participate?

25 MS WHITAKER: That's right.

30 MR EVANS: Now, I want to particularly understand what you then say, which results in less than 1 per cent margin of error and 95 per cent confidence. Is that intended to say that in relation to those staff who did not participate, these survey results can be regarded as being representative of their attitudes?

MS WHITAKER: Yes.

35 MR EVANS: And can I put to you this question, then: as I understand the use of confidence intervals in survey methodology, that that assumes in relation to the survey population and the test population, all other relevant factors are comparable?

40 MS WHITAKER: It assumes that if you were to go out and survey the remaining people, that they would respond in similar ways to what we found within the survey.

MR EVANS: Now, the difficulty with that extrapolation in this case is that those 5,000 people have, for reasons which are unknown, decided not to participate?

45 MS WHITAKER: That is true.

MR EVANS: Therefore, there is a risk that the survey is affected by a self-selection bias in relation to the population?

MS WHITAKER: That is true. The statistical methods have come through research of getting that confidence, but that is true, they may have chosen reasons not to participate that are unknown.

5

MR EVANS: Can I identify one possible reason not to participate: can I take you to DTT.010.0007.0063_0009. This is simply one instance that caught my eye in the perspicacity of activities. If I can take you down to "Hypotheses 1: Speak up" in the middle of the page. This is a member of the security team in Perth. Who, we don't

10

MR GARAS: Sorry, can I interrupt, sir; given these are the direct responses from employees, can we have the material confined to the room.

15

COMMISSIONER OWEN: Yes, just the in-room screens, please.

MR EVANS: The bullet point says:

20

Is there a fear of consequence if nothing was to happen? Of course. It's why *people refused to do the survey, what if they find out it was me.*

Can I put this proposition to you: there are likely to be more reasons on the negative side for not responding to a survey than on the positive side?

25

MS WHITAKER: I think that is an assumption that you are making. There will be a proportion of the population that feel that way, but there will be a proportion of the population who just couldn't be bothered opening the email, who feel in other ways, didn't get around to it, weren't on a shift that week, et cetera, that different respond for different reasons.

30

MR EVANS: Obviously, I understand that. But the proposition I'm putting to you is that those people who made an affirmative decision not to respond, the reason for them doing so is more likely to be, shall we say, motivated by negative considerations than positive?

35

MS WHITAKER: That could be the case, but we don't know what proportion of the people that would be.

MR EVANS: Thank you.

40

COMMISSIONER OWEN: Any other applications? Ms Young?

CROSS-EXAMINATION BY MS YOUNG

45

MS YOUNG: Ms Whitaker, can you hear me? My name is Ms Young and I appear for the CPH parties. In evidence this morning to the Commission, you explained that

you would not expect to see improvement in culture over a few months, and that it would take time to embed cultural change; do you recall that?

5 MS WHITAKER: I think I said it would take time to sustain culture change.

MS YOUNG: Yes. And further, even with a wholesale change of senior executive and senior management, that it would take time for that organisation to embed that cultural change; do you recall that?

10

MS WHITAKER: Yes.

MS YOUNG: The reason for this is that culture is a product of a number of different contributors?

15

MS WHITAKER: Yes.

MS YOUNG: One of those contributors is the board of an organisation?

20

MS WHITAKER: The Board would set the tone, yes.

MS YOUNG: Another would be the CEO?

MS WHITAKER: Yes.

25

MS YOUNG: Another would be the middle management?

MS WHITAKER: Yes.

30

MS YOUNG: Another would be the staff that report to that middle management?

MS WHITAKER: Yes.

35

MS YOUNG: Another would be the strength of the communications between the Board and the CEO?

MS WHITAKER: Yes.

40

MS YOUNG: And the strength of communications between the CEO and the staff?

MS WHITAKER: Yes.

45

MS YOUNG: So would you agree with the proposition it is necessary to examine each of those contributors to assess the culture of an organisation?

MS WHITAKER: I think there is other factors as well that would contribute to the culture of the organisation ---

MS YOUNG: In addition to those?

5 MS WHITAKER: In addition to those things you've mentioned. Should you be looking at the communications between the Board and the CEO and the CEO and the staff? Is that what you are asking?

10 MS YOUNG: Putting all of those various contributors that I have put to you, and as I understand your evidence, there are additional ones on top of that that you would put into that mix, my question to you is would you agree that culture is a product of all of those contributors?

15 MS WHITAKER: I'm sorry, the sound cut out for a moment then. Would you mind repeating the question?

MS YOUNG: Yes. My question to you, Ms Whitaker, is having regard to the contributors that I put to you, and any additional contributors to culture, you would agree that culture is a product of a range of different contributors?

20 MS WHITAKER: Yes.

MS YOUNG: And that culture cannot be attributed to any one thing?

25 MS WHITAKER: Yes.

MS YOUNG: Nor any one person?

MS WHITAKER: Yes.

30 MS YOUNG: Thank you, Commissioners.

COMMISSIONER OWEN: Thank you, Ms Young.

35 Mr Garas.

CROSS-EXAMINATION BY MR GARAS

40 MR GARAS: Thank you, Commissioner.

Ms Whitaker, my surname is Garas and I appear for the Crown companies.

45 Can we have, operator, document CRW.701.004.9441 on the screen, please.

Ms Whitaker, I'm just putting your report up on the screen. Can we go please to page 9447. Ms Whitaker, I'm trying to get a better understanding of the remarks you make under "Context" and you've been asked some questions that relate in some

ways to the matters addressed there. You do make the remark that it was a particularly volatile time for Crown at the time that this information was gathered for the purposes of your report. I think you've confirmed that the results in the survey
5 reflect the perceptions of those who participated at the time.

MS WHITAKER: Yes.

10 MS CAHILL: Would it also be the case that it is perceptions at a particular period of time?

MS WHITAKER: Yes.

15 MS CAHILL: Can we go forward to page 9454. I think Ms Cahill took you to this, but specifically the survey results or the survey was open between mid-April to mid-May; is that correct?

MS WHITAKER: Yes.

20 MS CAHILL: That was a matter of weeks after the Bergin Report had been released and several executives and board departures?

MS WHITAKER: Yes.

25 MS CAHILL: That was also after both the Victorian Royal Commission and the Perth Royal Commission had been announced?

MS WHITAKER: Yes.

30 MR GARAS: Can I suggest that in addition to the significant factors that you've listed under the heading "Context", and to remind you, those were COVID lockdown and staff shortages, public scrutiny involving inquiries and Royal Commissions, change in leadership at board and executive level and potential takeover bids by other organisations, an additional significant factor I would suggest is the adverse
35 media reporting going on at the time?

MS WHITAKER: Yes.

40 MR GARAS: That was almost daily across numerous outlets?

MS WHITAKER: Yes. Certainly in the lead-up to it, possibly during it.

45 MR GARAS: Would another significant factor be the mindset of employees who were at that time were, in many instances, stood down and/or job seeker or reduced income?

MS WHITAKER: Yes.

MR GARAS: They would likely have been feeling stress and uncertainty about their own job security?

5 MS WHITAKER: Yes.

MR GARAS: Morale was likely very low?

MS WHITAKER: Yes.

10

MR GARAS: Is it correct then that you say that these several significant factors may have influenced how the staff responded to those surveys?

MS WHITAKER: Yes.

15

MR GARAS: Is it likely that those factors may have actually influenced the staff responses or a portion of them?

MS WHITAKER: They certainly influenced the conversations that we were having in focus groups.

20

MR GARAS: Thank you. And so, just to understand really what you are getting at in terms of remarks about context, is one interpretation that the survey results may not be an accurate reflection of the culture in normal times and operations?

25

MS WHITAKER: I think any culture review is a point-in-time assessment. You would want to look at multiple culture reviews over a period of time to get a sense of actually what the culture is.

30 MR GARAS: And to the extent that the particular surveys that were conducted at this particular period of time, with all these significant negative factors, is it the case that the survey results may have been skewed in an overly negative way?

MS WHITAKER: It may be the case, but I wouldn't be able to prove it either way.

35

MR GARAS: Thank you.

Ms Cahill took you to Ms Arzadon's report. You are aware, I take it, that the nature of Ms Arzadon's instructions were to provide comments and observations on your reports.

40

MS WHITAKER: Yes.

MR GARAS: Were you asked by the solicitors assisting this Commission to respond to Ms Arzadon's report, separately to the questions you received this morning?

45

MS WHITAKER: No, not by the Commission, no.

MR GARAS: Thank you. During the course of questioning, Ms Cahill took you to what Ms Arzadon identified as high priority factors for Crown to address. She listed those as being, and I will remind you rather than take you to the report, management, senior leadership, policies, processes and procedures as one composite phrase, risk appetite and communication. Do you recall those parts of the report that Ms Cahill took you to?

MS WHITAKER: Yes.

MR GARAS: Can I bring up document CRW.700.100.5458.

What I'm bringing up is a communication from Mr Weston to yourself back on 7 September 2021. You will recall that Ms Cahill took you to correspondence that you received from Mr Weston, or correspondence between yourself and Mr Weston on 13 August 2021, which was a discussion about the roadmap. Can I take it from this communication that there were subsequent communications where work was done in relation to the development of that roadmap with your input as well?

MS WHITAKER: It would have been --- it wasn't done as formally as part of an engagement, just a conversation as a good consultant participates with their client in from time to time.

MR GARAS: Thank you. But it was specifically --- I will direct your attention to the subject line, it was specifically about the culture roadmap?

MS WHITAKER: Yes, or it is in relation to the reform program as per ILGA, ILGA Inquiry.

MR GARAS: And further down in the email (audio distorted) Mr Weston is referring to a meeting tomorrow and indicates in the second-last paragraph that you would also be joining the call?

MS WHITAKER: Yes.

MR GARAS: Do you recall having that discussion?

MS WHITAKER: Yes.

MR GARAS: Can we go then to the document attached to this, which is CRW.700.100.5459. Ms Whitaker, this is the document that was actually attached to that email. Do you recognise that as the roadmap?

MS WHITAKER: This is --- yes. To be honest, I can't recall this document in its entirety and what will come from the following pages, but the call was to walk through the independent monitor for ILGA, through the culture transformation piece.

MR GARAS: Thank you. If we can move forward to page 4 of this document. Do

you recall the content of the page currently in front of you and, if not ---

MS WHITAKER: Yes.

5

MR GARAS: --- you do?

MS WHITAKER: Yes.

10 MR GARAS: Thank you.

Coming back to those broad factors that Ms Arzadon has commented on as being matters that needed to be addressed as a high priority such as management, senior leadership, policies, processes and procedures, risk appetite and communication, in
15 broad terms does this roadmap address each of those five matters?

MS WHITAKER: I don't think it addresses risk appetite specifically as she's pointed to, although her --- and the reason for that being it had just been revised, but otherwise I would say that it is broadly consistent.

20

MR GARAS: Thank you. To your knowledge, is risk appetite being addressed in any event, though?

MS WHITAKER: I think Ms Arzadon went through the communication of risk
25 appetite through the business, and I think the intention of that to be addressed is through the risk culture uplift activities which I believe are scheduled for early next year.

MR GARAS: Thank you.
30

COMMISSIONER JENKINS: Mr Garas, does this have a reference number?

MR GARAS: It does. The particular pages aren't referenced, Commissioner, but it is document CRW.700.100 .5459. And my instructors uploaded that document to the
35 hearing bundle this morning.

COMMISSIONER JENKINS: Thank you.

MR GARAS: Sorry, just one moment, Commissioner.
40

Can we go forward, please, unfortunately there is no actual page numbers on this document but can we skip forward to the page with the heading "We've organised the work into the following streams consisting of people, risk and controls". Thank you.

45 Ms Whitaker, can I direct your attention to the second last band, "Accountability, Risk & Controls".

MS WHITAKER: Yes.

MR GARAS: There are references within that row to risk appetite, indeed. Risk appetite monitoring model in operation, that's the third line down, 6.3. So based on the information within this page, does the roadmap appear to address risk appetite as well?

MS WHITAKER: Yes.

MR GARAS: Thank you. I just have some remaining questions about the volume of the material that was generated during the survey and the collection of information for purposes of your report. Are you able to indicate how much material was actually generated that was then reviewed?

MS WHITAKER: So we had 7,500 responses to the survey. In the survey, we had two open-ended questions asked of everyone and then we had nine intelligent questions which are questions that are triggered if you respond in a particular way, such as disagree or strongly disagree, or agree and strongly agree. Overall, we had about 17,500 comments made across the business, we had 40 focus groups, 37 interviews internally, 10 interviews externally, and 24 observations. So a huge amount of data to work through, in addition to business data and the other artefacts that we looked at.

MR GARAS: Thank you. If I can ask, how long did it take to review and how many staff were allocated to conduct those reviews?

MS WHITAKER: I can't tell you the exact number of staff that were involved across the course of the project --- at least probably 15 staff, I think, from the time that we started collecting data we were analysing data, so across the course of the engagement. From the time of concluding our data collection to the time that we handed over the report, I think it was a matter of two or three weeks.

MR GARAS: So 15 staff over two to three weeks, is that what you are indicating?

MS WHITAKER: No, sorry, the engagement started in February and concluded on 30 July, I think. For that measurement piece.

MR GARAS: So from February to July was the collection and preparation of the report and along the way you had at least 15 staff were involved in reviewing that material?

MS WHITAKER: At some stages more staff, at some stages less staff. I'm just thinking on averages because you've got different bits that are busier and less busy throughout the engagement.

MR GARAS: Thank you. Is it the case that Deloitte actually received a notice to produce --- from this Commission, to produce all of that underlying material?

MS WHITAKER: Yes.

MR GARAS: And all of that has been produced to this Commission?

5

MS WHITAKER: Yes.

MR GARAS: And you may not know the answer to it, but to the extent ---

10 MS WHITAKER: I'm sorry, can I just clarify there. The underlying data was subpoenaed. The specific deliverables were subpoenaed. So that's all been provided.

15 MR GARAS: Thank you. To the extent you are able to do so, in Ms Arzadon's report, she at least lists material that was provided to her and then separately identifies some material she actually considered. From the descriptions in that report, and if you don't know the answer to this, that's fine, say so, does it appear as though Ms Arzadon had the entirety of the material that Deloitte produced to the Commission?

20 MS WHITAKER: She didn't consider from what I could read the roadmap or the change strategy and nor was she asked to consider it. And she didn't consider the phase 1 report, nor was she asked to prepare it. They were probably there, the outstanding things. She, I think, if you read the report, it talks to that she made the assessment that our analysis was true and correct and didn't seek to go into the detail
25 of every interview or focus group. For example, we provided summaries of them and she checked that they were true and correct and used them to interpret the outcome.

MR GARAS: Thank you. I have no further questions.

30

COMMISSIONER OWEN: Thank you, Mr Garas. Are there any other applications?

35 **QUESTIONS BY THE COMMISSIONERS**

COMMISSIONER JENKINS: Thank you.

40 In respect of that last document that Mr Garas took you to, which is CRW.700.100.5459, "Culture Transformation Executive Summary" and the covering letter, which is 5458 to that, could you just give me a bit more detail as to what the meeting was that that related to. It says it is to attracta@value.com.au and it refers to a presentation to that.

45

MS WHITAKER: So Attracta, Attracta Lagan has been contracted by Kroll to be the independent monitor in relation to culture on behalf of ILGA, if that makes sense. Kroll is the independent monitor, they've contracted Attracta Lagan to look at the cultural aspects of it specifically.

COMMISSIONER JENKINS: So this was a presentation to that organisation?

5 MS WHITAKER: This was a presentation to attract Attracta, on behalf of Kroll, to go through, as part of Crown's response to ILGA and their reform agenda, to go through their plans in relation to culture reform.

10 COMMISSIONER JENKINS: And the presentation itself, that contained some information that had been provided in Deloitte's reports to Crown; is that right?

MS WHITAKER: Yes. So Crown had taken our roadmap and changed strategy and interpreted parts of those to prepare that executive summary.

15 COMMISSIONER JENKINS: And had you been consulted or Deloitte's been consulted on the executive summary as a whole before it was presented or not?

MS WHITAKER: I can't recall.

20 COMMISSIONER JENKINS: And the executive summary referred not only to the Sydney casino but also more generally to culture at Crown as a group; is that right?

MS WHITAKER: I believe so.

25 COMMISSIONER JENKINS: You were there, and you've seen it ---

MS WHITAKER: Yes, it refers to the full transformation roadmap which would have impact on Sydney.

30 COMMISSIONER JENKINS: So it wasn't in relation to Perth, for example, particularly?

35 MS WHITAKER: Some of the activities that they will roll out will give effect to Perth. The fact that they have new purpose and values, for example, which is part of the rollout of the roadmap will affect Perth, but it will also affect Sydney. I don't believe or recall it having any specific orientation to Sydney to be honest. It was more the broad culture transformation piece.

COMMISSIONER JENKINS: Thank you.

40 Now, moving on to a different topic. In respect of the culture survey, in which business group are the RSG staff responses represented?

45 MS WHITAKER: To be honest, I'm not sure. I'm not sure. I would have thought food and beverage, but I'm not 100 per cent certain of that.

COMMISSIONER JENKINS: Responsible Gaming?

MS WHITAKER: Sorry, Responsible Gaming. I'm not 100 per cent sure, but I

would assume in the gaming part of the business, but I'm not certain.

5 COMMISSIONER JENKINS: So do you know why they were not regarded as a separate business unit for the survey?

MS WHITAKER: I don't know.

10 COMMISSIONER JENKINS: Then, I have got some questions in respect of benchmarking, and please understand that I am an absolute novice when it comes to your area of expertise.

15 So, in respect to say a cultural survey of this nature which attempts to identify the staff's perception as to whether a business is meeting its values, in determining whether they are or are not --- that is "the business", not "they" --- whether the business is or is not meeting those values, is there an objective standard or does every business have a subjective view as to whether the results indicate that they are meeting their values?

20 MS WHITAKER: I think it would be very difficult to --- I mean, one would argue that the measurement that we've undertaken is through the literature regarded as an objective way of measuring. But culture by its very nature consisting of the behaviours of the organisation, those things that are espoused by the organisation as being important, the values, consisting of the mindsets and beliefs that underpin it, 25 are going to be subjective in nature from that point of view. So it is the experience of the people you are trying to gather collectively to try and understand and give meaning to the culture that is experienced within the organisation. So can I point you to a number like you would in a financial spreadsheet, no, are people trying to do that, yes, through technology and other things, but even those look to, you know, if 30 you could gather all the data from within a business, scouring emails and looking at facial recognition and all those sorts of things, they are still related to the perceptions that people hold, the sentiment that they hold. The mindsets are a little bit trickier to get to when thinking about those things, but it is the mindset. Once you understand the mindset you can pull the lever for change, if that makes sense.

35 COMMISSIONER JENKINS: But how does one determine whether change is necessary? For example, is it if there is less than 100 per cent of the staff who agree that a particular value is being met? Does that mean there has to be change or could a business legitimately say 75 per cent of our staff strongly agree that this value is 40 being met and that is good enough for us, we don't think there is any need for change?

45 MS WHITAKER: It is a great question. There is some evidence to show that if everybody is too agreeable that that may also be problematic within an organisation. If everyone is at 100 per cent, it may mean that they are not actually feeling safe to speak up about what is true within the organisation. Is there a perfect number to get to? Probably not. I think it is there to give dialogue, to enable a dialogue about what is the right number to get to. This is why we don't just stick with the survey but we

actually bring in the other forms of data collection to try and get that understanding through, and then it is a conversation with the executive and the board to talk about what does need to come about from a change perspective.

5

COMMISSIONER JENKINS: That actually leads on to my next area of questioning and that is measuring the impact of the strategies that are being put in place or are going to be put in place to effect change. If we accept that there are going to be such strategies, how will it be measured whether those strategies are successful or not?

10

MS WHITAKER: So there are two ways in which we've recommended they measure change and the success of the change impact. First of all is to conduct another regular culture surveys as more culture assessments as per the one that we've undertaken. The second one is to use social impact methodology to really think through what their assumptions around change are, so how does change actually come about, what are the things that they are expecting to see and map that out quite clearly with the interventions that they are rolling out and then to collect the data and test as they are going through to assess whether the change that they are expecting is actually the change that they are observing. That provides a great way to pivot if it is not working as you would expect throughout but it is really unpicking those assumptions around change.

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COMMISSIONER JENKINS: So in that process of determining what a business's expectations are as to change, is a part of that process for the board to sit down and say, well, say a random example, 60 per cent of the business believes we are meeting this particular value in the cultural survey, culture survey, we want in two years time for that figure to be 80 per cent.

30

MS WHITAKER: (Nods head).

COMMISSIONER JENKINS: And to benchmark it on that basis, benchmark success on that basis?

35

MS WHITAKER: They could. What I would recommend is looking actually to the impacts that you are wanting within the business. So on the business outcomes, for example. And sometimes you will see perverse things happen. So if you increase, for example, your approach to, you know, let's use AML as the example. If you want to see AML better looked after within the business, you may expect to see more reporting of AML initially, following some training. Does it mean that AML is occurring more, issues are occurring more, does it mean there is a heightened awareness of it and therefore we're seeing more reporting of it, which is actually a good thing.

40

45

So setting targets about where you want to see the value, I think it is better to look at the business outcomes you are anticipating and following that pathway through of "If we do this, what will happen to the business outcomes? Are we seeing the business outcomes that we expect to see? What do we need to shift or change in order to get those business outcomes", whether they are in relation to risk, or customer service, or

financial outcomes or social licence outcomes, just thinking those things through.

5 COMMISSIONER JENKINS: Thank you. And the last matter I wanted to ask you about was Perth results as compared to the Group results. What were the key differences in the results for the culture survey for the Perth Casino as opposed to the group as a whole?

10 MS WHITAKER: So in terms of those, we looked at the difference that are statistically significant, and to be honest, there wasn't a huge amount of difference between the Group and Perth. I suppose keeping in mind that the mean of it relates to where it fell across averages, there was a proportionally higher number of people responded in Melbourne, so the mean is almost Melbourne. There wasn't a whole lot fall out of Perth that was substantively different to the mean. They were perhaps
15 slightly more negative in their sentiment, slightly, but whether that is statistically significant, I think we would need to go back and test. There was lower sentiment, as has already been discussed in surveillance, there was some higher sentiment that has been discussed in VIP and gaming. Sorry, that is what I'm recollecting at the moment.

20 COMMISSIONER JENKINS: Do I gather then from your summary that the results weren't so different that they resulted in any particular strategy unique to the Perth Casino to be placed in the roadmap?

25 MS WHITAKER: I think no. I think the roadmap is intended to be at a Group level. How it is then rolled out at the site levels will be up to Crown to determine. Crown is already aware of and was, prior to our work, aware of issues within that surveillance team, for example, and were seeking to address those issues. I think the strategy of Perth and Melbourne may be slightly different in that they may pursue
30 change in slightly different ways, and that is because Melbourne is considered more of a business audience and has different clientele to what you would expect in Perth, and so they pursue slightly different strategies. They may use slightly different approaches to their work, but there was nothing in the roadmap that is specifically pertaining to Perth.

35 COMMISSIONER JENKINS: I said that was the last matter, but there was a matter arising from Mr Garas's questions. That was in respect to the questions he asked you about responding to Ms Arzadon's report; is there any comment you would like to make about Ms Arzadon's report that you haven't already made this morning?

40 MS WHITAKER: No.

45 COMMISSIONER JENKINS: I noticed in answer to Mr Garas you specifically said that the PCRC hadn't asked you to comment on Ms Arzadon's report. Have you provided a written document to Crown in responding to Ms Arzadon's reports?

MS WHITAKER: No.

COMMISSIONER JENKINS: Thank you.

5 COMMISSIONER OWEN: Ms Whitaker, I only have one question, and it is about
the roadmap. If we could bring that up, DTT.010.0007.0048. The part I want to ask
you about is at DTT.010.0007.0048_0012. What I'm interested in is the barriers.
What I want to understand is you've listed in the top part above mitigations certain
things I think are seen as barriers, but are they actually identified incidents or issues
10 in relation to Crown that could form, could be a barrier to what you've referred to as
sustainable change, or are they things that need to be avoided?

MS WHITAKER: So these are stemming from the findings of the current state
assessment, things that we feel would create a barrier to effective change that they
15 need to be aware of to overcome to ensure that the change is sustained.

COMMISSIONER OWEN: Do I understand you to be saying that as a result of the
research and the surveys and the work that you've done, that if you take silo nature as
an example, it is something that is extant in Crown that might create a barrier?

20 MS WHITAKER: Yes.

COMMISSIONER OWEN: And the one that is not quite clear to me, "clear
accountability", the second one, is that something that was seen from the results of
25 the research and survey as being an identifiable issue?

MS WHITAKER: Actually, you are correct in that assertion in that. That, I don't
think that was a finding of our work. It is the assertion that if accountabilities aren't
clear in terms of the ongoing change, then that will be a barrier.

30 COMMISSIONER OWEN: But it looks to me, would you agree with this, it looks to
me that the other eight or nine of them are not in that category, that is the only one
that is in that category?

MS WHITAKER: So the scale of the transformation is not a finding of our work. It
35 just is that there is a significant transformation underway so that may make it
difficult. So I suppose what I meant is this isn't a list we use for every client, these
are specific to Crown, the things that we think will make it difficult for Crown to
create change within their organisation. Whether they are a finding specifically or
just an insight we have from all the work that we have done there and, as I
40 mentioned, this was a co-created piece of work so they would have had input into
what these are that they need to be mindful of as they create the change.

COMMISSIONER OWEN: I don't know whether you can answer this, but are there
any one or two of those from your work that you would regard as a more significant
45 risk --- if you call a barrier a risk --- than others?

MS WHITAKER: Some of them are attempting to be addressed through the change,
like the specific goal of the change is to enable better communication across the

01:10PM

business by reducing that siloed effect. In terms of what is going to be super important, I think leadership and potentially the psychological safety. I mean, all of them are important, but if those two weren't sorted, then it would make it difficult.

5

COMMISSIONER OWEN: Thank you.

Mr Harris, would you like to re-examine?

10 MR HARRIS: Nothing from me, Commissioner, thank you.

COMMISSIONER OWEN: Ms Whitaker, thank you very much for giving us your time. Your evidence has been very helpful to us. Thank you very much. You have our gratitude. The requirements of the summons have been fulfilled and are now discharged, and you are free to go about your other activities. Thank you very much.

15

MS WHITAKER: Thank you.

20 **THE WITNESS WITHDREW**

COMMISSIONER OWEN: We will adjourn to 2 pm.

25

ADJOURNED

[1.11PM]

RESUMED

[2.02 PM]

30

COMMISSIONER OWEN: Please be seated. Thank you, Ms Arzadon. I suppose we should swear the witness in.

35 Would you like to affirm or swear an oath?

WITNESS: Affirm, thank you.

40 **MS ELIZABETH ARZADON, AFFIRMED**

MS ARZADON: Actually, I should just clarify, my legal name is Morris.

45 COMMISSIONER OWEN: Well, has the documents --- which name would you prefer to go under?

MS ARZADON: Arzadon is completely fine. Arzadon is completely fine.

EXAMINATION-IN-CHIEF BY MS CAHILL

5

MS CAHILL: Ms Arzadon, you have prepared a report for this Commission at its request, haven't you?

10 MS ARZADON: Yes, I have.

MS CAHILL: This should now appear on your screen, PCRC.0021.0001.0001. I will ask you to confirm that is your report by looking at the first page and scrolling through to the conclusion at page PCRC.0021.0001.0030.

15

MS ARZADON: Yes, that looks like my report.

MS CAHILL: Your qualifications are set out at page PCRC.0021.0001.0004, section 1.2. Are they correctly set out there?

20

MS ARZADON: Yes, that's correct.

MS CAHILL: And the instructions you were provided with by this Commission are set out in an annexure to report commencing page PCRC.0021.0001.0035?

25

MS ARZADON: Yes, that's correct.

MS CAHILL: Do you say that you have prepared your report in accordance with those instructions?

30

MS ARZADON: Yes, I have.

MS CAHILL: To the extent that your report contains statement of fact from your own knowledge, are those statements true?

35

MS ARZADON: Yes, they are true.

MS CAHILL: To the extent that your report contains your opinions, are those opinions honestly and reasonably held by you?

40

MS ARZADON: Yes, they are.

MS CAHILL: I tender that report, Commissioners.

45 COMMISSIONER OWEN: The report dated October 2021 of Elizabeth Arzadon and with the identifier number PCRC.0021.0001.0001 will be admitted into evidence as an exhibit.

**EXHIBIT #PCRC.0021.0001.0001 - REPORT OF MS ELIZABETH
ARZADON DATED OCTOBER 2021**

5 COMMISSIONER OWEN: Thank you.

MS CAHILL: Ms Arzadon, you also prepared a report at the request of the Victorian Royal Commission into the Casino Operator and Licence which was tendered in that Inquiry?

10

MS ARZADON: Yes, I did.

MS CAHILL: I will show you that document on the screen, CRW.709.162.0287 and ask you to confirm that is your report. We will show you the first page and the conclusion at page 0202.

15

MS ARZADON: Yes, that looks like my report.

MS CAHILL: Page 0202 ---

20

MS ARZADON: Yes, that's my report.

MS CAHILL: Thank you. And the key questions you were asked by the Victorian Royal Commission to consider are set out at section 1.3 at page 0181?

25

MS ARZADON: Yes, that's right.

MS CAHILL: And does the body of your report comprise your attempt to answer those questions?

30

MS ARZADON: Yes, it does.

MS CAHILL: To the extent that this report contains statement of fact from your own knowledge, are those statements true?

35

MS ARZADON: Yes, they are.

MS CAHILL: To the extent that the report contains your opinions, are those opinions honestly and reasonably held by you?

40

MS ARZADON: Yes, that's correct.

MS CAHILL: I tender that report, Commissioners.

45 COMMISSIONER OWEN: The report entitled Cultural Change at Crown Melbourne, expert opinion by Elizabeth Arzadon, dated June 2021 and bearing the

identifier number COM.0007.0001.0178 is admitted into evidence as an exhibit.

5 **EXHIBIT #COM.0007.0001.0178 - CULTURAL CHANGE AT CROWN
MELBOURNE - EXPERT OPINION BY MS ELIZABETH ARZADON
DATED JUNE 2021**

10 MS CAHILL: Thank you, Commissioner.

Now, coming back to what I will call the Perth report, the report you've prepared for
this Royal Commission, that PCRC.0021.0001.0001. You were asked in terms by
this Commission to set out any comments and observations you might have on the
15 Deloitte culture review which I will identify for the purposes of the transcript,
CRW.701.004.9441.

And by reference to your executive summary at page 0003 of your report, in the
second paragraph, you agreed with the key findings in the Deloitte report, however
20 you go on to say that the Deloitte approach does not support clear identification of
cultural barriers to Crown's conduct and risk management, and you have then gone
on in your report to focus on Crown's conduct and risk management; why is that?

MS ARZADON: Do you mean why did I take that approach in the report?
25

MS CAHILL: Yes. And why did you have that focus?

MS ARZADON: Well, in reference to the Perth casino's Royal Commission Terms
of Reference, I thought that it would be more helpful to focus more specifically on
30 how the culture of Crown supports effective management of risk and conduct,
whereas the Deloitte report was more focused on trying to highlight whether or not
Crown's values, espoused values were aligned to the lived experience that they
observed in their review. So given the slightly different criteria that I was applying, I
thought it would be helpful for the Commission to understand the affect of culture on
35 risk and conduct outcomes.

MS CAHILL: I just wanted to ask you about some terminology in your report. At
page 0009, for example, you refer in your table, right-hand column, second row, you
use this expression of "senior leaders". Who do you define as a senior leader for the
40 purposes of your report?

MS ARZADON: The CEO and their direct reports and the board.

MS CAHILL: Is that to be equated with the phrase "senior management" that we see
45 you using that expression later in the report?

MS ARZADON: Yes, senior management or senior leaders, I would use those
interchangeably.

MS CAHILL: Then at page 0030, if we look at sub-paragraph 5 there, pop that out, please, you refer in the third line to "middle management and supervisor levels". How do you define "middle management" for the purposes of this report?

5

MS ARZADON: Middle management would be the --- maybe top two levels of management within a property and the supervisor level would be the direct supervisors of frontline staff.

10 MS CAHILL: Separately, can I take you to the bottom of page 0015. The conclusion in section 4.3 about the assessments of culture as a driver of conduct and risk, you identify indications of "serious deficiencies across all Dimensions of their Risk Culture Framework". I assume when you say "their", "their Risk Culture Framework" in the second line, you are talking about Crown?

15

MS ARZADON: I'm sorry, could you just show the sentence ---

MS CAHILL: At the end of the first sentence, you use the expression "their Risk Culture Framework".

20

MS ARZADON: I was actually referring to the Deloitte risk culture framework which I was using to analyse or interpret the results.

25 MS CAHILL: I see. And so the "serious deficiencies" are serious deficiencies in the Crown culture?

MS ARZADON: In the Crown culture, that's right.

30 MS CAHILL: By reference to a Deloitte risk culture framework?

MS ARZADON: That's right.

35 MS CAHILL: In the third sentence you say that your observation suggests that "a complete transformation is required", and you then go on to explain what that would involve. Can you explain to the Commissioners, please, in practical terms, what you mean by "removing formal and informal mechanisms that currently reinforce existing behavioural norms and replacing them"?

40 MS ARZADON: So maybe it would be helpful to explain what formal and informal mechanisms are. Formal mechanisms are documented policies, procedures, business processes that provide guidance to staff about what they are expected to do in their work and can include things like performance management mechanisms or processes, training, codes of conduct, the way they are paid or what their bonuses are comprised of, so all things to do with the formal environment. Informal mechanisms are related to undocumented expectations or interpretations of the environment. They might be what would sometimes be referred to as water cooler conversations, the types of things people discuss amongst themselves about the way leaders are

45

behaving or what that might imply, or historical events that have occurred and what people take away from those, what they interpret them to mean. So the formal and informal parts of the environment are what provide guidance to --- implicit guidance to staff about the way things are done.

What I mean by "complete transformation" is that currently the formal and informal environment together are reinforcing a certain set of behavioural norms that I would conclude have contributed to the current risk and conduct outcomes that we see at Crown. And in order to create different behavioural norms to support different outcomes then the existing formal and informal mechanisms that are reinforcing the current outcomes need to be replaced with ones that might, or will drive different outcomes. So potentially if the performance management processes as an example, the formal mechanism are reinforcing the types of behaviours that are driving the poor outcomes that we've seen, then they would need to be replaced. As would all the other formal mechanisms as well as the informal mechanisms. So it's quite a wholesale change.

MS CAHILL: Thank you. I have nothing further, Commissioners.

COMMISSIONER OWEN: Thank you. Are there any applications?

MR GARAS: Yes.

COMMISSIONER OWEN: Mr Garas.

CROSS-EXAMINATION BY MR GARAS

MR GARAS: Ms Arzadon, my surname is Garas and I work for the Crown companies.

MS CAHILL: I just rise to explain that it is pronounced "Arzadon".

MR GARAS: I just have some questions really by way of clarification of your October report. I will just work through those.

Your instructions were to provide comments and observations on the Deloitte reports and for that purpose I just want to confirm you received obviously the two reports, the culture state --- Current State Culture Final Report and the Survey Results Demographic Detail Report; correct?

MS ARZADON: That's right, yes.

MR GARAS: You also received some source material, and so I will come back to that source material. And the purpose of your report, you haven't considered the change roadmap or related materials subsequent to the Deloitte reports and the

survey data; is that correct?

5 MS ARZADON: No, I didn't.

MR GARAS: And am I correct in saying that you did not gather any material independently of the material gathered by Deloitte?

10 MS ARZADON: No, I did not.

MR GARAS: You did not speak to anyone at Crown?

MS ARZADON: No, I did not.

15 MR GARAS: And you didn't speak to anyone at Deloitte?

MS ARZADON: No, I did not.

20 MR GARAS: Can I ask what the date of your report was, when it was concluded?

MS ARZADON: To be honest, I can't remember the exact date that it was concluded. It is October 2021, but I don't have the exact date.

25 MR GARAS: Am I also correct in saying that your report is not a culture review and doesn't purport to be a cultural review, does it?

MS ARZADON: No, it's not.

30 MR GARAS: In order to undertake a culture review, it would be necessary to interview staff and key stakeholders?

MS ARZADON: If I was going to do that, yes, I would have to do that.

35 MR GARAS: Thank you. And I see we have your report up on screen. Can we move forward to page 35, please. I will want to take you to the instructions. This was the initial instruction you received on 23 September. If you could just confirm, with that instruction you were provided with the Deloitte report, the culture review; correct?

40 MS ARZADON: That's correct.

MR GARAS: But you weren't provided with any source material at that stage?

45 MS ARZADON: At that stage, no. I think the very first email came through with the report.

MR GARAS: Thank you. And if we could go then to page 38. At page 38 you will see that it is the extract of your instruction on 29 September, and with that letter it

appears you are provided with the survey results, demographic detailed report itself?

MS ARZADON: That's correct.

5

MR GARAS: But you weren't provided with the actual source data at that stage?

MS ARZADON: At that stage, no, I don't think so.

10 MR GARAS: Can we move forward to page 39, please. This is the instruction on 1 October and appears that at that stage you are provided with source data; that is correct?

MS ARZADON: Yes, that's correct.

15

MR GARAS: If we go over to page 40, there is annexure IV which lists the material that was provided to you. If we go back to page 33, please. Annexure 1 is, as I understand it, the actual material you reviewed for the purposes of the report?

20 MS ARZADON: That's correct.

MR GARAS: But that's not the entirety of the material provided to you as listed in annexure IV; is that right?

25 MS ARZADON: No, that's correct.

MR GARAS: How did you determine what material you would review?

30 MS ARZADON: So there are probably two things to consider: one is that the survey results in my opinion are a very robust source of data, because the survey was sent to all staff. So they are, in a sense, a piece of data that relates to a large majority of employees in the organisation and so therefore provides their perspective --- the population measure, as opposed to a sample. So the survey I felt was a very robust source of information that I relied a lot on.

35

The second thing then, in considering what other qualitative information to triangulate the survey data with, Deloitte had prepared some summaries of their focus groups, so if I just refresh my memory on the appendices, the annexure of my report, I did detail which of the materials I actually reviewed. I will just turn to that.

40

There was a summary of the Sydney focus groups, the Perth focus groups and the Melbourne focus groups, and there were also summaries of the interviews with leaders in Sydney, Perth and Melbourne. So I reviewed, and I suppose I didn't review, I glanced, looked through some of the transcripts that were in the --- that were provided to me, and my conclusion was that they seemed consistent with the summaries that had been prepared by Deloitte, so I relied then on the summaries that Deloitte had prepared as a reasonable reflection of what the underlying focus group and interviews were.

45

Also, as you will see, I went through it in more detail into the focus group hypothesis scoring, which was an exercise they had done in the focus group themselves, and I looked at those in detail as well. So my conclusion was that the summaries were a good reflection, and I could rely on those for the qualitative elements to triangulate the survey data with.

MR GARAS: So if we just have a look at those, could we bring up DTT.010.0007.0119, is that what you were referring to?

MS ARZADON: This is the focus group exercise.

MR GARAS: Is that the extent of the document?

MS ARZADON: Most of them had one photograph, maybe some of them might have had two, it depended on how they took photographs.

MR GARAS: I see. And so the photographs, and I have a couple of others here, it seems that in each instance there are six of these pages with a question and the blue dots or yellow dots allocated to particular answers?

MS ARZADON: That's correct, yes.

MR GARAS: Do you know if you were provided with the entire data set that Deloitte had gathered?

MS ARZADON: I don't know if I was provided with the entire data set, but there was a lot of data. So it seemed quite comprehensive, but I don't know if it was the complete and full thing.

MR GARAS: Did you ask for the entire data set?

MS ARZADON: I don't believe I specifically asked for the entire data set. My assumption was that it was the entire data set.

MR GARAS: Were you given a list that was described as the entire data set?

MS ARZADON: I can't honestly remember if it was described to me that way.

MR GARAS: I just have some particular questions about page 18 of Ms Arzadon's report, please, if we can go back to that. If we go to page 18, please.

At page 18 and onwards, there are many instances where you've identified and extracted percentage figures in relation to the survey data from Perth. You've also referred to examples. Is it the case that you are suggesting that those examples are quotes provided by Perth staff?

MS ARZADON: I wasn't able to identify where the survey comments came from, actually. But my --- I note early in my report that when I looked at the survey data, that there were not --- what appeared to be large differences, there were not large
5 differences between Perth and the overall results. So that's why I felt it was reasonable to give survey comments as illustrations of findings that I was reporting. But I did not know whether they were from Perth or not. Because I wasn't able to tell that.

10 MR GARAS: I see. Do you know how many individual comments were received by Deloitte for the purposes of the work they did?

MS ARZADON: Well, that's --- there can be different ways of interpreting whether a comment is valid or not. There were some comments that had a dot in the cell, but
15 it was thousands is my understanding.

MR GARAS: Do you know how many thousand?

MS ARZADON: I don't off the top of my head have the number.
20

MR GARAS: Did you receive those individual comments as part of a data set?

MS ARZADON: I had --- there were comments in the survey from free text questions that were asked in the survey, there were also of course comments made in
25 focus groups and comments made in interviews. So I did receive a number of those.

MR GARAS: Were you assisted in the preparation of your report by anyone?

MS ARZADON: No, I completed the report on my own.
30

MR GARAS: I think you indicated before, you don't recall exactly when your report was concluded, but it was some time in October; is that right?

MS ARZADON: Yes, it was.
35

MR GARAS: And the source data you received, according to answers you gave before, was on 1 October; is that right?

MS ARZADON: That's correct.
40

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

COMMISSIONER OWEN: Thank you, Mr Garas, are there any other --- yes, Ms Young.
45

CROSS-EXAMINATION BY MS YOUNG

MS YOUNG: Thank you Commissioner.

Ms Arzadon, can you hear me?

5

MS ARZADON: Yes, I can.

MS YOUNG: My name is Ms Young and I appear for the CPH parties. Can I take you back to the report you prepared for the Victorian Royal Commission which was tendered just now by Ms Cahill SC. That's on the screen, and for the transcript, COM.0007.0001.0178.

10

Ms Arzadon, this report was the subject of oral evidence before Commissioner Finkelstein; do you recall that?

15

MS ARZADON: Yes, I do.

MS YOUNG: In that report at COM.0007.0001.0202, you make a statement about Mr Packer's leadership style?

20

MS ARZADON: Yes. I remember that.

MS YOUNG: In your oral evidence to Commissioner Finkelstein you clarified that this statement about Mr Packer was an assumption based upon what you had drawn from paragraphs of the Bergin Report; is that correct?

25

MS ARZADON: The Bergin Report? Yes, I believe so.

MS YOUNG: Yes, and you agreed in your evidence to Commissioner Finkelstein that you have never met or spoken to Mr Packer?

30

MS ARZADON: No, that is correct.

MS YOUNG: And you didn't formally speak to anyone at Crown who have dealt with Mr Packer?

35

MS ARZADON: No, I have not spoken to anyone at Crown.

MS YOUNG: You do not know personally whether or not he was domineering in his leadership style?

40

MS ARZADON: No, I was simply using materials I had been provided for my report.

MS YOUNG: Do you agree that your report to Commissioner Finkelstein should be read with your oral evidence given to him?

45

MS ARZADON: I'm sorry, can you repeat that.

5 MS YOUNG: Do you agree that your report to Commissioner Finkelstein should be read with the oral evidence that you gave him?

MS ARZADON: Yes, I suppose so.

10 MS YOUNG: Commissioners, I seek to tender the transcript from the Victorian Royal Commission of Ms Arzadon's evidence which appears at COM.0004.00090.5657, in particular pages 5732 to 5789, which comprise Ms Arzadon's oral evidence.

15 COMMISSIONER OWEN: Could you repeat the identifier number, please.

MS YOUNG: Yes, COM.0004.0009.5657.

20 COMMISSIONER OWEN: An extract from the transcript of the proceedings of the Victorian Royal Commission with the identifier number COM.0004.0009.5657, and in particular pages 5732 to 5789 of the transcript are admitted into evidence as an exhibit.

25 **EXHIBIT #COM.0004.0009.5657 - EXTRACT OF TRANSCRIPT OF THE VICTORIAN ROYAL COMMISSION PROCEEDINGS - IN PARTICULAR PAGES 5732 TO 5789**

30 MS YOUNG: If the Commission pleases.

COMMISSIONER OWEN: Thank you. Any other applications?

35 **QUESTIONS BY THE COMMISSIONERS**

40 COMMISSIONER OWEN: Ms Arzadon, I've only got one question for you. In your report --- we may not need to bring this up because I'm sure you can recite this by heart, but PCRC.0021.0001. 0005, the definition of culture, which you say is this one that is widely accepted, et cetera, et cetera:

Culture is defined as systematically reinforced behavioural norms or mindsets that help or hinder various business outcomes.

45 MS ARZADON: That's correct.

COMMISSIONER OWEN: That is your working definition of "culture"?

MS ARZADON: That's correct.

5 COMMISSIONER OWEN: In the Deloitte current state culture, CRW.701.004.9441 at page 9447, you see in the first paragraph under "methodology" there is a definition that Deloitte have used of "culture". Could you just read that for me --- just to yourself.

10 It is a simple question: is there any significant or material difference between your definition of "culture" and that definition of "culture" that might impact on an assessment of the report?

15 MS ARZADON: No, I don't think there is a material difference. I've used more words but I think it essentially says the same thing.

COMMISSIONER OWEN: Thank you very much.

Anyone to re-examine?

20 Ms Arzadon, were you served with a summons to appear or was it an informal arrangement?

MS ARZADON: No, I wasn't served with a summons.

25 MS CAHILL: I'm being told there was no summons.

30 COMMISSIONER OWEN: Thank you very much indeed for making yourself available to us and for your evidence which has been informative. Thank you very much. You have our gratitude and you are now free to go, and we will adjourn to a date and time to be fixed.

THE WITNESS WITHDREW

35

HEARING ADJOURNED AT 2.31 PM UNTIL THURSDAY, 11 NOVEMBER 2021 AT 10.00 AM

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