
TRANSCRIPT OF PROCEEDINGS

COMMISSIONER: HON. RAY FINKELSTEIN AO QC

**IN THE MATTER OF A ROYAL COMMISSION
INTO THE CASINO OPERATOR AND LICENCE**

MELBOURNE, VICTORIA

10.03 AM, WEDNESDAY, 9 JUNE 2021

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Counsel for Deloitte (Gilbert + Tobin)	MR RICHARD HARRIS

10:03 1 COMMISSIONER: Good morning, everyone.
10:03 2
10:03 3 MS NESKOVCIN: Good morning, Commissioner.
10:03 4
10:03 5 COMMISSIONER: Doing a sound check.
10:03 6
10:03 7 MS NESKOVCIN: Yes. Can you hear me?
10:03 8
10:03 9 COMMISSIONER: Yes, I can.
10:03 10
10:03 11 Mr Borsky, you are on mute.
10:03 12
10:03 13 MR BORSKY: Yes, Commissioner, I can hear clearly, thank
10:04 14 you.
10:04 15
10:04 16 COMMISSIONER: Okay, good.
10:04 17
10:04 18 Ms Hartnett, are you online?
10:04 19
10:04 20 WITNESS: Yes, I am.
10:04 21
10:04 22 COMMISSIONER: I heard your voice and you can hear me?
10:04 23
10:04 24 WITNESS: Yes, I can.
10:04 25
10:04 26 COMMISSIONER: Mr Harris, you are on the screen. You are
10:04 27 on mute. Can you hear me?
10:04 28
10:04 29 MR HARRIS: Yes, Commissioner, can you hear me?
10:04 30
10:04 31 COMMISSIONER: Faintly, but yes. If it's not going to get any
10:04 32 better than that then you might need to shout.
10:04 33
10:04 34 MR HARRIS: I will speak up. Is that better now?
10:04 35
10:04 36 COMMISSIONER: That's better now. Moving closer to the
10:04 37 computer or microphone works.
10:04 38
10:04 39
10:04 40 **OPENING STATEMENT BY MS NESKOVCIN**
10:04 41
10:04 42
10:04 43 MS NESKOVCIN: Commissioner, I was proposing to give
10:04 44 a short opening. For Ms Hartnett's benefit she can go on mute
10:04 45 and turn off her camera if she wishes. We'll come back to
10:04 46 Ms Hartnett shortly.
10:04 47

10:04 1 Commissioner, today the Commission will hear evidence about
10:04 2 Crown's risk management framework and culture review. In
10:05 3 considering whether Crown Melbourne is a suitable person to
10:05 4 hold the licence under the Casino Control Act, it is necessary for
10:05 5 us to consider whether Crown has a satisfactory corporate
10:05 6 structure and sufficient business ability to establish and maintain
10:05 7 a successful casino.
10:05 8

10:05 9 After the arrest and detention of 19 Crown employees in China in
10:05 10 2016 to 2017 Crown embarked on a review and enhancement of
10:05 11 its risk management processes. Details in relation to the changes
10:05 12 to the risk management framework and processes since 2017 are
10:05 13 set out in various risk management papers, but in particular
10:05 14 a Risk Management Committee paper provided to the committee
10:05 15 for its meeting in March 2021. Nevertheless, despite the changes
10:05 16 that have been made since 2017, Crown has continued to
10:05 17 encounter issues that Crown's risk management structures and
10:06 18 processes fail to identify and manage.
10:06 19

10:06 20 The Honourable Patricia Bergin SC made a number of findings in
10:06 21 the NSW Inquiry in relation to Crown's risk management
10:06 22 structures in the course of enquiring into the media allegations
10:06 23 there concerning money laundering, junkets and the China
10:06 24 arrests. Those findings were broadly to the effect that Crown had
10:06 25 ineffectual and under-utilised risk and management structures,
10:06 26 failures to escalate risks, that there were blurred reporting lines,
10:06 27 and that there were failures to set the appropriate risk appetite
10:06 28 and guidance for decisions in relation to junket operators.
10:06 29

10:06 30 In the course of the Bergin Inquiry, Crown directors made certain
10:06 31 concessions in relation to Crown's risk management practices and
10:06 32 extent to which they contributed to Crown's failings and the
10:06 33 events leading up to the China arrests.
10:06 34

10:06 35 In a statement cited in this Commission, Ms Jane Halton, a
10:06 36 Director of Crown Resorts Limited and Chair of its Risk
10:07 37 Management Committee, was asked what deficiencies in Crown
10:07 38 Resorts or Crown Melbourne's risk management framework
10:07 39 systems or processes contributed to the failures identified in the
10:07 40 conclusions in the Bergin Report.
10:07 41

10:07 42 Ms Halton made a number of comments, in particular at
10:07 43 paragraph 186 of her statement. She said a number of significant
10:07 44 failures, including reporting, escalation, skill, knowledge, culture,
10:07 45 appropriate diligence and care and lack of questioning are
10:07 46 reported in the Bergin. In some instances these go to the
10:07 47 operation of the risk management framework.

10:07 1
10:07 2 Further, at paragraph 190 Ms Halton said that while not
10:07 3 a function of the risk management framework, systems or
10:07 4 processes, the report highlights a number of cultural issues. The
10:07 5 identification of reporting of problems were not always
10:07 6 welcomed as an opportunity to learn and in turn improve risk
10:07 7 management strategies, procedure or practices and can impede its
10:07 8 effective implementation.
10:08 9
10:08 10 Indeed, the matters that were the subject of the inquiry in NSW
10:08 11 led Ms Coonan, as Executive Chairman of Crown Resorts, to
10:08 12 acknowledge in her evidence that Crown's systems, processes and
10:08 13 structures in place in relation to risk management and compliance
10:08 14 require further enhancement. Today's hearing will be
10:08 15 an opportunity to explore what further enhancements have been
10:08 16 made since late last year.
10:08 17
10:08 18 Similarly, in its Sixth Review report, the VCGLR concluded that
10:08 19 significant matters shown by its investigation included failures of
10:08 20 governance and risk management which it contributed to
10:08 21 compliance slippages. The VCGLR considered that Crown
10:08 22 Melbourne had experienced risk failings relevant to its primary
10:08 23 licence and the risk and governance arrangements failed to
10:08 24 prevent issues from occurring. In particular, the VCGLR referred
10:08 25 to two disciplinary actions concerning adherence to internal
10:08 26 control statements.
10:08 27
10:09 28 The VCGLR's investigation led to it making a number of
10:09 29 recommendations, including relevantly Recommendation number
10:09 30 3 which you will hear about shortly. That recommendation was
10:09 31 that by 1 July 2019, Crown assess the robustness and
10:09 32 effectiveness of risk management framework and systems,
10:09 33 including reporting lines and the chain of command and upgrade
10:09 34 them when required. This assessment was to be assisted by
10:09 35 external advice.
10:09 36
10:09 37 Following this Recommendation, Crown engaged Deloitte to
10:09 38 assess the design of Crown's risk management program systems.
10:09 39 We will hear evidence about the scope of the assessment
10:09 40 undertaken by Deloitte, and recommendations made by Deloitte
10:09 41 for further enhancements to Crown's risk management framework
10:09 42 and processes. We will also consider whether all of Deloitte's
10:09 43 recommendations have been implemented and will explore
10:09 44 whether other enhancements or recommendations have been
10:09 45 made.
10:10 46
10:10 47 It is worth noting that there has been no further external review of

10:10 1 Crown's risk management framework since the Deloitte
10:10 2 engagement in 2019. According to Crown's risk management
10:10 3 strategy document and Ms Halton's evidence, the next external
10:10 4 review of Crown's risk management framework and processes is
10:10 5 due in 2022.

10:10 6
10:10 7 Commissioner, you've heard about Crown's reform program. Part
10:10 8 of the reform program includes a culture review assisted by
10:10 9 Deloitte. In December 2020, Deloitte was engaged to conduct
10:10 10 an organisational culture review. That was to be broken into four
10:10 11 discrete phases of work. The first phase, we hear, is complete.
10:10 12 That included interviews with key stakeholders, such as Ken
10:10 13 Barton, the former CEO of Crown Resorts. Today we will hear
10:10 14 evidence of cultural deficiencies as identified by Mr Barton to
10:11 15 Deloitte, and will explore whether the culture can change.

10:11 16
10:11 17 The witness we call today, Ms Cara Hartnett, a partner of
10:11 18 Deloitte, will give evidence about the risk management
10:11 19 framework review undertaken by Deloitte in 2019. We will also
10:11 20 hear evidence from Ms Victoria Whitaker, a partner of Deloitte,
10:11 21 who will give evidence about the cultural review. And, finally,
10:11 22 Ms Anne Siegers, the Chief Risk Officer of Crown, will be called
10:11 23 to give evidence.

10:11 24
10:11 25 Commissioner, Crown's risk management framework and cultural
10:11 26 review and reform program generally are matters to which we
10:11 27 will return with other witnesses.

10:11 28
10:11 29 Commissioner, I mentioned two documents in my opening,
10:11 30 which I would seek to tender. There is a tender list which will be
10:11 31 provided to your associate and has already been provided to the
10:11 32 parties with leave to appear, and I seek to have that tendered
10:11 33 during the course of the day.

10:11 34
10:11 35 COMMISSIONER: Thank you, Ms Neskovicin. Do you have
10:11 36 want to call Ms Hartnett now?

10:12 37
10:12 38 MS NESKOVGIN: Yes. I call Ms Hartnett. She is there. She
10:12 39 can turn back on her camera and microphone.

10:12 40
10:12 41

10:12 42 **MS CARA JANE HARTNETT, AFFIRMED**

10:12 43
10:12 44

10:12 45 **EXAMINATION-IN-CHIEF BY MS NESKOVGIN**

10:12 46
10:12 47

10:12 1 MS NESKOVCIN: Ms Hartnett, could you please state your full
10:12 2 name?
10:12 3
10:12 4 A. Cara Jane Hartnett.
10:12 5
10:12 6 Q. What is your business address, please?
10:12 7
10:12 8 A. 477 Collins Street, Melbourne.
10:12 9
10:12 10 Q. And your occupation?
10:12 11
10:12 12 A. I am a partner at Deloitte.
10:12 13
10:13 14 Q. I understand you have produced a statement in response to
10:13 15 a Request for Statement and are here today under a Notice to
10:13 16 Attend; is that correct?
10:13 17
10:13 18 A. Yes, that's correct.
10:13 19
10:13 20 Q. Do you have a copy of your statement with you?
10:13 21
10:13 22 A. I do.
10:13 23
10:13 24 Q. For the transcript, it is document DTT.0000.0005.0054.
10:13 25
10:13 26 Ms Hartnett, I understand there is a correction you wish to make
10:13 27 to the statement?
10:13 28
10:13 29 A. Yes, there are two corrections that I would like to make.
10:13 30
10:13 31 Q. The first correction is in relation to paragraph 3 and the
10:13 32 document ID for the engagement letter; is that correct?
10:13 33
10:13 34 A. That's right. The words in "in document number
10:13 35 DTT.010.0002.0009" should be deleted and replaced with the
10:13 36 words "and is the letter dated 12 February 2019 which was
10:13 37 provided to the Commission on 8 June 2021".
10:13 38
10:14 39 MS NESKOVCIN: I don't think that has a document ID yet,
10:14 40 Commissioner, but we will attend to that in due course.
10:14 41
10:14 42 COMMISSIONER: Thank you.
10:14 43
10:14 44 MS NESKOVCIN: What is the second change, Ms Hartnett?
10:14 45
10:14 46 A. It's in paragraph 7. The words "document number
10:14 47 DTT.001.0002.0045" should be deleted and replaced with the

10:14 1 words "to the document referred to in paragraph 3". My
10:14 2 apologies, not paragraph 7, paragraph 5.
10:14 3
10:14 4 Q. Sorry, I don't have a document in paragraph 5. Do you
10:14 5 mean paragraph 3?
10:14 6
10:14 7 A. It's the one on the screen at the moment.
10:14 8
10:14 9 Q. Yes.
10:14 10
10:14 11 A. That's at paragraph 7. Yes, that's right. So it is paragraph
10:14 12 7.
10:14 13
10:14 14 COMMISSIONER: Is it on the last line, yes?
10:14 15
10:14 16 A. That, that's correct.
10:14 17
10:15 18 Q. So we delete that document ID and in its place it should say
10:15 19 "refer to the document referred to in paragraph 3"?
10:15 20
10:15 21 Subject to those changes, is your statement true and correct to the
10:15 22 best of your knowledge, Ms Hartnett?
10:15 23
10:15 24 A. Yes, it is.
10:15 25
10:15 26 Q. Ms Hartnett, as you mentioned, you are a partner in the
10:15 27 Deloitte Risk Advisory Group based in Melbourne; is that
10:15 28 correct?
10:15 29
10:15 30 A. Yes, that's correct.
10:15 31
10:15 32 Q. I understand you have a Bachelor of Commerce and you are
10:15 33 also a Chartered Accountant?
10:15 34
10:15 35 A. Yes.
10:15 36
10:15 37 Q. According to your CV you have over 20 years' experience
10:15 38 in governance, risk management and regulatory compliance; is
10:15 39 that correct?
10:15 40
10:15 41 A. Yes, that's right.
10:15 42
10:15 43 Q. In February 2019, Deloitte was engaged by Crown to assist
10:15 44 with a review of Crown's risk management program. That's
10:15 45 correct, isn't it?
10:15 46
10:15 47 A. Yes.

10:15 1
10:15 2 Q. As we see from paragraph 5 of your statement, which is on
10:15 3 the screen, you mention that in December 2018 Stephen Roche,
10:16 4 who is a partner of yours, received a request from Alan
10:16 5 McGregor, the CEO of Crown Resorts, to assist him with a risk
10:16 6 management review. Mr McGregor he noted that the
10:16 7 opportunities stemmed from a recent section 25 review by the
10:16 8 VCGLR, which requested that Crown engage a third-party to
10:16 9 review changes to the risk management framework. You say:

10:16 10
10:16 11 *He also noted that the brief from Crown's Group*
10:16 12 *[General Manager] of Risk & Audit, Ms Anne Siegers,*
10:16 13 *had outlined that the review was to be 'high level, desktop*
10:16 14 *advice and challenge on the design of the risk*
10:16 15 *management framework'*
10:16 16

10:16 17 Pausing there, was that what Mr Roche conveyed to you about
10:16 18 the nature of the review?

10:16 19
10:16 20 A. Yes, it was.
10:16 21

10:16 22 Q. So it was to be high level, desktop advice and challenge on
10:16 23 the design; is that correct?

10:16 24
10:16 25 A. That's right.
10:16 26

10:16 27 Q. Was that confirmed in subsequent instructions to you
10:16 28 personally by Crown?

10:16 29
10:17 30 A. Yes, it was.
10:17 31

10:17 32 COMMISSIONER: Sorry, what is a "high level, desktop
10:17 33 advice"? Does that mean don't look at any detail at all, you just
10:17 34 look at papers and assess whatever you are looking at by dealing
10:17 35 with the papers and nothing else?

10:17 36
10:17 37 A. Yes, Commissioner, it is essentially a documentation
10:17 38 review.
10:17 39

10:17 40 COMMISSIONER: Thank you.
10:17 41

10:17 42 MS NESKOVCIN: Operator, if we could scroll up to paragraph
10:17 43 3 of Ms Hartnett's statement.
10:17 44

10:17 45 Ms Hartnett, the answer that you just gave the Commissioner is in
10:17 46 fact reflected in paragraph 3; is that correct? I will assist,
10:17 47 Ms Hartnett. It is a bit vague. You say in the second sentence:

10:17 1
10:17 2 *In summary, Deloitte was engaged to assess the design of*
10:17 3 *Crown Melbourne's risk management program and*
10:17 4 *provide observations, and where appropriate,*
10:18 5 *recommendations for improvement.*
10:18 6
10:18 7 That reflects the scope of engagement; correct?
10:18 8
10:18 9 A. Yes, that's right.
10:18 10
10:18 11 Q. And then you say:
10:18 12
10:18 13 *The scope of our engagement included an assessment of*
10:18 14 *Crown's risk and governance documentation relating to*
10:18 15 *risk management with particular focus on*
10:18 16
10:18 17 And you break it down into four categories. Essentially, they are
10:18 18 all categories of documents that you reviewed for the purpose of
10:18 19 the engagement; is that correct?
10:18 20
10:18 21 A. Yes, that's right.
10:18 22
10:18 23 Q. In relation to risk strategy, for example, you reviewed the
10:18 24 risk management policy, strategy, framework and risk appetite
10:18 25 statements, for example; correct?
10:18 26
10:18 27 A. Yes, that's right.
10:18 28
10:18 29 Q. I won't go through the other paragraphs. That is pretty
10:18 30 self-explanatory.
10:18 31
10:18 32 In the initial draft of the engagement letter, which you have
10:18 33 removed, and I don't mean this as a criticism, the scope of which
10:18 34 only involved also interviewing seven or eight stakeholders; do
10:19 35 you recall that?
10:19 36
10:19 37 A. Yes, it did.
10:19 38
10:19 39 Q. And then in the engagement letter that you've replaced it
10:19 40 with this morning, that has been narrowed to three stakeholders;
10:19 41 do you recall that?
10:19 42
10:19 43 A. Yes, that's right, two to three.
10:19 44
10:19 45 Q. And in fact you only interviewed Ms Anne Siegers, the
10:19 46 Group General Manager of Audit and Risk; correct?
10:19 47

10:19 1 A. Yes, that's right.
10:19 2
10:19 3 Q. So why was that the case? Why was it that you were not
10:19 4 permitted, or did you not seek to interview any further
10:19 5 stakeholders?
10:19 6
10:19 7 A. Given the scope of the review was limited to looking at the
10:19 8 documentation, and the documentation had been largely
10:19 9 developed by Ms Siegers, we didn't need to speak with anyone
10:19 10 further.
10:19 11
10:19 12 Q. I see. As you say in the report itself, which I will take you
10:19 13 to, do you have a copy of your statement with the attachments?
10:19 14 I will get it on the screen, but it is a matter for you ---
10:20 15
10:20 16 A. I have the statement, not the attachments.
10:20 17
10:20 18 Q. Could the operator please call up DTT.001.0002.0057.
10:20 19 You recognise this document, Ms Hartnett, as the report prepared
10:20 20 by Deloitte on the risk management framework?
10:20 21
10:20 22 A. Yes.
10:20 23
10:20 24 Q. And it is dated May 2019?
10:20 25
10:20 26 A. Yes, it is.
10:20 27
10:20 28 Q. Operator, could you please go to page _0003. In the
10:20 29 right-hand column you see where it says "scope limitations",
10:20 30 Ms Hartnett?
10:20 31
10:20 32 A. Yes.
10:20 33
10:20 34 Q. You recall there that your engagement was limited to
10:21 35 assessing the design of the risk management program; correct?
10:21 36
10:21 37 A. That's right.
10:21 38
10:21 39 Q. That was the case.
10:21 40
10:21 41 A. Yes.
10:21 42
10:21 43 Q. You record there that you, Deloitte, did not assess the
10:21 44 degree to which the risk management framework was embedded
10:21 45 in the organisation; that was the case, wasn't it?
10:21 46
10:21 47 A. That's right, yes.

10:21 1
10:21 2 Q. And you did not assess how it was operating; is that
10:21 3 correct?
10:21 4
10:21 5 A. Yes, that's correct.
10:21 6
10:21 7 Q. If we just go down to the next paragraph you say:
10:21 8
10:21 9 *Our assessment was also restricted to the risk*
10:21 10 *management [documents] in place as at March 31, 2019*
10:21 11 *and did not include a comparisons or benchmarking with*
10:21 12 *risk management practices and processes in the past.*
10:21 13
10:21 14 Is that correct?
10:21 15
10:21 16 A. That's right, yes.
10:21 17
10:21 18 Q. So that was all outside the scope of Deloitte's review?
10:21 19
10:21 20 A. Yes, it was.
10:21 21
10:21 22 Q. Nor, Ms Hartnett, did you consider whether or not the risk
10:21 23 management framework that you assessed was appropriate for
10:21 24 Crown's business; did you?
10:21 25
10:21 26 A. No, we did not.
10:21 27
10:22 28 Q. And just looking at paragraph 1.1, the heading
10:22 29 "background", you see under that there is the reference there -
10:22 30 you recall in the letter of engagement - sorry, you recall in
10:22 31 paragraph 5 of your statement there was - the initial discussion
10:22 32 that Mr Roche had with Mr McGregor made reference to the
10:22 33 VCGLR?
10:22 34
10:22 35 A. Yes.
10:22 36
10:22 37 Q. You came to understand, didn't you, that the reason for
10:22 38 Deloitte's engagement emanated from a requirement that came
10:22 39 out of the VCGLR's Sixth Review report; did you not?
10:22 40
10:22 41 A. Yes, I did.
10:22 42
10:22 43 Q. That's what you've reflected here in paragraph 1.1 of the
10:22 44 report; is that right?
10:22 45
10:22 46 A. Yes, that's right.
10:22 47

10:22 1 Q. So if we read that, Commissioner, it says:

10:22 2

10:22 3

10:23 4 *In June 2018, the Victorian Commission for Liquor and*
 10:23 5 *Gambling Regulation issued its Sixth Review of the*
 10:23 6 *Melbourne casino operator and licence, which presents*
 10:23 7 *the VCGLR's view as to the ongoing suitability of Crown*
 10:23 8 *Melbourne Ltd (CML), to hold its casino licence. The*
 10:23 9 *VCGLR report made a number of recommendations,*
 10:23 10 *including Recommendation 3, which states:*

10:23 11

10:23 12 *'The VCGLR recommends that, by 1 July 2019, Crown*
 10:23 13 *assesses the robustness and effectiveness of its risk*
 10:23 14 *frameworks and systems, including reporting lines in the*
 10:23 15 *chain of command, and upgrade them where required.*
 10:23 16 *This assessment should be assisted by external advice.'*

10:23 17

10:23 18 So those were the instructions conveyed to you, Ms Hartnett?

10:23 19

10:23 20 A. Sorry, could you ask again?

10:23 21

10:23 22 Q. That was the background to Deloitte's engagement as
 10:23 23 conveyed to you by Crown; correct?

10:23 24

10:23 25 A. That was the background, yes.

10:23 26

10:24 27 Q. Deloitte's engagement was not to assess the robustness and
 10:24 28 effectiveness of Crown's risk management frameworks and
 10:24 29 systems, was it?

10:24 30

10:24 31 A. No, it wasn't.

10:24 32

10:24 33 Q. An engagement to assess the robustness and effectiveness
 10:24 34 of an entity and its risk management frameworks and systems
 10:24 35 would look very different to the engagement that Deloitte had
 10:24 36 with Crown on this occasion; correct?

10:24 37

10:24 38 A. Yes, it would be much broader than the work we
 10:24 39 undertook.

10:24 40

10:24 41 Q. I would like to explore that as to what it should have
 10:24 42 involved. So you had a desktop review. You spoke to
 10:24 43 Ms Siegers who was primarily responsible for drafting the risk
 10:24 44 management framework. In the first instance, would it involve
 10:24 45 interviewing more stakeholders?

10:24 46

10:24 47 A. Yes, it would.

10:24 1 Q. That would include, for example, the Chair of the Risk
10:24 2 Management Committee, would it?
10:24 3
10:24 4 A. Yes, it would.
10:24 5
10:24 6 Q. And people responsible for external audit?
10:24 7
10:24 8 A. Yes, it would.
10:24 9
10:24 10 Q. The external auditor?
10:24 11
10:24 12 A. Perhaps.
10:24 13
10:24 14 Q. Any other key stakeholders to your mind, in an organisation
10:25 15 like Crown's, that you would want to interview if you were
10:25 16 undertaking an assessment of robustness and effectiveness?
10:25 17
10:25 18 A. Yes, you would want to talk broadly to a range of people
10:25 19 that were responsible for managing risk and understand how well
10:25 20 the framework that the documents had been embedded in the
10:25 21 organisation. So you would also want to talk to executives or
10:25 22 employees that were involved in activities across the organisation
10:25 23 to understand how their day-to-day activities incorporated
10:25 24 activities that were outlined in the framework.
10:25 25
10:25 26 Q. I see. And what about any directors, would that be
10:25 27 necessary or unnecessary?
10:25 28
10:25 29 A. I think you would want to speak to members of the Risk
10:25 30 Committee, and maybe some of the directors to understand their
10:26 31 perspectives on things like risk reporting, information that they
10:26 32 were receiving.
10:26 33
10:26 34 Q. I see. Operator, if we could just flick to the last page of this
10:26 35 document, please, I don't have the document ID, it's internal
10:26 36 page 11, Ms Hartnett, I don't want to go through the list, but this
10:26 37 is the list you reviewed for the purposes of your engagement;
10:26 38 correct?
10:26 39
10:26 40 A. Yes, it is the list of documents we reviewed.
10:26 41
10:26 42 Q. If you were to have been engaged to do an assessment of
10:26 43 the robustness and effectiveness of the risk management
10:26 44 framework, in terms of additional documents that you might wish
10:26 45 to see, would you want to see past audit reports? Or would that
10:26 46 be unnecessary?
10:26 47

- 10:26 1 A. That could be looked at, yes.
10:26 2
10:26 3 Q. And what about risk registers? I don't see risk registers on
10:27 4 that list. Was that a document that you looked at?
10:27 5
10:27 6 A. If it's not on this list we didn't look at it.
10:27 7
10:27 8 Q. Often organisations have risk registers at an operational
10:27 9 level; that is correct?
10:27 10
10:27 11 A. Yes, it is.
10:27 12
10:27 13 Q. Is that a type of document you would like to see if you were
10:27 14 doing more extensive reviews?
10:27 15
10:27 16 A. Yes, we would.
10:27 17
10:27 18 Q. A more extensive review can take much longer than the
10:27 19 review that Deloitte took, and just for clarity, in the amended
10:27 20 engagement letter, the engagement was intended to take a few
10:27 21 weeks; do you recall that?
10:27 22
10:27 23 A. Yes, it did say that.
10:27 24
10:27 25 Q. And did it take a little longer than that?
10:27 26
10:27 27 A. It did take a little longer in elapsed time but we didn't spend
10:27 28 any more time working on it than we expected to when we sent
10:27 29 out the engagement letter.
10:27 30
10:27 31 Q. I see. But a more comprehensive review of the robustness
10:27 32 and effectiveness of the framework, what sort of time frame
10:28 33 would that involve?
10:28 34
10:28 35 A. It would take a longer time frame.
10:28 36
10:28 37 Q. Operator, could we go back to the page we were on,
10:28 38 internal page 0003. Blow up the left-hand column again.
10:28 39
10:28 40 Ms Hartnett, you agree with me that there was a difference in the
10:28 41 scope of Deloitte's engagement compared to the requirements of
10:28 42 Recommendation 3; do you recall saying that or do you agree that
10:28 43 is the effect of what you have said?
10:28 44
10:28 45 A. Yes, there is a difference.
10:28 46
10:28 47 Q. Was that difference the subject of any discussions with

10:28 1 anyone at Crown?

10:28 2

10:28 3 A. Yes, it was.

10:28 4

10:28 5 Q. Can you elaborate on that? Who did you discuss it with

10:28 6 and what was the nature of the discussion?

10:28 7

10:28 8 A. I discussed it with Ms Siegers and also with Joshua Preston,

10:28 9 the chief legal officer at the time. We discussed it in the context

10:29 10 of our report and that we were limited in the observations that we

10:29 11 could make around Crown's risk management program within

10:29 12 that scope, and within that limitation that we had outlined.

10:29 13

10:29 14 Q. But was there a discussion that your scope didn't actually

10:29 15 match the VCGLR's requirements? Was that a matter that came

10:29 16 up?

10:29 17

10:29 18 A. Yes, we discussed it in the context that our review would

10:29 19 only form part of Crown's response to the VCGLR and that

10:29 20 because of the way it had been scoped it couldn't meet the

10:29 21 requirements that had been outlined by the VCGLR in their

10:29 22 entirety.

10:29 23

10:29 24 Q. And that was the message that you conveyed to Crown?

10:29 25

10:29 26 A. Yes, that is.

10:29 27

10:29 28 Q. And you understood that they understood that?

10:29 29

10:29 30 A. Yes, I did.

10:29 31

10:29 32 Q. Did they respond in any way to suggest that that was

10:30 33 a concern or an issue from their point of view?

10:30 34

10:30 35 A. No, they didn't.

10:30 36

10:30 37 Q. I want to ask you about a couple of the recommendations

10:30 38 that were made if we could. Please go to internal page

10:30 39 _0005. You see this page is headed "Detailed findings, 2.1 risk

10:30 40 management strategy". I want to go over the page to 2.1.4. Next

10:30 41 page, please, operator.

10:30 42

10:30 43 Before we go through the recommendations, this is on "risk

10:30 44 appetite", Ms Hartnett, I just want to see if I understand a few

10:31 45 concepts and please correct me. I'm sure I've got the technical

10:31 46 details wrong, but in terms of risk appetite, the Board sets a risk

10:31 47 appetite statement to identify the risks for which the Board or the

10:31 1 company has no appetite; is that a fair statement?
10:31 2
10:31 3 A. It's the setting of the appetite and it may be - it's the extent
10:31 4 to which the company has an appetite to take risk.
10:31 5
10:31 6 Q. Thank you. And you came to learn that prior to - sorry, I
10:31 7 will go back a step and withdraw that.
10:31 8
10:31 9 As part of your engagement you came to learn that as part of the
10:31 10 Sixth Review, the VCGLR had engaged PricewaterhouseCoopers
10:32 11 to do Crown's risk management framework assessment for the
10:32 12 VCGLR; do you recall that?
10:32 13
10:32 14 A. I understood that PricewaterhouseCoopers had been
10:32 15 engaged to undertake a review.
10:32 16
10:32 17 Q. You didn't see the report, I take it?
10:32 18
10:32 19 A. I was shown a hard copy of the report at the beginning of
10:32 20 our review.
10:32 21
10:32 22 Q. But it wasn't provided to you?
10:32 23
10:32 24 A. No, I don't believe so.
10:32 25
10:32 26 Q. But you will recall, because I think this is reflected in your
10:32 27 report, that one of the recommendations that PwC made was that
10:32 28 the Crown Board adopt a risk appetite statement because there
10:32 29 was not previously one in place; do you recall that?
10:32 30
10:32 31 A. No, I don't.
10:32 32
10:32 33 Q. It's actually not a memory test, Ms Hartnett. In any event,
10:33 34 a risk appetite statement didn't exist, it was put in place ---
10:33 35
10:33 36 A. (Nods head).
10:33 37
10:33 38 Q. --- and what the risk appetite statement does is identify
10:33 39 various categories of risk; is that correct?
10:33 40
10:33 41 A. It describes risk appetite for various categories of risk.
10:33 42
10:33 43 Q. And then there are, and this is just to contextualise the
10:33 44 discussion we are about to have, qualitative statements which are
10:33 45 meant to provide a clear statement of the acceptable risk
10:33 46 tolerances; is that correct?
10:33 47

10:33 1 A. Yes.

10:33 2

10:33 3 Q. And then there are quantitative statements which are meant
10:33 4 to identify triggers that require reporting and escalation of risks;
10:33 5 is that correct?

10:33 6

10:33 7 A. Yes, that's right.

10:33 8

10:33 9 Q. So the qualitative statements are meant to use words to
10:33 10 describe the risk tolerance?

10:33 11

10:33 12 A. Yes.

10:33 13

10:33 14 Q. And the quantitative statements are meant to provide ways
10:34 15 to identify triggers to escalate risk reporting and management of
10:34 16 risk; is that correct?

10:34 17

10:34 18 A. Yes, that's right.

10:34 19

10:34 20 Q. And so, looking at what you said at 2.1.4, you said:

10:34 21

10:34 22 *Risk appetite was recently designed and approved by the*
10:34 23 *Crown Resorts board and the Crown Melbourne board in*
10:34 24 *December 2018.*

10:34 25

10:34 26 *Risk appetite has been set for seven (7) impact categories*

10:34 27 *.....*

10:34 28

10:34 29 They are set out. If you scroll down the page a little, please,
10:34 30 operator. In sub-paragraph - below the seven dot points you
10:34 31 say:

10:34 32

10:34 33 *Each is assigned a qualitative statement, quantitative*
10:34 34 *statement and quantitative metrics --- RMC reporting*
10:34 35 *triggers.*

10:34 36

10:34 37 Under "qualitative statements", the report says:

10:34 38

10:34 39 *The qualitative risk appetite statements (RAS) for the*
10:35 40 *seven impact categories are not expressed in a manner*
10:35 41 *typical of a risk appetite statement.*

10:35 42

10:35 43 *Typically a risk appetite statement provides a clear*
10:35 44 *statement of acceptable risk tolerance. In the majority of*
10:35 45 *cases the qualitative statements are expressed in*
10:35 46 *a manner that does not reference risk tolerances.*

10:35 47

10:35 1 So that is your comment on Crown's qualitative statements for the
10:35 2 risk tolerances.

10:35 3

10:35 4 A. (Nods head).

10:35 5

10:35 6 Q. And you give an example there in relation to the financial
10:35 7 risk category which says "Protect and deliver shareholder value",
10:35 8 and you make the comment that a risk appetite statement "more
10:35 9 clearly expresses risk tolerances may be, 'We have limited risk
10:35 10 appetite for activities that weaken shareholder value'". Correct?

10:35 11

10:35 12 A. Yes, that's right.

10:35 13

10:35 14 Q. And then under regulatory and legal, you identify the
10:35 15 qualitative statement which is:

10:35 16

10:36 17 *Maintain systematic compliance with regulatory, legal*
10:36 18 *statutory, and contractual obligations.*

10:36 19

10:36 20 *A RAS that more clearly expresses risk tolerances may be*
10:36 21 *'we have zero tolerance for failure to escalate or report*
10:36 22 *any breaches of regulatory or legal requirements'.*

10:36 23

10:36 24 A. Yes, that's right.

10:36 25

10:36 26 Q. Finally, the brand/reputation category, the qualitative
10:36 27 statement was "maintain shareholder confidence". And you
10:36 28 suggested that it would be more clearly expressed to be stated as:

10:36 29

10:36 30 *We have a low risk appetite to undertake any activity that*
10:36 31 *leads to a loss of shareholder confidence or damages our*
10:36 32 *brand or reputation.*

10:36 33

10:36 34 If we scroll down the page a little further, please, operator, you
10:36 35 then made a recommendation that:

10:36 36

10:36 37 *As Crown continues to develop and embed the concept of*
10:36 38 *risk appetite, any update to the qualitative statements*
10:37 39 *could consider including a clearer statement of*
10:37 40 *acceptable risk tolerances.*

10:37 41

10:37 42 Sorry for reading that to you, but I wanted to do that for context,
10:37 43 Ms Hartnett. You had identified, hadn't you, that there was
10:37 44 a preferable way of expressing the qualitative statement as to
10:37 45 Crown's risk tolerances; correct?

10:37 46

10:37 47 A. Yes. There was a more common way that we had seen to

10:37 1 express it.

10:37 2

10:37 3 Q. So it was more common, but what did you also perceive to
10:37 4 be the advantages of that in terms of the reader audience?

10:37 5

10:37 6 A. It's more specific, as we noted in the report, and provides
10:37 7 a clearer statement of the risk appetite.

10:37 8

10:37 9 Q. So, instead of an aspirational statement, you are directing
10:37 10 the reader to where there is a low risk appetite for a particular
10:38 11 activity; is that a fair statement?

10:38 12

10:38 13 A. Yes, that is.

10:38 14

10:38 15 Q. You said that that is more common in terms of what you
10:38 16 see elsewhere in other risk appetite statements, I assume; is that
10:38 17 correct?

10:38 18

10:38 19 A. That's correct.

10:38 20

10:38 21 Q. Was this recommendation the subject of any discussion
10:38 22 with anyone at Crown?

10:38 23

10:38 24 A. Yes, I - we discussed it with Ms Siegers.

10:38 25

10:38 26 Q. What was Ms Siegers' response or attitude to this
10:38 27 recommendation? Did she accept it?

10:38 28

10:38 29 A. She accepted it, yes.

10:38 30

10:38 31 Q. Thank you. Then under "quantitative metrics", I know you
10:38 32 don't make a recommendation here, but we'll come to another
10:38 33 aspect of the quantitative metrics. What you identify in
10:39 34 sub-paragraph (b) was that the:

10:39 35

10:39 36 *Quantitative metrics for risk appetite triggers are based*
10:39 37 *on tolerance for individual risk events. This is acceptable*
10:39 38 *provided the trigger is set conservatively, which this*
10:39 39 *appears to be the case.*

10:39 40

10:39 41 However, you noted, and this is terms of reporting and you are
10:39 42 quoting there from the memorandum from the Risk Management
10:39 43 Committee on 19 November 2018, that:

10:39 44

10:39 45 *The trigger can be either a single event or a series of*
10:39 46 *events cumulating to the below thresholds. The risk*
10:39 47 *appetite framework would benefit from greater*

10:39 1 *transparency on the relationship of the individual*
 10:39 2 *material risks recorded in Corporate Risk profiles and the*
 10:39 3 *seven higher level risk categories. For example, what are*
 10:39 4 *the material risks that if cumulatively considered are*
 10:39 5 *assessed against a specific trigger for an impact category.*
 10:39 6

10:39 7 Although you didn't make a recommendation on this,
 10:39 8 Ms Hartnett, and although you can have a series of triggers which
 10:40 9 of themselves would not be a triggering event but cumulatively
 10:40 10 would be and that was not dealt with in the risk appetite
 10:40 11 statement; is that correct?
 10:40 12

10:40 13 A. That is correct.
 10:40 14

10:40 15 Q. And why does that matter?
 10:40 16

10:40 17 A. It matters because if you only consider the risks
 10:40 18 individually you may not understand what might happen if
 10:40 19 a combination of risks might happen, or if a number of smaller
 10:40 20 risks occurred but cumulatively present a much larger risk. So
 10:40 21 being able to think about the triggers in particular, and what
 10:40 22 might happen if a number of, I guess, smaller or lower level
 10:40 23 triggers for issues could create a more significant risk.
 10:40 24

10:40 25 Q. I see. Thank you. I think this theme is picked up in the
 10:41 26 next recommendation that I wanted to go to, which is in 2.3,
 10:41 27 operator. I think it is two pages over. Thank you. It is on the
 10:41 28 right-hand side. 2.3a) was about the use of quantitative triggers
 10:41 29 for reporting, Ms Hartnett. It says:
 10:41 30

10:41 31 *Reporting of risk and escalation of risk issues,*
 10:41 32 *particularly in relation to risk appetite and risk triggers*
 10:41 33 *would benefit from greater clarity.*
 10:41 34

10:41 35 You set out a couple of quotes from the draft risk management
 10:41 36 statement, which I won't read out, I will just get you to read those
 10:41 37 to yourself, Ms Hartnett, please.
 10:41 38

10:41 39 Operator, if you could scroll down the page, please.
 10:41 40

10:42 41 Then, Ms Hartnett, you noted that:
 10:42 42

10:42 43 *The memorandum to RMC states that:*
 10:42 44

10:42 45 *In simple terms, once a quantitative metric is triggered,*
 10:42 46 *the risk appetite then requires that the matter be reported*
 10:42 47 *to RMC. The trigger can be either a single event or*

10:42 1 *a series of events*

10:42 2

10:42 3 You make a similar comment, Ms Hartnett, about the benefit
10:42 4 from greater clarity on the following questions:

10:42 5

10:42 6 *Is a trigger excess the same as a breach of risk appetite?*

10:42 7

10:42 8 *What is the clear and timely escalation process for*
10:42 9 *breaches of risk appetite?*

10:42 10

10:42 11 *Who is responsible for escalating breaches of risk*
10:42 12 *appetite and what is required to be reported?*

10:43 13

10:43 14 *How is reporting of individual events aggregated to*
10:43 15 *assess cumulative risks against approved triggers?*

10:43 16

10:43 17 What was the issue you were identifying here that required
10:43 18 improvement, please, Ms Hartnett.

10:43 19

10:43 20 A. We thought there should be some greater clarity in the
10:43 21 framework around the risk triggers and the way the risk appetite
10:43 22 had been stated. The way the triggers were explained in the risk
10:43 23 management framework were, they were essentially moments
10:43 24 or events that if they were to occur would trigger reporting to the
10:43 25 Risk Management Committee, as opposed to being potentially
10:43 26 true breaches of risk appetite where the organisation was
10:43 27 operating outside of the risk appetite.

10:43 28

10:43 29 Q. What does that mean in terms of process? Does it mean
10:44 30 there are missed opportunities or does it mean it's not managed in
10:44 31 the appropriate way? What are the consequences?

10:44 32

10:44 33 A. The consequences are that the Risk Management
10:44 34 Committee could actually be receiving more reporting or
10:44 35 reporting that would indicate that a risk had occurred, that the
10:44 36 risk could still be within risk appetite. They would receive,
10:44 37 essentially, a lower level of reporting around a lower level of
10:44 38 event than a serious breach of risk appetite.

10:44 39

10:44 40 Q. I see. Operator, can we go to the next page, please. Sorry,
10:44 41 back to the previous page and scroll down a little, please.

10:45 42

10:45 43 After the paragraph with the dot point it reads:

10:45 44

10:45 45 *In some instances, quantitative reporting triggers are*
10:45 46 *stated in a way that could lead to ambiguity with regard*
10:45 47 *to their application and subsequent reporting.*

- 10:45 1
10:45 2 And you say:
10:45 3
10:45 4 *Unless clearly defined, use of terms such as "significant",*
10:45 5 *"material" and "sustained" can lead to different*
10:45 6 *interpretations with a consequential impact on escalation*
10:45 7 *and reporting. Often this can be overcome with*
10:45 8 *a combination of more clearly expressed RAS and*
10:45 9 *quantitative metrics.*
10:45 10
10:45 11 You there use the brand reputation example. The quantitative
10:45 12 statement for that risk category was "an internal event creating
10:45 13 a sustained share price loss" and that was defined as greater than
10:46 14 5 per cent; correct?
10:46 15
10:46 16 A. Yes.
10:46 17
10:46 18 Q. You raise the question:
10:46 19
10:46 20 *Over what period does 'sustained' mean? Is this over*
10:46 21 *a 24 hour, 1 week or a 1 month period? A way of*
10:46 22 *expressing this with greater clarity to inform reporting*
10:46 23 *may read as follows:*
10:46 24
10:46 25 *'This is measured by 5 per cent fall in our share price*
10:46 26 *over a rolling 30 day period'.*
10:46 27
10:46 28 Do you see that?
10:46 29
10:46 30 A. Yes, I do.
10:46 31
10:46 32 Q. And the reference to material, for example, was also a
10:46 33 reference that was used in relation to the category of legal and
10:46 34 regulatory breaches; do you remember that?
10:46 35
10:46 36 A. I don't recall.
10:46 37
10:46 38 Q. Well, sorry, just a moment. You can assume for me that for
10:46 39 regulation and legal the category - the quantitative statement
10:46 40 said something to the effect of material breaches and that to your
10:46 41 mind would raise a question of what does "material" mean;
10:46 42 correct?
10:46 43
10:46 44 A. Yes, that's right.
10:46 45
10:47 46 Q. You had actually put forward, at least in this case, one
10:47 47 example of how to address the lack of clarity that you had

10:47 1 identified; correct?
10:47 2
10:47 3 A. That's right.
10:47 4
10:47 5 Q. Was this recommendation also discussed with anyone at
10:47 6 Crown after the report was provided?
10:47 7
10:47 8 A. After the report was provided ---
10:47 9
10:47 10 Q. Or before.
10:47 11
10:47 12 A. Yes. Yes, we discussed all of our observations with
10:47 13 Ms Siegers.
10:47 14
10:47 15 Q. And do you recall any specific comments that Ms Siegers
10:47 16 had about this recommendation?
10:47 17
10:47 18 A. I don't, no.
10:47 19
10:47 20 Q. Finally, if we could just go to paragraph b) in the next
10:47 21 column "escalation of risk events", you make the statement there
10:47 22 that:
10:47 23
10:47 24 *The draft RMS would benefit from greater clarity on the*
10:47 25 *escalation of risk events outside of risk appetite.*
10:47 26
10:47 27 *Greater clarity could be provided on the following:*
10:48 28
10:48 29 *How quickly after a risk event should the approving*
10:48 30 *authority be informed? This could range from immediate*
10:48 31 *escalation to the line manager to a longer period for*
10:48 32 *RMC and the board.*
10:48 33
10:48 34 *A description of the nature of the risk event, how it*
10:48 35 *happened, and what mitigating actions have been done.*
10:48 36
10:48 37 *What lessons have been learned, additional training given*
10:48 38 *or policies or processes changed to prevent a recurrence.*
10:48 39
10:48 40 Could you explain the purpose of this recommendation what, it
10:48 41 was intended to achieve and what benefits it was intending to add
10:48 42 to the draft risk management statement?
10:48 43
10:48 44 A. Yes, we felt the risk management framework would benefit
10:48 45 from articulation of escalation risk events. Essentially outlining,
10:48 46 should a risk event occur, what were the mechanisms and the
10:48 47 themes that Crown had in place that would allow that escalation

10:48 1 of a risk up to the right person in the organisation. So,
10:49 2 essentially, outlining an approach that would ensure that risk
10:49 3 events as they occurred were escalated appropriately to the right
10:49 4 level of the organisation.

10:49 5
10:49 6 Q. So that we understand it, escalation doesn't have to
10:49 7 immediately be to the Board, does it?

10:49 8
10:49 9 A. No, it doesn't.

10:49 10
10:49 11 Q. It could be, for example, to the line manager in the first
10:49 12 instance?

10:49 13
10:49 14 A. That's right.

10:49 15
10:49 16 Q. And it would depend on the severity of the risk or the
10:49 17 severity of the breach of the risk; is that correct?

10:49 18
10:49 19 A. It would depend on the severity of the breach, yes.

10:49 20
10:49 21 Q. So what the risk management strategy has to do is outline
10:49 22 with clarity the escalation process. So what is the trigger event
10:49 23 and what is the process for escalation after the trigger event; is
10:49 24 that correct?

10:49 25
10:49 26 A. It should outline that process, yes.

10:49 27
10:50 28 Q. Do you recall any discussions with anyone at Crown in
10:50 29 relation to this recommendation before or after the report was
10:50 30 provided, Ms Hartnett?

10:50 31
10:50 32 A. We did have some discussion on an earlier draft around this
10:50 33 finding as we had initially put these comments --- in the
10:50 34 introduction we linked them to part of the risk management
10:50 35 framework around what to do when a risk materialises, and the
10:50 36 discussion was that Ms Siegers didn't believe this finding was
10:50 37 linked to that section so we removed that from the introduction,
10:50 38 but the finding still stood.

10:50 39
10:50 40 Q. I see. Since completing your report in May 2019, have you
10:51 41 personally, or Deloitte, assisted Crown in any way with
10:51 42 implementing any of the recommendations?

10:51 43
10:51 44 A. Not to my knowledge.

10:51 45
10:51 46 Q. So you are not in a position to say one way or another
10:51 47 whether all of these recommendations have been implemented,

10:51 1 are you, Ms Hartnett?

10:51 2

10:51 3 A. No.

10:51 4

10:51 5 Q. Can I just ask you another question about your statement,
10:51 6 please. It concerns paragraph 8. Over the page, please, operator.
10:51 7 8 is the - if we scroll down the page, please, operator.

10:51 8 Paragraph 8 - sorry, I meant paragraph 8 in bolded type.

10:51 9

10:51 10 That is the statement of the question, "Provide a summary of each
11 interview". And then in paragraph 12, Ms Hartnett, you mention
12 a discussion on 27 March 2019. Do you see that on your screen?

13

14 A. Yes, I do.

15

16 Q. In your statement, you say that the project meeting was to
17 clarify further questions regarding documentation provided and
18 reporting process. Sub-paragraph (a):

19

20 *As far as I can recall the discussion covered use of*
21 *Deloitte report and potential provision to the VCGLR.*

22

23 As best you can, Ms Hartnett, do you recall whether that
24 discussion was about Crown providing the Deloitte report to the
25 VCGLR?

26

27 A. As best as I can remember, yes, I think it was discussion
28 regarding whether or not our report, they would require us to
29 provide it to the VCGLR as part of their response.

30

31 Q. So when you say "they" would require us, do you mean
32 Crown would require you?

33

34 A. Yes.

35

36 Q. Did they convey to you that they would require that?

37

38 A. I'm not sure in that meeting whether that was conveyed
39 then.

40

41 Q. But certainly Deloitte had no difficulty with that, did they?

42

43 A. No, we didn't have any difficulty in providing.

44

45 Q. But you can't recall whether that was something
46 specifically raised in the sense of seeking your consent, for
47 example, at that time?

1
2 A. I don't think the nature of the discussion in that meeting
3 was around seeking consent. The consent was sought formally
4 after the completion of our review.
5

6 Q. Certainly, having regard to Recommendation 3, you must
7 have understood that there was more than a possibility,
8 a probability that your report would need to go to the VCGLR;
9 correct?
10

11 A. Yes, we did understand that.
12

13 Q. And, with that understanding, had you been asked, there
14 would have been no difficulty?
15

16 A. No.
17

18 Q. You in fact weren't specifically asked until I think it was
19 August or September 2019; is that correct?
20

21 A. I believe so.
22

23 MS NESKOVGIN: Thank you, Ms Hartnett.
24

25 I don't have any further questions for Ms Hartnett, Commissioner.
26
27

28 **QUESTIONS BY THE COMMISSIONER**

29
30

31 COMMISSIONER: Yes, I have a few, but one of them is a slight
32 state of confusion. Let me just get the document. The transcript
33 has stopped. I will look at my documents. The transcript has
34 stopped working so we'll have to hang on for a second in any
35 event. 30 seconds. That's all right.
36

37 One thing I need to have clarified, I think, Ms Hartnett, I've got
38 a feeling that the document that Ms Neskovicin was asking you to
39 look at, and which you were looking at, might not be the same as
40 the document that I have.
41

42 MS NESKOVGIN: Oh, I see.
43

44 COMMISSIONER: Can I go to the front page - I don't know
45 what the number is, but if you work out the number, I want to
46 have a look at the front page.
47

1 MS NESKOVCIN: I see. That is my fault, Commissioner. I
2 went to the wrong tab of Ms Hartnett's statement. The correct -
3

10:55 4 COMMISSIONER: I'm not sure. There is only one I've got here,
10:55 5 what looks like Ms Hartnett's report, which is very similar to the
10:55 6 one we've been looking at, but on the cover sheet it says "June
10:55 7 2019". Some of the passages that you were taking Ms Hartnett to
10:56 8 were different from the ones that were on the screen. So that
10:56 9 between May which looks like a final report but obviously - has
10:56 10 the physical appearances of a final report but isn't a final report
10:56 11 was altered, and I was going to ask Ms Hartnett in what
10:56 12 circumstances it came to be altered. But just to be clear, am I
10:56 13 right in thinking that the report that was referred to is a May
10:56 14 report?
10:56 15

10:56 16 MS NESKOVCIN: Perhaps I could clarify, I'm sorry about the
10:56 17 confusion. I did take Ms Hartnett to the May version which was
10:56 18 a draft report. The final report ---
10:56 19

10:56 20 COMMISSIONER: When you say that it is a draft report, is it on
10:56 21 its face a draft report?
10:56 22

10:56 23 MS NESKOVCIN: No, but that is evident from Ms Hartnett's
10:56 24 statement. Commissioner, we have looked at the draft reports
10:57 25 and compared them to the final report and Ms Hartnett, correct
10:57 26 me if I'm wrong, but the changes to the sections that I took
10:57 27 Ms Hartnett to were not material. I think they probably appeared
10:57 28 - it might have been a pagination issue primarily?
10:57 29

10:57 30 COMMISSIONER: No, the thing that made me start to think
10:57 31 about it was the discussion on risk appetite in paragraph 2.1.4,
10:57 32 second column, with the examples that were given of what should
10:57 33 be properly written down. Now the examples in the report, that's
10:57 34 the draft, were much more firm than the examples of how you
10:57 35 write or should write in what now might be the final report so that
10:57 36 I assume that the discussions that Ms Hartnett had, this is
10:58 37 a question to you, Ms Hartnett, I assume the discussions you had
10:58 38 with Crown made you water down a little bit what you've got in
10:58 39 examples of how you write or protect shareholder value and
10:58 40 sustained shareholder confidence and so on. It's an odd thing to
10:58 41 change unless there was a complaint about it; do you agree with
10:58 42 me?
10:58 43

10:58 44 A. I think I would need to see the two side-by-side, but ---
10:58 45

10:58 46 COMMISSIONER: I don't have the capacity to do that. Maybe
10:58 47 somebody else can.

10:58 1
10:58 2 Mr Borsky, you want to interrupt?
10:58 3
10:58 4 MR BORSKY: Well, only to assist. We do have the document
10:58 5 ID numbers for the final report, which Ms Hartnett makes clear in
10:58 6 her statement is the final report. If it would assist I can provide
10:58 7 the number and it can be brought up on the screen for
10:59 8 Ms Hartnett.
10:59 9
10:59 10 COMMISSIONER: You call out the number and the operator
10:59 11 will put them up on the screen.
10:59 12
10:59 13 MR BORSKY: DTT.001.0002.0061 is what Ms Hartnett
10:59 14 describes as the final report in a couple of passages in her
10:59 15 statement. It is dated June 2019.
10:59 16
10:59 17 COMMISSIONER: That's the one I've got.
10:59 18
10:59 19 MR BORSKY: Yes, that's one of the versions we have. The
10:59 20 version which at present appears to the left alongside that final
10:59 21 report is a draft. It bears a watermark "draft" on a number of
10:59 22 pages and Ms Hartnett describes it in her statement at paragraph
10:59 23 19.
10:59 24
10:59 25 COMMISSIONER: I know she refers to the draft report and I
10:59 26 wasn't sure - I had the wrong one. I didn't have the one that
10:59 27 Ms Hartnett was taken to in the evidence, and just when passages
10:59 28 were being read out ---
11:00 29
11:00 30 MR BORSKY: Yes ---
11:00 31
11:00 32 COMMISSIONER: --- I was trying to follow it and they were
11:00 33 different from the passages I was seeing.
11:00 34
11:00 35 MR BORSKY: We noticed the same and we didn't want to
11:00 36 interrupt our learned friend, and I will cease my interruption of you,
11:00 37 Commissioner, here, but that is the final report you now have on
11:00 38 the right-hand side of the screen.
11:00 39
11:00 40 COMMISSIONER: Okay. Just out of interest, if you look at in
11:00 41 the final report, which is the right-hand side of the screen, if we
11:00 42 go to the page which last ends 006 ---
11:00 43
11:00 44 MS NESKOVICIN: That should be the same in the May 2019 ---
11:00 45
11:00 46 COMMISSIONER: --- that's true, open up the other one as well.
11:00 47 You will see the examples are different. The examples that you

11:00 1 cite are not the sort of things that you would normally redo when
11:00 2 you are going over your own draft just to check things out. That
11:01 3 suggests to me, I wonder whether I'm right, that it was suggested
11:01 4 to you that you should change those examples? And if that's
11:01 5 right, I want to know why you were asked to change those
11:01 6 examples.

11:01 7
11:01 8 A. Yes, I think the main difference between these two is we
11:01 9 took out the middle example, the regulatory and legal example.
11:01 10 The other two remain unchanged.

11:01 11
11:01 12 COMMISSIONER: I know you've changed them, I can see that.
11:01 13 The question is why did you change them: was there a complaint
11:01 14 made about the draft or when you were going over it back in the
11:01 15 office, you thought that, "ah, I could do a bit better on this one"?

11:01 16
11:01 17 A. No. We made the amendment based on further discussions
11:01 18 with Ms Siegers.

11:01 19
11:01 20 COMMISSIONER: And what did she say and why did she want
11:01 21 the change?

11:01 22
11:01 23 A. She felt, with respect to the regulatory and legal example,
11:01 24 that it would be better expressed - we had given an example
11:02 25 where we say, "we have zero tolerance for failure to escalate or
11:02 26 report any breaches of regulatory or legal requirements", and she
11:02 27 felt that this would be better expressed as a positive statement,
11:02 28 and that she liked the statement that Crown had in their various
11:02 29 appetite statements.

11:02 30
11:02 31 COMMISSIONER: I don't think that your original version - oh,
11:02 32 maybe. Maybe that one is positive. All right. I've got another
11:02 33 couple of questions, if you don't mind.

11:02 34
11:02 35 For the purposes of forming any view about the appropriateness
11:02 36 of risk appetite statements, for example, and judging whether it's
11:03 37 an appropriate risk approach to particular issues, as distinct from
11:03 38 looking at the language of the document and making sure that it
11:03 39 is expressed in a coherent way, how can you do that without
11:03 40 knowing something or some detail about the business, its
11:03 41 operations, what its risks are and what its risks might be and so
11:03 42 on?

11:03 43
11:03 44 A. So our observations around the risk management, the risk
11:03 45 appetite statements, were with respect to how they had been
11:03 46 described in the risk management framework and, I guess, the
11:03 47 design of them. Our scope didn't consider whether those

11:03 1 appetites were - those appetite statements were appropriate or
11:04 2 reflected the right categories for the organisation.
11:04 3
11:04 4 COMMISSIONER: So this was - so then if it wasn't to decide
11:04 5 whether - how they dealt with their risk management profile
11:04 6 and so on, if it wasn't that it was appropriate, what was it? Was
11:04 7 this just an exercise in making sure the English was okay? Or it
11:04 8 covered at least in theory all the points it should cover, whether
11:04 9 they were good, bad or indifferent being irrelevant to the task?
11:04 10
11:04 11 A. It covered looking at whether the framework had the
11:04 12 elements included in it that we would expect to see in a typical
11:04 13 risk management framework, and whether they had been
11:04 14 articulated in a way that we would have typically expected to see
11:04 15 them.
11:04 16
11:04 17 COMMISSIONER: Which would tell the reader like me, if I was
11:04 18 interested in their risk management framework, that would
11:05 19 basically tell me nothing, other than they have set out all the
11:05 20 things that a risk management framework should set out but
11:05 21 would tell me nothing at all about the appropriateness of what
11:05 22 they are doing?
11:05 23
11:05 24 A. It would tell you that they had laid out an appropriate -
11:05 25 that they had laid out a process to manage risk. It wouldn't tell
11:05 26 you whether it was actually being used or adopted or embedded
11:05 27 in the organisation.
11:05 28
11:05 29 COMMISSIONER: No, I don't care about used or whether it has
11:05 30 been embedded. By "embedded" you mean that everybody
11:05 31 knows what it means and understands it and acts under it. I know
11:05 32 you haven't done that. I'm trying to work out what you have
11:05 33 done. And you have not made an assessment of the risk
11:05 34 management profile; all you've done is said that what you've got
11:05 35 structurally is correct. It may wholly inappropriate for your line
11:06 36 of business.
11:06 37
11:06 38 A. Sorry, I'm not sure what you mean by "inappropriate".
11:06 39
11:06 40 COMMISSIONER: Inapposite. Inapplicable.
11:06 41
11:06 42 A. We looked at the framework and looked at it and whether
11:06 43 it ---
11:06 44
11:06 45 COMMISSIONER: Whether it looks okay, whether it looks like
11:06 46 a risk management profile?
11:06 47

11:06 1 A. Yes.
11:06 2
11:06 3 COMMISSIONER: And you decided that better expressed,
11:06 4 because it lacked a bit of clarity, but it is what a risk management
11:06 5 profile should look like?
11:06 6
11:06 7 A. Yes, that's right.
11:06 8
11:06 9 COMMISSIONER: But not a risk management profile for
11:06 10 a casino which might have to look like something specific taking
11:06 11 into account the risks that are confronted by a casino?
11:06 12
11:06 13 A. Yes, the detail would be in the identification of the actual
11:06 14 risks and which ones had been identified and how well the
11:06 15 framework was - (speaking over) - and we didn't do that.
11:07 16
11:07 17 COMMISSIONER: You didn't do that.
11:07 18
11:07 19 Now I have another question, unrelated, which is really to ask
11:07 20 how this thing works. And it comes up, you might know about it,
11:07 21 I would be surprised if you don't, that Crown was criticised by
11:07 22 not implementing its risk management framework as a result of
11:07 23 what was happening with employees in China.
11:07 24
11:07 25 Now, I've got two questions about how you had applied this risk
11:07 26 management framework. Let's say a senior officer of Crown
11:07 27 received information that had two components: one, its
11:08 28 employees, if he didn't already know, its employees were engaged
11:08 29 in illegal conduct in China; second, they are about to be arrested.
11:08 30
11:08 31 Now, in this risk management profile, how would you do it?
11:08 32 Would you look up in an index, China, jail, arrest, employees?
11:08 33 What on earth would you do and why do you need a risk
11:08 34 management profile at all when you have that kind of
11:08 35 information?
11:08 36
11:08 37 A. In that instance a risk management framework would
11:08 38 articulate the escalation of that issue and the approach to
11:08 39 managing it.
11:08 40
11:08 41 COMMISSIONER: What would it do? What would a risk
11:08 42 management profile - if you recommended what it should
11:08 43 contain, should it contain anything, or should the person who gets
11:08 44 the information say, "I better do something about it now, I don't
11:09 45 have time to look up risk management profiles and it requires
11:09 46 immediate action"?
11:09 47

11:09 1 A. Yes, that would speak to how well you embedded your
11:09 2 framework and yes, you wouldn't expect people to refer to the
11:09 3 document; they would need to be trained in the risk management
11:09 4 framework as part of embedding it. They would need to
11:09 5 understand what the expectations were around escalating the risk.
11:09 6 It would come with the embedding of the framework.
11:09 7
11:09 8 COMMISSIONER: What do you need to be educated about if
11:09 9 your employee is about to be arrested? Just tell me, what kind of
11:09 10 education does anybody in the business world need to understand
11:09 11 what to do?
11:09 12
11:09 13 A. You wouldn't need much more than to know who to contact
11:09 14 and who to report it to.
11:09 15
11:09 16 COMMISSIONER: That is common sense is what you have to
11:09 17 have.
11:09 18
11:09 19 A. Yes, of course, yes.
11:09 20
11:09 21 COMMISSIONER: Not risk management profiles or anything
11:10 22 like that. Correct?
11:10 23
11:10 24 A. Well, yes, that would be common sense, yes.
11:10 25
11:10 26 COMMISSIONER: Okay. Thanks.
11:10 27
11:10 28 Mr Borsky, do you want to ask some questions?
11:10 29
11:10 30
11:10 31 **CROSS-EXAMINATION BY MR BORSKY**
11:10 32
11:10 33
11:10 34 MR BORSKY: Yes, thank you. Just on one topic, if the
11:10 35 Commission pleases.
11:10 36
11:10 37 Ms Hartnett, I appear for Crown. You can hear me okay?
11:10 38
11:10 39 A. Yes, I can.
11:10 40
11:10 41 Q. Thanks. Ms Hartnett, you gave some evidence about
11:10 42 amendments you made to your report before you finalised it
11:10 43 based on discussions you had with Ms Siegers about the draft; do
11:10 44 you recall that evidence?
11:10 45
11:10 46 A. Yes, I do.
11:10 47

11:10 1 Q. I take it you applied your own mind independently to the
11:10 2 appropriateness of any changes before you made them?
11:10 3
11:10 4 A. Yes, I did.
11:10 5
11:10 6 Q. You only made changes as between your draft and your
11:10 7 final report where you considered it was appropriate to make the
11:11 8 changes that you made?
11:11 9
11:11 10 A. Yes, that's right.
11:11 11
11:11 12 Q. So the views expressed in your report are yours and you
11:11 13 stand by them notwithstanding any feedback you received from
11:11 14 Crown on drafts of the report?
11:11 15
11:11 16 A. Yes, they are.
11:11 17
11:11 18 MR BORSKY: Thanks, Commissioner. Nothing further.
11:11 19
11:11 20 COMMISSIONER: Mr Rozen, you have been caught unawares?
11:11 21
11:11 22 MR ROZEN: How so, Commissioner?
11:11 23
11:11 24 COMMISSIONER: No, just joking. Do you have questions to
11:11 25 ask?
11:11 26
11:11 27 MR ROZEN: Just one brief matter, if I may.
11:11 28
11:11 29 COMMISSIONER: Yes, sure.
11:11 30
11:11 31
11:11 32 **CROSS-EXAMINATION BY MR ROZEN**
11:11 33
11:11 34
11:11 35 MR ROZEN: Thank you. Ms Hartnett, my name is Peter Rozen
11:11 36 and I appear for the VCGLR. Can you hear me all right?
11:11 37
11:11 38 A. Yes, I can.
11:11 39
11:11 40 Q. Thank you. I want to ask a couple of brief questions about
11:11 41 paragraph 12 of your statement. It was a matter addressed with
11:12 42 you by Counsel Assisting. I'm just wanting to clarify one aspect
11:12 43 of it. This concerns the discussion on 27 March 2019 with I think
11:12 44 Ms Siegers and Mr Preston; was that your evidence earlier?
11:12 45
11:12 46 A. This meeting, I believe, was just with Ms Siegers.
11:12 47

11:12 1 Q. Right. I apologise. Your statement says it was a meeting to
11:12 2 clarify further questions regarding documentation provided in a
11:12 3 reporting process. Are you able to assist the Commissioner with
11:12 4 whose questions were being clarified? Was it was it questions by
11:12 5 Deloitte or questions by Crown?

11:12 6
11:12 7 A. Our - they were Deloitte's questions.

11:12 8
11:12 9 Q. Right. So you were asking Crown about the use of its
11:12 10 report and potential provision to VCGLR; is that right?

11:12 11
11:12 12 A. No, sorry, let me clarify. The further questions were with
11:12 13 regard to the documentation that had been provided by Crown to
11:13 14 us to undertake the review ---

11:13 15
11:13 16 Q. Yes.

11:13 17
11:13 18 A. --- and we also talked about the reporting process, and as
11:13 19 you can see there, the use of the Deloitte report and the potential
11:13 20 provision to the VCGLR.

11:13 21
11:13 22 Q. Right. And did you come away from the discussion on 27
11:13 23 March 2019 understanding that your report firstly could be
11:13 24 provided to the VCGLR by Crown?

11:13 25
11:13 26 A. Could be, yes.

11:13 27
11:13 28 Q. Would be? Was it your understanding that it would be
11:13 29 provided?

11:13 30
11:13 31 A. My understanding at this point in time was that Crown was
11:13 32 still considering whether they would need to as part of their
11:13 33 response to the VCGLR.

11:13 34
11:13 35 Q. Right. Did they seek your permission at that meeting to
11:13 36 provide the report to the VCGLR?

11:13 37
11:13 38 A. No. As I noted earlier, the permission was sought after we
11:14 39 issued the final report.

11:14 40
11:14 41 Q. If they had sought your permission earlier, say, at that
11:14 42 meeting, I take it there would have been no difficulty from your
11:14 43 perspective in giving that permission?

11:14 44
11:14 45 A. No.

11:14 46
11:14 47 MR ROZEN: Thank you.

11:14 1
11:14 2 Nothing further, Commissioner.
11:14 3
11:14 4 COMMISSIONER: Thank you.
11:14 5
11:14 6 Mr Gray?
11:14 7
11:14 8 MR GRAY: Thank you, Commissioner. I have no questions.
11:14 9
11:14 10 COMMISSIONER: Thank you, Mr Gray. Mr Harris?
11:14 11
11:14 12 MR HARRIS: No questions, Commissioner, thank you.
11:14 13
11:14 14 COMMISSIONER: Okay, thank you. Ms Neskovicin?
11:14 15
11:14 16 MS NESKOVCIN: Thank you, Commissioner. Thank you,
11:14 17 Ms Hartnett. If Ms Hartnett could be excused, Commissioner?
11:14 18
11:14 19 COMMISSIONER: Yes, she can.
11:14 20
11:14 21 Thank you for coming along, Ms Hartnett.
11:14 22
11:14 23 A. Thank you.
11:14 24
11:14 25
11:14 26 **THE WITNESS WITHDREW**
11:14 27
11:14 28
11:14 29 COMMISSIONER: We will have a break for a few minutes
11:14 30 before the next witness. It is 11.15. If I break for 10 minutes -
11:15 31 do we have to do anything to link in - is 10 minutes enough to
11:15 32 do it? I will adjourn for 10 minutes, that will be enough time to
11:15 33 get it all set up.
11:15 34
11:15 35 MS NESKOVCIN: Thank you, Commissioner.
11:15 36
11:15 37 COMMISSIONER: Thank you.
11:15 38
11:15 39
11:15 40 **ADJOURNED** [11.15AM]
11:33 41
11:33 42
11:33 43 **RESUMED** [11.33AM]
11:33 44
11:33 45
11:33 46 MS NESKOVCIN: Before Ms Whitaker is called, I omitted to
11:33 47 tender Ms Hartnett's statement. If I could do that, please?

11:33 1
11:33 2 COMMISSIONER: Yes, that's a good idea. I forgot myself. The
11:33 3 statement of Cara Jane Hartnett dated 16 April 2021, Exhibit 183.
11:34 4
5
6 **EXHIBIT #RC0183 - STATEMENT OF MS CARA JANE**
7 **HARTNETT DATED 16 APRIL 2021**
8
9
11:34 10 MS NESKOVCIN: Thank you, Commissioner. I see
11:34 11 Ms Whitaker is there. I will ask the associate to affirm her
11:34 12 evidence.
11:34 13
11:34 14
11:34 15 **MS VICTORIA JOAN WHITAKER, SWORN**
11:34 16
11:34 17
11:34 18 **EXAMINATION-IN-CHIEF BY MS NESKOVCIN**
11:34 19
11:34 20
11:34 21 MS NESKOVCIN: Ms Whitaker, would you please state your
11:34 22 full name.
11:34 23
11:34 24 A. Victoria Joan Whitaker.
11:34 25
11:34 26 Q. Business address?
11:34 27
11:34 28 A. It's 225 George Street, Sydney.
11:34 29
11:35 30 Q. And your occupation?
11:35 31
11:35 32 A. I'm a partner at Deloitte.
11:35 33
11:35 34 Q. Ms Whitaker, I understand you have provided a statement
11:35 35 in response to a Request for Statement and you are here today
11:35 36 under a Notice to Attend; is that correct?
11:35 37
11:35 38 A. That's correct.
11:35 39
11:35 40 Q. Do you have a copy of your statement with you?
11:35 41
11:35 42 A. I do.
11:35 43
11:35 44 Q. For the transcript, it is DTT.0000.0005.0009. Are there any
11:35 45 changes you want to make to your statement, Ms Whitaker?
11:35 46
11:35 47 A. No, there is not.

11:35 1
11:35 2 Q. I noticed there might be a typographical error in paragraph
11:35 3 5. It says "on 24 August 2021", being in a couple of months'
11:35 4 time?
11:35 5
11:35 6 A. Yes, that would be great if we could update that to "2020".
11:35 7
11:36 8 Q. Yes, I felt pretty confident that was probably right.
11:36 9
11:36 10 A. Yes.
11:36 11
11:36 12 Q. Apart from that change, Ms Whitaker, is your statement
11:36 13 true and correct to the best of your knowledge?
11:36 14
11:36 15 A. To the best of my knowledge, yes.
11:36 16
11:36 17 MS NESKOVICIN: I tender that, Commissioner.
11:36 18
11:36 19 COMMISSIONER: The statement of Victoria Whitaker,
11:36 20 16 April 2021, Exhibit 184.
11:36 21
22
23 **EXHIBIT #RC0184 - STATEMENT OF MS VICTORIA**
24 **JOAN WHITAKER DATED 16 APRIL 2021**
25
26
11:36 27 MS NESKOVICIN: Ms Whitaker, you mentioned you are
11:36 28 a partner at Deloitte in the Risk Advisory team; is that correct?
11:36 29
11:36 30 A. That's correct.
11:36 31
11:36 32 Q. You have approximately 20 years' experience in ethics,
11:36 33 cultural integrity and corporate responsibility according to your
11:36 34 CV; is that correct?
11:36 35
11:36 36 A. That's correct.
11:36 37
11:36 38 Q. You joined Deloitte in January 2019; correct?
11:36 39
11:36 40 A. Correct.
11:36 41
11:36 42 Q. Prior to that you led the consulting practice at the Ethics
11:36 43 Centre in Sydney?
11:36 44
11:36 45 A. Yes, that's correct.
11:36 46
11:36 47 Q. You were there for about nine years in different roles?

- 11:36 1
- 11:37 2 A. Yes.
- 11:37 3
- 11:37 4 Q. You are the leading author of "Managing Culture - A Good
11:37 5 Practice Guide", correct?
- 11:37 6
- 11:37 7 A. I'm one of several leading authors, yes.
- 11:37 8
- 11:37 9 Q. You also spent some time in academia lecturing at
11:37 10 Cambridge University and other institutions; is that correct?
- 11:37 11
- 11:37 12 A. Correct.
- 11:37 13
- 11:37 14 Q. Was that in ethics or ethics-related topics?
- 11:37 15
- 11:37 16 A. Ethics-related topics, in relation to sustainability practices
11:37 17 and how organisations uphold their corporate responsibilities.
- 11:37 18
- 11:37 19 Q. Thank you. Ms Whitaker, I would like to put to you some
11:37 20 definitions just so that we can try and agree on some concepts to
11:37 21 frame our discussion, and I'm not inviting you to just accept what
11:37 22 I say, if you wish to elaborate, please do.
- 11:37 23
- 11:37 24 A. Sure.
- 11:37 25
- 11:37 26 Q. This is to define the discussion about organisational
11:37 27 culture. Would you agree that culture is a shared set of values
11:37 28 and norms that shape behaviours and mindsets?
- 11:38 29
- 11:38 30 A. Yes.
- 11:38 31
- 11:38 32 Q. Are you happy to use that as a definition?
- 11:38 33
- 11:38 34 A. Yes, that's fine.
- 11:38 35
- 11:38 36 Q. Would you like to elaborate on that or put it in your own
11:38 37 words?
- 11:38 38
- 11:38 39 A. I think, as you said, a shared set of norms and values within
11:38 40 an organisation. It is how people think and feel, and the
11:38 41 behaviours that we see resulting from that. It is influenced by
11:38 42 a number of different aspects of the organisation that gives shape
11:38 43 to and are shaped by the organisational culture.
- 11:38 44
- 11:38 45 Q. So do I take it from what you just said that you would agree
11:38 46 the way people behave in an organisation is a reflection of the
11:38 47 organisation's norms and values and culture?

- 11:38 1
11:38 2 A. It is certainly influenced by it.
11:38 3
11:38 4 Q. Do you agree that you can assess or measure culture by
11:38 5 looking at tangible or visible things like a corporate's structures
11:38 6 and processes?
11:38 7
11:38 8 A. You can. That will be a contributing aspect to assessing
11:39 9 and understanding the culture.
11:39 10
11:39 11 Q. And another contributing aspect might be what
11:39 12 an organisation says about its values; correct?
11:39 13
11:39 14 A. Yes, that would be another factor that you would consider.
11:39 15
11:39 16 Q. And perhaps strategies and goals that it might set?
11:39 17
11:39 18 A. That would be another contributing factor, yes.
11:39 19
11:39 20 Q. Can you think of any other contributing factors that you
11:39 21 would like to mention?
11:39 22
11:39 23 A. Yes, the perceptions and so - the perceptions that people
11:39 24 hold within the organisation, so what they think and feel.
11:39 25
11:39 26 Q. Are those perceptions, what they think and feel, they can be
11:39 27 influenced by what their experience is, events that occur, that sort
11:39 28 of thing?
11:39 29
11:39 30 A. Yes, absolutely. The organisational structure, the policies
11:39 31 and processes and systems, the leadership of the organisation, the
11:39 32 physical environment, so not only the workspace but how people
11:39 33 dress, all those things give rise to people's mindsets, what they
11:39 34 believe to be important within the organisation and, therefore,
11:40 35 how they choose to act.
11:40 36
11:40 37 Q. Thank you. Do you think it is possible to define what good
11:40 38 culture means?
11:40 39
11:40 40 A. I think good culture is defined by each organisation based
11:40 41 on what their purpose is, what their strategic goals are, what their
11:40 42 values are and ethos are as an organisation. They can define what
11:40 43 they would like their culture to be, the mindsets and behaviours
11:40 44 that people have and how they are pursuing those objectives.
11:40 45
11:40 46 Q. In your experience, are there indicators or things that you
11:40 47 look for or to demonstrate that a good culture exists?

- 11:40 1
11:40 2 A. Yes. So we will work with the organisation to understand
11:40 3 what that good culture looks like, so what would they need to see
11:40 4 from their people. We would then work to collect data, so
11:40 5 different types of data to assess the extent to which that good is
11:41 6 being achieved within the organisation.
11:41 7
- 11:41 8 Q. I want to see if I can understand some of the indicators of
11:41 9 good culture. Is an indicator of a good culture an environment in
11:41 10 which people adhere to norms of behaviour like obeying the law,
11:41 11 doing the right thing, respecting others?
11:41 12
- 11:41 13 A. I would say for the majority of organisations they would
11:41 14 expect those as fundamental behaviours within their organisation.
11:41 15
- 11:41 16 Q. Thank you. Another indicator of a good culture might be
11:41 17 an environment in which leaders set clear expectations?
11:41 18
- 11:41 19 A. That would also be something that many organisations
11:41 20 would aspire to.
11:41 21
- 11:41 22 Q. Would many organisations also aspire to the Board and the
11:41 23 CEO and senior executives aligning on what those expectations
11:41 24 should be?
11:41 25
- 11:41 26 A. Yes, that would be a better practice within the organisation,
11:41 27 that the Board and leadership of the organisation have contributed
11:41 28 to the definition of what "good" looks like, and are aligned and
11:42 29 upholding that within their own professional practices.
11:42 30
- 11:42 31 Q. So within their own professional practices, I take that to
11:42 32 mean how they behave, how they interact with others, how they
11:42 33 live the culture?
11:42 34
- 11:42 35 A. Exactly.
11:42 36
- 11:42 37 Q. Is an indicator of good culture an environment in which bad
11:42 38 news travels as quickly as good news?
11:42 39
- 11:42 40 A. That is an aspect that most organisations would aspire to
11:42 41 have, that people are confident and feel safe to speak up when
11:42 42 they've identified something going wrong, and that cascades up
11:42 43 through the organisation as appropriate in order to address that
11:42 44 issue.
11:42 45
- 11:42 46 Q. Do organisations aspire to that so that, as you say, issues
11:42 47 are escalated, identified and problems are solved in a timely way?

- 11:42 1
11:42 2 A. That's right.
11:42 3
11:42 4 Q. Is accountability also an indicator of a good culture?
11:42 5
11:42 6 A. Accountability, when we are working towards best practice,
11:43 7 of course accountability is an important aspect of it, that people
11:43 8 are willing to take account for the decisions that they make, and
11:43 9 that they are aware of and taking account for the risks that they
11:43 10 are responsible for.
11:43 11
11:43 12 Q. What about clarity in terms of how to escalate problems,
11:43 13 what the escalation path is? Is that also important?
11:43 14
11:43 15 A. That is important to effectively managing risk within the
11:43 16 organisation, yes.
11:43 17
11:43 18 Q. But is it also important from a culture perspective?
11:43 19
11:43 20 A. So from a culture perspective, you know, I suppose the
11:43 21 starting point is, what are the goals? So if you want the goal to be
11:43 22 that risk is escalated appropriately, then, yes, of course.
11:43 23
11:43 24 Q. I see. And is it also important, we talked about leaders
11:43 25 setting expectations, is it also important for leaders to listen and
11:43 26 be curious and responsive to feedback?
11:43 27
11:44 28 A. Yes. I think the majority of better practice organisations
11:44 29 would absolutely want their leaders to be listening to the
11:44 30 feedback that they are hearing from within the organisation.
11:44 31
11:44 32 Q. I also mention the concept of being curious.
11:44 33
11:44 34 A. Yes.
11:44 35
11:44 36 Q. Why do you think that is important?
11:44 37
11:44 38 A. Curiosity is important because it shows a growth mindset,
11:44 39 an openness, and creates a safe environment for people to be able
11:44 40 to speak up when they've identified an issue.
11:44 41
11:44 42 Q. Does it also indicate a willingness to learn and change
11:44 43 behaviour?
11:44 44
11:44 45 A. Yes, a willingness to learn also, yes.
11:44 46
11:44 47 Q. Do you believe that culture can change and be changed,

11:44 1 Ms Whitaker?
11:44 2
11:44 3 A. I do think that culture can be - culture will exist whether
11:44 4 you shape it or not, but I do think you can do things to help curate
11:44 5 the culture you aspire to have.
11:44 6
11:44 7 Q. I assume there is no single pathway to changing culture, it
11:44 8 would very much depend on the current state and where you want
11:45 9 to go; that is a fair assessment?
11:45 10
11:45 11 A. That's a fair assessment.
11:45 12
11:45 13 Q. Takes a long time; do you agree?
11:45 14
11:45 15 A. It can take a long time. I think what we look for is that it is
11:45 16 sustained change over time. So there are things that you can do
11:45 17 that will change, that can change with immediate effect but
11:45 18 whether that is sustained over time is what we are trying to look
11:45 19 for when looking for a sustained culture shift.
11:45 20
11:45 21 Q. All right. We will return to that a bit later. But we see a lot
11:45 22 in the literature and it seems to be a bit of a buzzword at the
11:45 23 moment that change starts with the tone at the top. Do you agree
11:45 24 with that as a motive?
11:45 25
11:45 26 A. I think the tone from the top is a very important part of
11:45 27 effecting culture change, yes.
11:45 28
11:45 29 Q. Why is that?
11:45 30
11:45 31 A. Because the tone at the top is where kind of the buck stops.
11:45 32 The tone that is set at the top will be what people are able to
11:45 33 respond to and it is an important influencer and shaper of culture
11:46 34 within an organisation. It's not the only thing, but it is
11:46 35 an important one.
11:46 36
11:46 37 Q. Is it also related to the point we discussed a moment ago
11:46 38 about setting clear expectations?
11:46 39
11:46 40 A. Exactly, yes.
11:46 41
11:46 42 Q. We discussed the Board and CEO aligning on that. Is that
11:46 43 something we need to have in place for culture to change the way
11:46 44 you want it to change?
11:46 45
11:46 46 A. Yes, I believe so.
11:46 47

11:46 1 Q. I assume that also needs to be translated to or fed through
11:46 2 the line to the operational line?

11:46 3

11:46 4 A. Yes.

11:46 5

11:46 6 Q. Thank you for that. We will turn to some of those concepts
11:46 7 a bit later if we might. Going back to your statement in
11:46 8 paragraph 5 which we were on just a moment ago, it says that on
11:46 9 24 August 2020, one of your partners, or two of your partners,
11:47 10 Richard Deutsch and Michael Williams met with Mr Barton who
11:47 11 had requested that Deloitte provide the Board and Executive with
11:47 12 an understanding of the current state of the organisational culture,
11:47 13 including risk review; do you see that?

11:47 14

11:47 15 A. Including the risk culture, yes.

11:47 16

11:47 17 Q. In response to that you say that Deloitte prepared a brief
11:47 18 proposal for the work, and that is the document
11:47 19 DTT.006.0001.0099; correct?

11:47 20

11:47 21 A. Yes.

11:47 22

11:47 23 Q. If we could please call up that document, operator. I just
11:47 24 want to briefly, for the Commissioner, outline the four phases in
11:47 25 which Deloitte was intending to undertake the work,
11:47 26 Ms Whitaker.

11:47 27

11:47 28 A. Yes.

11:47 29

11:47 30 Q. So if we could please go to _0003. In the right-hand
11:48 31 column, please blow that up, operator.

11:48 32

11:48 33 Ms Whitaker, Deloitte's proposal was to approach the work in
11:48 34 four stages. The first is a measurement approach based on
11:48 35 Deloitte's existing tools and methods focused on the most
11:48 36 important issues; correct?

11:48 37

11:48 38 A. Yes.

11:48 39

11:48 40 Q. An the second phase was conducting a baseline
11:48 41 measurement of the current culture?

11:48 42

11:48 43 A. Yes.

11:48 44

11:48 45 Q. The third was deriving the insights; you see that?

11:48 46

11:48 47 A. Yes.

- 11:48 1
11:48 2 Q. The fourth was defining the target culture state aligned to
11:48 3 Crown's existing values and strategy that supports Crown in
11:48 4 achieving its strategy and meeting its obligations and assessing
11:48 5 the current gaps with the current culture; do you see that?
11:48 6
11:48 7 A. Yes.
11:48 8
11:48 9 Q. We will go through these phases a little later, but
11:48 10 essentially Deloitte has just about completed the first phase, if not
11:48 11 completed the first phase; correct?
11:48 12
11:49 13 A. Yes, we have submitted a draft report of the first phase. It
11:49 14 has changed a little bit from this proposal in terms of what we
11:49 15 did, yes.
11:49 16
11:49 17 Q. I see. We'll go through that in a little more detail later. Just
11:49 18 while we are on this document, the fourth phase, defining the
11:49 19 target culture state and everything else you have said, that there -
11:49 20 that is essentially defining where you want to go and putting in
11:49 21 place a roadmap of how to get there; is that right?
11:49 22
11:49 23 A. That's right.
11:49 24
11:49 25 Q. So with the first phase, that was essentially, as I understand
11:49 26 it, a process of looking at what you described as Crown's cultural
11:49 27 artefacts; is that correct?
11:49 28
11:49 29 A. Yes, that's right.
11:49 30
11:49 31 Q. That was a series of documents that you were able to look
11:49 32 at to understand a bit about Crown's culture, how it measures its
11:49 33 culture and what are some of the tangible things that tell you
11:49 34 something about Crown's culture; is that correct?
11:49 35
11:49 36 A. These were documents that help us understand how Crown
11:50 37 was thinking about governing, defining, measuring and changing
11:50 38 their culture. It helped us understand what they had in place to
11:50 39 date from a document perspective in how they thought about
11:50 40 culture.
11:50 41
11:50 42 Q. I see. And as part of the first phase you also undertook
11:50 43 interviews with three key stakeholder?
11:50 44
11:50 45 A. Yes, that's correct.
11:50 46
11:50 47 Q. And they were Alicia Gleeson, the Executive General

11:50 1 Manager of Human Resources, Melbourne and Sydney?
11:50 2
11:50 3 A. Yes.
11:50 4
11:50 5 Q. Damir Kucan, Executive General Manager of Human
11:50 6 Resources in Perth?
11:50 7
11:50 8 A. Yes.
11:50 9
11:50 10 Q. And Ken Barton, the former CEO of Crown Resorts?
11:50 11
11:50 12 A. Yes.
11:50 13
11:50 14 Q. You were involved in each of those interviews,
11:50 15 Ms Whitaker?
11:50 16
11:50 17 A. I did the interview with Ken and Alicia, not with Damir.
11:50 18
11:50 19 Q. I want to ask you questions about the interview with
11:51 20 Ms Gleeson and Mr Barton, the ones that you were involved in.
11:51 21 You've summarised the matters that were discussed in your
11:51 22 statement; correct?
11:51 23
11:51 24 A. Correct.
11:51 25
11:51 26 Q. Notes were also taken of the interviews at the time,
11:51 27 presumably by someone assisting you, Ms Whitaker?
11:51 28
11:51 29 A. Correct.
11:51 30
11:51 31 Q. But you say you've had an opportunity to look at the notes
11:51 32 and recall your recollection of the matters discussed?
11:51 33
11:51 34 A. Yes, largely, yes.
11:51 35
11:51 36 Q. Thank you. So if you could please go to page 0015 of your
11:51 37 statement. Are you working off the screen?
11:51 38
11:51 39 A. I am. The one in front of me doesn't have your numbers on
11:51 40 it.
11:51 41
11:51 42 Q. I will try and follow with my copy and the document on the
11:52 43 screen at the same time. So _0015, thank you, operator. And
11:52 44 then if we go to paragraph 56, that's where you begin the
11:52 45 discussion about the interview with Ms Gleeson.
11:52 46
11:52 47 A. Yes.

11:52 1

11:52 2 Q. Please go to paragraph 57, you say:

11:52 3

11:52 4 *While I don't remember all examples specifically, our*

11:52 5 *records show we discussed some potential cultural*

11:52 6 *deficiencies perceived by Alicia - a summary of which*

11:52 7 *includes*

11:52 8

11:52 9 The first point you mentioned, and for clarity you were asked
11:52 10 specifically to summarise any cultural deficiencies or problems
11:52 11 which were identified in these?

11:52 12

11:52 13 A. Correct.

11:52 14

11:52 15 Q. It wasn't meant to be a complete record of everything that
11:52 16 was discussed.

11:52 17

11:52 18 A. That's right.

11:52 19

11:52 20 Q. So in 58 you say that one of the potential cultural
11:52 21 deficiencies was that:

11:52 22

11:52 23 *The organisational structure was perceived to potentially*

11:52 24 *create a disjointed culture across Melbourne and Perth*

11:52 25 *properties, with the operations team being powerful*

11:53 26 *within the business.*

11:53 27

11:53 28 Is that correct?

11:53 29

11:53 30 A. That's correct.

11:53 31

11:53 32 Q. Now that is a summary of what was discussed. Was this
11:53 33 apropos the silos comment that Ms Gleeson made?

11:53 34

11:53 35 A. This is in relation to - yes, there being silos but also the
11:53 36 structure of the organisation as such, as it currently or as it has
11:53 37 been, is that you had the Melbourne property, the Sydney
11:53 38 property and the Perth property. In terms of from an HR
11:53 39 perspective, it means that until recently, Monday this week, there
11:53 40 has been no group head of HR and, therefore, the duties have
11:53 41 been split between the properties for HR.

11:53 42

11:53 43 Q. I see.

11:53 44

11:53 45 A. So that is an example of the disjointed structure giving rise
11:53 46 to challenges.

11:53 47

11:54 1 Q. What was the context of the comment that the operations
11:54 2 team was powerful within the business?
11:54 3

11:54 4 A. Look, we didn't go into further detail there, so I'd perhaps
11:54 5 be speculating if I was to dive into that further.
11:54 6

11:54 7 Q. Was that something you have dived into subsequently or
11:54 8 made any observations about?
11:54 9

11:54 10 A. In terms of the operations teams being powerful within the
11:54 11 business, you know, until the recent changes that Ken Barton
11:54 12 established and have gone on since then, there were few group
11:54 13 roles. You had property-based CEOs with operational teams
11:54 14 sitting under that being gaming and non-gaming, so the hotels,
11:54 15 the food and beverage, et cetera, and her perception was that they
11:54 16 were quite powerful within the business. I haven't drawn any
11:54 17 conclusions with the work that we've conducted since then to
11:55 18 establish whether that is true or not.
11:55 19

11:55 20 COMMISSIONER: By "powerful" you understood that you were
11:55 21 being told that there were groups within the organisation that
11:55 22 were more influential than other groups?
11:55 23

11:55 24 A. I believe that is what Ms Gleeson was getting at, yes.
11:55 25

11:55 26 COMMISSIONER: That is what you understood she was getting
11:55 27 at?
11:55 28

11:55 29 A. That's what I understood she was getting at.
11:55 30

11:55 31 COMMISSIONER: Thank you.
11:55 32

11:55 33 MS NESKOVICIN: Thank you, Ms Whitaker. Paragraph 59, the
11:55 34 comment there is:
11:55 35

11:55 36 *Crown's people are perceived to be feeling quite battered*
11:55 37 *after the past year, and there are some areas where*
11:55 38 *psychological safety may be poor.*
11:55 39

11:55 40 Breaking that up a bit, by the last year, I assume you meant the
11:55 41 year involving the ILGA Inquiry; correct?
11:55 42

11:55 43 A. Yes, and also COVID had led to a number of shutdowns.
11:55 44

11:55 45 Q. Thank you. The reference to psychological safety, that is
11:56 46 a reference to the fear of speaking up?
11:56 47

11:56 1 A. Yes, that's - psychological safety is typically around the
 11:56 2 feeling of being safe within your organisation. So it could be to
 11:56 3 do with fear of speaking up, but it could also be fear of losing
 11:56 4 your job over shutdowns or other types of things, just not feeling
 11:56 5 very safe within the organisation.

11:56 6
 11:56 7 Q. I see. But this isn't meant to be a criticism because you've
 11:56 8 just been asked to provide a summary, but when I read the notes
 11:56 9 of the interview, it seemed to me that the psychological safety
 11:56 10 issue was broader than just - was broader and not necessarily
 11:56 11 just related to the past year, for example, shutdown and moving
 11:56 12 jobs, but a psychological safety about speaking up?

11:56 13
 11:56 14 A. I can't recall specifically the notes, but I would suggest that
 11:56 15 it is both a fear, what I've learnt since, it is both a fear of speaking
 11:57 16 up as well as in relation to and as a result of ILGA and other
 11:57 17 matters in addition to the safety of holding one's job, et cetera, at
 11:57 18 the moment.

11:57 19
 11:57 20 Q. Thank you for explaining that. I might actually ask if we
 11:57 21 can have a look at the interview note. I've got a couple of other
 11:57 22 questions about this comment. DTT.006.0001.0669. Operator, it
 11:57 23 is a spreadsheet so I'm not sure if it is paginated but I want to go
 11:58 24 to the end of the document. The issue about psychological safety
 11:58 25 appears in a couple of places, Ms Whitaker, and I can show that
 11:58 26 to you in a moment. But back down the page, please, operator.

11:58 27
 11:58 28 Can you see the row right at the end that says "organisational
 11:58 29 structure"? Could we blow that up, please? Can you read that,
 11:58 30 Ms Whitaker?

11:58 31
 11:58 32 A. Yes, I can.

11:58 33
 11:58 34 Q. This was in response to a question I think change, if we
 11:58 35 take nothing else from the interview, what would it be, and the
 11:58 36 comment notes:

11:58 37
 11:58 38 *Organisational structure, I don't know how we do*
 11:58 39 *anything with an organisational structure that doesn't*
 11:59 40 *enable change to be consistent. I think there are other*
 11:59 41 *things that are hard to differentiate in importance, but*
 11:59 42 *I actually think unless the structure is tackled, it would be*
 11:59 43 *very hard work to do.*

11:59 44
 11:59 45 That accords with your recollection, Ms Whitaker?

11:59 46
 11:59 47 A. Yes. Yes.

11:59 1
11:59 2 Q. And then it says:
11:59 3
11:59 4 *In terms of the culture piece, regardless of anything else,*
11:59 5 *the importance of psychological safety and be able to*
11:59 6 *raise concerns and call it out.*
11:59 7
11:59 8 Do you see that?
11:59 9
11:59 10 A. Yes, I do.
11:59 11
11:59 12 Q. That's why I suggested to you that the psychological safety
11:59 13 was actually a reference to feeling safe to speak up.
11:59 14
11:59 15 A. Yes. Yes.
11:59 16
11:59 17 Q. It then goes on:
11:59 18
11:59 19 *If that's not addressed then probably even if you have the*
11:59 20 *structure right, it would be an issue [in parts of business*
11:59 21 *or specific places?]*
11:59 22
11:59 23 That seems to be a question.
24
25 A. Yes.
26
27 Q. Then:
28
11:59 29 *Our employee experience survey tells us it's a problem.*
11:59 30 *Many of them said this is a problem. You can't deny what*
12:00 31 *people say.*
12:00 32
12:00 33 Do you see that?
12:00 34
12:00 35 A. Yes, I do.
12:00 36
12:00 37 Q. You were told, I take it, from Ms Gleeson that there had
12:00 38 been an employee survey; correct?
12:00 39
12:00 40 A. Yes.
12:00 41
12:00 42 Q. And that the survey told Crown that there had been
12:00 43 a problem?
12:00 44
12:00 45 A. Yes.
12:00 46
12:00 47 Q. And did you find out, or were you later provided with the

12:00 1 survey and the results of the survey?
12:00 2
12:00 3 A. Yes. There has been several surveys, over the last few
12:00 4 years.
12:00 5
12:00 6 Q. Can you just broadly outline what the surveys were and
12:00 7 some key take-out messages?
12:00 8
12:00 9 A. Yes. So there was a survey conducted in 2018 in
12:00 10 association with Swinburne University looking at employee
12:00 11 experience, predominantly. There has been Pulse surveys
12:00 12 conducted by Culture Amp in recent years. And there has also
12:00 13 been a survey within parts of the business conducted by Human
12:01 14 Synergistics as well. They are the surveys that were undertaken in
12:01 15 recent years. In terms of the findings, all the surveys are done
12:01 16 quite differently from where their starting point is. But the areas
12:01 17 that I'm curious to learn more about in the phase of work that we
12:01 18 are currently in is certainly in relation to leadership, was
12:01 19 a common feature throughout the surveys, the flow of
12:01 20 information and communication was common, performance and
12:01 21 consequence management as well seemed to be a bit of
12:01 22 a challenge, and there is indications that there might be issues
12:01 23 with speaking up within the organisation as well.
12:01 24
12:02 25 Q. Do you recall Ms Siegers mentioning towards the
12:02 26 beginning of the interview that she wasn't aware of whether or
12:02 27 not the employee experience survey had been shared with the
12:02 28 Board?
12:02 29
12:02 30 A. Ms Siegers or Ms Gleeson?
12:02 31
12:02 32 Q. I meant Ms Gleeson, thank you.
12:02 33
12:02 34 A. Okay. Whether the employee experience survey had been
12:02 35 shared with the Board; my recollection was that the surveys had
12:02 36 been shared with the Board, or at least the Swinburne University
12:02 37 one had been shared with the Board was her perception.
12:02 38 However, there was no feedback to her from the board.
12:02 39
12:02 40 Q. Was that a matter ---
12:02 41
12:02 42 A. That's what I understood she had reflected to us.
12:02 43
12:02 44 Q. Was that a matter that concerned you?
12:02 45
12:02 46 A. I would be hopeful that the Board would provide some
12:02 47 reflection back to the business, and perhaps even invite those who

12:02 1 had commissioned the work to help understand some of that
12:03 2 work.
12:03 3
12:03 4 Q. Have you had an opportunity to explore whether that did
12:03 5 occur?
12:03 6
12:03 7 A. I have not.
12:03 8
12:03 9 Q. Thank you. We might just go back to your statement if we
12:03 10 might, paragraph 60. Page 0015.
12:03 11
12:03 12 COMMISSIONER: I think it is paragraph 20 in the item.
12:03 13
12:03 14 MS NESKOVICIN: I see.
12:03 15
12:03 16 COMMISSIONER: It might be different.
12:03 17
12:03 18 MS NESKOVICIN: I will try and use that. Thank you,
12:03 19 Commissioner. Paragraph 60 or item 60 under paragraph 20, you
12:04 20 mention:
12:04 21
12:04 22 *Managers potentially feeling pressure to meet financial*
12:04 23 *targets.*
12:04 24
12:04 25 That was a message that Ms Gleeson passed on to you?
12:04 26
12:04 27 A. Yes, that's right.
12:04 28
12:04 29 Q. And:
12:04 30
12:04 31 *People elements are reported up to the Board, but it was*
12:04 32 *perceived few questions are seen to be received back from*
12:04 33 *the Board.*
12:04 34
12:04 35 That is another comment she made?
12:04 36
12:04 37 A. Yes, that's correct.
12:04 38
12:04 39 Q. That is in line with the point we just discussed about the
12:04 40 employee experience survey; is it not?
12:04 41
12:04 42 A. That's right.
12:04 43
12:04 44 Q. And you would hope, in an organisation like Crown, that
12:04 45 there is constant communication back from the Board; would you
12:04 46 not?
12:04 47

12:04 1 A. I would hope so. I mean, it doesn't always happen but I
12:04 2 would hope to see that, yes.
12:04 3
12:04 4 COMMISSIONER: Can I ask you about item 60 ---
12:04 5
12:04 6 A. Yes.
12:04 7
12:04 8 COMMISSIONER: --- "Managers potentially feeling pressure to
12:04 9 meet financial targets."
12:04 10
12:04 11 A. Yes.
12:04 12
12:04 13 COMMISSIONER: Was that explained to you on the basis that
12:04 14 there was an expense or cost as a result of managers being
12:05 15 pressured to meet financial targets, in other words, what was the
12:05 16 downside?
12:05 17
12:05 18 A. I think from a - my recollection from what Ms Gleeson
12:05 19 said was there was a focus from a performance point of view on
12:05 20 meeting financial targets. And there was, what I've learned since
12:05 21 is there was a cost-out exercise, a wish to reduce costs from the
12:05 22 business as well, and therefore people have felt the pressure at
12:05 23 previous times to meet the financial targets. I suppose to caveat
12:05 24 that this was prior to Ken Barton leaving, some of what is
12:05 25 expressed to me through these processes is prior to the change of
12:05 26 leadership that we've seen in recent months at Crown. And this
12:05 27 report was prior to that as well.
12:05 28
12:05 29 COMMISSIONER: Thank you.
12:05 30
12:06 31 MS NESKOVICIN: Paragraph 62, you note based on
12:06 32 Ms Gleeson's comment that:
12:06 33
12:06 34 *There was a reluctance to report to the Board some of the*
12:06 35 *culture activities in the past, as there was a sense the*
12:06 36 *budget would be cut without regard for its effect, just*
12:06 37 *because it was a line item. Under the new board this is*
12:06 38 *no longer perceived to be an issue.*
12:06 39
12:06 40 So that would be a welcome development, I take it?
12:06 41
12:06 42 A. Yes.
12:06 43
12:06 44 Q. Please go over the page, operator, item 63. It says:
12:06 45
12:06 46 *In the past, GM and Exec have had a KPI*
12:06 47

- 1 Key performance indicator, is that the correct ---
2
3 A. Yes.
4
5 Q. --- acronym:
6
12:06 7 around lifting engagement scores, however, this may
12:06 8 have shifted towards more of a focus on financial
12:06 9 indicators in recent years.
12:06 10
12:06 11 A. Yes.
12:06 12
12:06 13 Q. So can you explain what the lifting engagement scores was
12:06 14 as a KPI and what the change was in recent years?
12:06 15
12:06 16 A. So, this is I suppose the perception of Ms Gleeson. I
12:07 17 haven't had the chance to look in detail at how the KPIs are set
12:07 18 out and, more importantly, how they are executed against.
12:07 19 However, my understanding from her was that in the past the
12:07 20 KPIs were, I think they call them KPO, key performance
12:07 21 objectives, have included aspects around ensuring effective
12:07 22 engagement of employees within the organisation. However, her
12:07 23 perception was that in recent years that that has kind of fallen
12:07 24 away a little and it's been more of a focus on the financial
12:07 25 indicators and are you achieving your financial targets.
12:07 26
12:07 27 Q. How do you measure effective engagement with employees
12:07 28 as a KPO?
12:07 29
12:07 30 A. So my understanding is that they would do it off the
12:07 31 engagement scores in the survey that they were undertaking.
12:07 32
12:07 33 Q. I see. And you would hope now that the KPOs would not
12:07 34 be solely related to financial indicators; would you not?
12:08 35
12:08 36 A. I believe that they are undertaking a program at the moment
12:08 37 to review the performance management program within the
12:08 38 organisation and that seeks to address this as an issue.
12:08 39
12:08 40 Q. I see, but just generally speaking, knowing what you do
12:08 41 about Crown, you would not want to see KPOs that are solely
12:08 42 linked to financial performance, would you?
12:08 43
12:08 44 A. Yes, that's correct. You would want to have KPOs that
12:08 45 balance not only what you are pursuing but how you are pursuing
12:08 46 it.
12:08 47

12:08 1 Q. Ideally, in an environment like Crown, you would want
12:08 2 compliance to be a KPO?

12:08 3

12:08 4 A. Yes, that's correct.

12:08 5

12:08 6 Q. Could you explain to the Commissioner why that would be
12:08 7 the case and how that is expected to drive behaviours?

12:08 8

12:08 9 A. You want compliance to be a KPO and more broad, other
12:08 10 risks as well. So risk and compliance to be part of your key
12:08 11 performance objectives, and perhaps culture also, so that you are
12:09 12 able to have what we call a balanced scorecard. So you are
12:09 13 judging performance based on the pursuit of objectives, like
12:09 14 achieving the objectives but also pursuing them in a way that is
12:09 15 compliant in line with the law, in line with the rules within the
12:09 16 organisation, and is ethical as well.

12:09 17

12:09 18 Q. Thank you for that, Ms Whitaker. 64 says:

12:09 19

12:09 20 *General performance management may have dipped in*
12:09 21 *last few years, with a greater focus on financial*
12:09 22 *management and performance.*

12:09 23

12:09 24 We already covered that in the discussion we've just had about ---

12:09 25

12:09 26 A. Yes, I think so.

12:09 27

12:09 28 Q. Thank you. The next paragraph:

12:09 29

12:09 30 *Performance reviews are inconsistently undertaken*
12:09 31 *across the business.*

12:09 32

12:09 33 A. Yes.

12:09 34

12:09 35 Q. Did you understand that Ms Gleeson had conveyed to you
12:09 36 that, for example, executives were immune from performance
12:09 37 reviews?

12:09 38

12:09 39 A. No, no, not at all. We didn't discuss whether executives
12:10 40 were having performance reviews.

12:10 41

12:10 42 Q. What was the background to this comment, please?

12:10 43

12:10 44 A. I suppose my understanding was performance reviews
12:10 45 generally across the business, amongst all employees were
12:10 46 inconsistently undertaken.

12:10 47

12:10 1 Q. In what way? Either they didn't happen or there was more
12:10 2 focus on some and less on others?

12:10 3

12:10 4 A. We didn't go into detail in relation to that that I recall.

12:10 5

12:10 6 Q. Thank you. Operator, can we go back to the note we were
12:10 7 looking at, which was the Excel spreadsheet,

12:10 8 DTT.006.0001.0669. If you could just scroll up the page and

12:10 9 I will tell you - stop. So if you look at, I think it should be

12:11 10 line item 16, where the green writing begins, it says "Continued

12:11 11 from governing culture", and if you could just go down to the

12:11 12 fourth line and go to the end of the line, it says:

12:11 13

12:11 14 *A decision was taken at CEO level*

12:11 15

12:11 16 Can you find that, Ms Whitaker?

12:11 17

12:11 18 A. Yes.

12:11 19

12:11 20 Q. It says:

12:11 21

12:11 22 *A decision was taken at CEO level that we didn't*

12:11 23 *specifically need to measure performance behaviours of*

12:11 24 *executives and we would only look at financial indicators.*

12:11 25

12:11 26 I assume that what Ms Gleeson had conveyed to you was that

12:11 27 historically, executives were immune from performance reviews

12:11 28 about professional behaviour. Is that the gist of what that

12:12 29 comment was about?

12:12 30

12:12 31 A. I think, yes, I agree, the behavioural aspects of it had

12:12 32 been removed, but they still had performance reviews, it was just

12:12 33 in relation to the financial outcomes or the other kind of business

12:12 34 objective outcomes.

12:12 35

12:12 36 Q. And would you agree that that is not a desirable change, the

12:12 37 one that Ms Gleeson described to you there?

12:12 38

12:12 39 A. I would agree with you, yes.

12:12 40

12:12 41 Q. Would you explain why?

12:12 42

12:12 43 A. I think it is important, as I mentioned previously, that you

12:12 44 are looking at, yes, have you achieved the business objectives or

12:12 45 business goals, but also have you achieved them in a way that is

12:12 46 legally compliant, helps manage risk and is ethical and allows the

12:12 47 organisation - or allows the organisation to thrive more broadly,

12:12 1 not just the pursuit of business objectives without regard for those
12:12 2 other factors?

12:12 3

12:12 4 Q. Ms Whitaker, doesn't it also send a bad message to the
12:13 5 organisation that some people are immune from scrutiny than
12:13 6 others?

12:13 7

12:13 8 A. Yes, that would send a bad message. There would be very
12:13 9 few people exposed to what the executives are rewarded for. But,
12:13 10 yes, if they were to find out, I think that would send a bad
12:13 11 message.

12:13 12

12:13 13 Q. Also, it sends the message that, for example, if they are
12:13 14 engaging in unacceptable behaviours like bullying, that they are
12:13 15 not going to be scrutinised?

12:13 16

12:13 17 A. It could send that signal, yes.

12:13 18

12:13 19 Q. All right. Operator, can we go back to the document we
12:13 20 were just on, Ms Whitaker's statement. I wanted to go to
12:13 21 paragraph 20, item 66. Page _0016, I believe.

12:13 22

12:14 23 *Engagement scores have been found to diminish over*
12:14 24 *tenure.*

12:14 25

12:14 26 That was a general comment, Ms Whitaker?

12:14 27

12:14 28 A. Yes.

12:14 29

12:14 30 Q. 67, there was a word I had to look up:

12:14 31

12:14 32 *There may be some permafrost in middle management*
12:14 33 *meaning messages aren't filtering through the business*

12:14 34

12:14 35 What is permafrost?

12:14 36

12:14 37 A. Permafrost is a term we hear where the leaders of the
12:14 38 organisation believe they are sending signals from the top of the
12:14 39 organisation but middle management stop them reaching the
12:14 40 bottom of the organisation. So here Ms Gleeson is holding the
12:14 41 perception that there is something happening at the middle levels
12:14 42 of management, meaning that some of the messaging being sent
12:14 43 isn't cascading through to the lower levels of the organisation.

12:14 44

12:14 45 Q. Does it also work the other way, that messages from the
12:14 46 lower levels of the organisation aren't filtering up to the top?

12:14 47

12:14 1 A. Sorry, I've lost your audio. Sorry, I lost that for a moment.
12:14 2
12:15 3 Q. Can you hear me now?
12:15 4
12:15 5 A. Yes, I can.
12:15 6
12:15 7 Q. Ms Whitaker, does it also work in the reverse direction so
12:15 8 that it stops messages from lower levels filtering to the top?
12:15 9
12:15 10 A. It may also work in the opposite direction.
12:15 11
12:15 12 Q. You said that it was Ms Gleeson's perception; did she
12:15 13 demonstrate the perception by way of an example?
12:15 14
12:15 15 A. I don't recall her providing an example in relation to that.
12:15 16
12:15 17 Q. Thank you for that. And obviously permafrost is not
12:15 18 a desirable cultural characteristic or governance characteristic?
12:15 19
12:15 20 A. No. It is not a desirable characteristic.
12:15 21
12:15 22 MS NESKOVCIN: Commissioner, I might tender the note of the
12:15 23 interview with Ms Gleeson, please.
12:15 24
12:15 25 COMMISSIONER: Will you tender any more of the
12:15 26 spreadsheet?
12:15 27
12:15 28 MS NESKOVCIN: Yes, I want to tender the spreadsheet in its
12:16 29 entirety, please.
12:16 30
12:16 31 COMMISSIONER: That will be easier, I think.
12:16 32
12:16 33 MS NESKOVCIN: Yes, thank you.
12:16 34
12:16 35 COMMISSIONER: I don't have a copy of the spreadsheet. Can I
12:16 36 give it a particular description? Does it have a title at the top or
12:16 37 something like that?
12:16 38
12:16 39 MS NESKOVCIN: It is a transcript of interview with Alicia
12:16 40 Gleeson.
12:16 41
12:16 42 COMMISSIONER: Under that designation, that will be Exhibit
12:16 43 185.
12:16 44
12:16 45
12:16 46 **EXHIBIT #RC0185 - TRANSCRIPT OF INTERVIEW**
12:16 47 **WITH MS ALICIA GLEESON**

- 12:16 1
12:16 2
12:16 3 MS NESKOVICIN: Thank you.
12:16 4
12:16 5 Ms Whitaker, I want to move on to the interview with Mr Barton
12:16 6 now. This is discussed immediately under the paragraphs of your
12:16 7 statement we were just on, if the operator could call up the
12:16 8 statement again at page 0016. Again you mentioned the that the
12:16 9 interview notes accord with your recollection of the matters
12:16 10 discussed, that is at paragraph 79. And at paragraph 71, please:
12:16 11
12:17 12 *Mr Barton reflected that the Bergin Inquiry showed that*
12:17 13 *there are examples where people have not investigated*
12:17 14 *and solved underlying issues, when things that have gone*
12:17 15 *wrong. That there is a culture that is reactive to risk ---*
12:17 16 *and of people raising things once but not continue to raise*
12:17 17 *risks.*
12:17 18
12:17 19 A. Yes, that's correct.
12:17 20
12:17 21 Q. That was Mr Barton conveying his own reflection from the
12:17 22 Bergin Inquiry; is that correct?
12:17 23
12:17 24 A. Yes. This was an interview where we were seeking to
12:17 25 understand both what he wanted from the piece of work that we
12:17 26 were doing, and to begin to understand where their areas of focus
12:17 27 should be.
12:17 28
12:17 29 Q. But in the course of the discussion he conveyed to you,
12:17 30 didn't he, what his perception is, or was of Crown's culture?
12:17 31
12:17 32 A. He purveyed to us some of the concerns he held and where
12:17 33 he wanted us to look further is how I understood it to be. And,
12:18 34 yes, there were concerns that he had and wanted investigated to
12:18 35 understand whether they were real concerns to be had or just
12:18 36 assumptions.
12:18 37
12:18 38 Q. He seemed to convey his understanding in terms of
12:18 39 perceptions, but I take it that he meant that they were actually his
12:18 40 perceptions based on observations that he had made? Is that
12:18 41 a fair assessment?
12:18 42
12:18 43 A. Whether they were observations that he had made within
12:18 44 the business or in relation to the Bergin Inquiry, they were
12:18 45 concerns that he held.
12:18 46
12:18 47 Q. Thank you. So if we look at paragraph 72, he mentioned:

- 12:18 1
12:18 2 *There are perceptions people didn't hold others to*
12:18 3 *account when things had gone wrong.*
12:18 4
12:18 5 Was that a perception he was conveying based on the Bergin
12:18 6 Inquiry or the organisation more generally?
12:18 7
12:18 8 A. I don't know specifically. It was just a perception that he
12:19 9 relayed to us.
12:19 10
12:19 11 Q. In any event, that is a concern ---
12:19 12
12:19 13 A. (Nods head).
12:19 14
12:19 15 Q. --- that he wanted to raise and have Deloitte consider;
12:19 16 correct?
12:19 17
12:19 18 A. That's right.
12:19 19
12:19 20 Q. At 73, mentioned again the concept of siloed properties:
12:19 21
12:19 22 *There may be issues with siloed focus across properties*
12:19 23 *and business units. Particularly given there is no Group*
12:19 24 *Head of People and Culture in place (at time of meeting).*
12:19 25
12:19 26 A. Yes.
12:19 27
12:19 28 Q. That seems to have a similar theme to comments made by
12:19 29 Ms Gleeson, does it not?
12:19 30
12:19 31 A. That's right.
12:19 32
12:19 33 Q. Did he elaborate further on the issue about silos within the
12:19 34 particular property and whether or not business units were seen to
12:19 35 be operationally stronger than other units?
12:19 36
12:19 37 A. I don't recall him going into detail in relation to those sorts
12:19 38 of examples.
12:19 39
12:19 40 Q. In any event you haven't had time to investigate that
12:19 41 yourself; correct?
12:19 42
12:19 43 A. We're in the process of investigating that at the moment.
12:19 44
12:20 45 Q. Do you have any preliminary observations?
12:20 46
12:20 47 A. In terms of preliminary observations I would say that there

12:20 1 is - there have been things relayed to us in interviews and focus
12:20 2 groups that I've been involved in that shows a difference between
12:20 3 Melbourne and Sydney, Melbourne and Perth, in particular in
12:20 4 how things are conducted, and that there may also be silos within
12:20 5 the business as well.

12:20 6

12:20 7 Q. What perceptions have you made about silos within the
12:20 8 business?

12:20 9

12:20 10 A. It is - one of the organisational values is working together,
12:20 11 and so there is a perception from some, certainly not from
12:20 12 everyone, that there could be better working together across
12:20 13 business units in order to achieve outcomes more strongly.

12:21 14

12:21 15 Q. Have you made any observations about whether or not
12:21 16 there is a particular business unit or operations team that seems to
12:21 17 control the organisation more than others?

12:21 18

12:21 19 A. It has been relayed to me that the gaming part of the
12:21 20 business is often the focus, given the level of revenue there, with
12:21 21 the view that other parts of the business are supporting.

12:21 22

12:21 23 Q. Is the comment that you just made about the gaming area in
12:21 24 contradistinction to say the compliance area?

12:21 25

12:21 26 A. I don't think people are - sorry, can you ask that question
12:21 27 again?

12:22 28

12:22 29 Q. I'm trying to understand if there is a perception, or
12:22 30 a perception that you've made, just on a preliminary basis, that,
12:22 31 say, gaming has a stronger voice in the organisation than, say,
12:22 32 legal and compliance?

12:22 33

12:22 34 A. I haven't drawn that conclusion as yet.

12:22 35

12:22 36 Q. All right. 74, please, Ms Whitaker. What you record there
12:22 37 about the information conveyed to you by Mr Barton is that:

12:22 38

12:22 39 *There may be fear around speaking up and*
12:22 40 *communicating bad news, potentially due to adverse*
12:22 41 *consequences. And lack of clarity of who to go to when*
12:22 42 *something goes wrong.*

12:22 43

12:22 44 You see that?

12:22 45

12:22 46 A. Yes, I see that.

12:22 47

12:22 1 Q. Was that an observation that Mr Barton was making about
12:22 2 his perception of the organisation?

12:22 3

12:22 4 A. I think he had, again, he is expressing areas of potential
12:22 5 concern that he wanted to have investigated further. I don't know
12:23 6 whether he felt that was - like I think he wanted to validate
12:23 7 through the work that we were doing whether this was something
12:23 8 he should be concerned about.

12:23 9

12:23 10 Q. I see, but what he's identifying are serious cultural and
12:23 11 compliance issues, are they not?

12:23 12

12:23 13 A. I think they would give cause to some challenges in relation
12:23 14 to how they manage risk and compliance.

12:23 15

12:23 16 Q. There is a strong similarity between what Mr Barton
12:23 17 conveyed and what Ms Gleeson conveyed, are there not?

12:23 18

12:23 19 A. There is, yes.

12:23 20

12:23 21 Q. Might we please go to the actual note of this part of the
12:23 22 conversation, please, Ms Whitaker.

12:23 23

12:23 24 Operator, it is DTT.006.0001.0664. The particular part you've
12:24 25 relied upon to do the summary is on page _0001. Ms Whitaker,
12:24 26 I'm not taking you to this as a criticism of something that has
12:24 27 been omitted because your statement is just a summary, I'm
12:24 28 actually taking you to this aspect to see whether there is a further
12:24 29 point here. Could you please look at the fourth dot point that
12:24 30 begins with "Issues with people wanting to share problems speak
12:24 31 up and communicate bad news"? Can you see that?

12:24 32

12:24 33 A. Yes.

12:24 34

12:24 35 Q. That is reflected in paragraph 74 that we were just on and
12:24 36 then it says:

12:24 37

12:24 38 *Fear of adverse consequences if the problem is shared.*
12:24 39 *People are scared to deliver bad news so they look to*
12:25 40 *solve things themselves.*

12:25 41

12:25 42 I think all of that is reflected in the note. Then it says:

12:25 43

12:25 44 *Reflection there has not, in the past, been clarity about*
12:25 45 *who to go to. If you ring the alarm who is going to come.*

12:25 46

12:25 47 I think you say:

12:25 1
12:25 2 *Lack of accountability/clarity of escalation.*
12:25 3
12:25 4 Then Mr Barton says:
12:25 5
12:25 6 *if there is no clear escalation, why raise it. If people*
12:25 7 *don't think anything will happen, then why bother.*
12:25 8
12:25 9 My question is, was Mr Barton identifying a further issue in that
12:25 10 comment, "If people don't think anything will happen, then why
12:25 11 bother"?
12:25 12
12:25 13 A. Yes, I think there are two aspects, one is what the flow of
12:25 14 information is, and the other is a perception that there may be
12:25 15 a complacency that nothing is done if you raise an issue.
12:25 16
12:25 17 Q. But complacency is a broader cultural and governance issue
12:25 18 in this context; is it not?
12:25 19
12:25 20 A. Yes.
12:25 21
12:25 22 Q. It is an issue because if there is complacency, people get
12:26 23 accustomed to nothing happening when things go wrong; correct?
12:26 24
12:26 25 A. Yes.
12:26 26
12:26 27 Q. It also normalises the behaviour; correct?
12:26 28
12:26 29 A. Yes.
12:26 30
12:26 31 Q. It normalises not doing anything if something is going
12:26 32 wrong; correct?
12:26 33
12:26 34 A. Yes, that has the potential to happen.
12:26 35
12:26 36 Q. And that is a deep cultural concern?
12:26 37
12:26 38 A. That is a cultural concern of any organisation and one that
12:26 39 I think Mr Barton was concerned we should investigate further.
12:26 40
12:26 41 COMMISSIONER: Can I ask you a question about that. If you
12:26 42 look at paragraph 74 of the items in your witness statement where
12:26 43 Mr Barton, the summaries that Mr Barton said that there may be
12:26 44 fear of speaking up and communicating, and you said in answer
12:26 45 to a question a minute ago that that was an issue that Mr Barton
12:27 46 wanted you to look at.
12:27 47

12:27 1 A. Yes.

12:27 2

12:27 3 COMMISSIONER: But you gave me the impression that that
12:27 4 was not a concern of Mr Barton's but rather it was a thing that in
12:27 5 the ordinary course of doing your job you should look at. But
12:27 6 that is not consistent with the file note where he says quite
12:27 7 positively there is that fear. There is a difference between what
12:27 8 you said to me and what Mr Barton is reported as saying in your
12:27 9 actual note of the conversation.

12:27 10

12:27 11 A. I think that is a fair comment. I think the way that I
12:27 12 understood the conversation we were having was, we were having
12:27 13 a conversation about where he had concerns, and my job in
12:27 14 assessing the culture on the behalf of Crown was to investigate
12:27 15 whether these are valid concerns, whether this is actually
12:27 16 happening. That's the context in which I gave my answer.

12:28 17

12:28 18 COMMISSIONER: So he was recorded by you as saying that
12:28 19 people are scared, that was his understanding, and he wanted that
12:28 20 checked out? He wasn't saying it is a possibility that people are
12:28 21 or are not, and maybe that's one of the things we should look at, it
12:28 22 was much more serious and deeper than that?

12:28 23

12:28 24 A. Yes, that's fair, Commissioner.

12:28 25

12:28 26 MS NESKOVCIN: Thank you, Commissioner.

12:28 27

12:28 28 Operator, could we please go back to - I will just tender this
12:28 29 note while I'm on it.

12:28 30

12:28 31 COMMISSIONER: I will call it notes of conversation with
12:28 32 Mr Barton, Exhibit 186.

12:28 33

34

35 **EXHIBIT #RC0186 - NOTES OF CONVERSATION WITH**
36 **MR KEN BARTON**

37

38

12:28 39 MS NESKOVCIN: Thank you.

12:28 40

12:28 41 Please go back to Ms Whitaker's statement at _0016, item 75.
12:28 42 You record that there what Mr Barton conveyed to you that:

12:28 43

12:29 44 *There may be times when team members find it hard to*
12:29 45 *say no to customers, where maybe they haven't broken*
12:29 46 *a law but it doesn't fit within community expectations.*

12:29 47

12:29 1 Can you explain the context for that statement, please,
12:29 2 Ms Whitaker?

12:29 3
12:29 4 A. So the context there was a concern that people within the
12:29 5 organisation may be bending expectations, I suppose, in relation
12:29 6 to customer service. His concern being that perhaps they haven't
12:29 7 specifically broken the law, but maybe the social licence that
12:29 8 exists for the organisation whatever that behaviour might be may
12:29 9 be impinged upon.

12:29 10
12:29 11 Q. Did he give any examples? Sorry, Commissioner.

12:29 12
12:29 13 COMMISSIONER: I was going to say, did you mean to say, Ms
12:29 14 Whitaker, bending the rules?

12:29 15
12:29 16 A. Bending the rules, yeah, I was thinking the internal rules as
12:30 17 opposed to the law. Yes.

12:30 18
12:30 19 COMMISSIONER: But bending the rules, whether internal or
12:30 20 external, is what you meant to say?

12:30 21
12:30 22 A. Yes, I mean ---

12:30 23
12:30 24 COMMISSIONER: And held yourself back from saying it.

12:30 25
12:30 26 A. I think, you know, he said in the statement, "broken the
12:30 27 law", he was trying to suggest that they are not breaking the law,
12:30 28 but maybe they are breaking the rules, the organisation sets rules
12:30 29 that may or may not exceed the law. That is how I understood it
12:30 30 to be. Maybe it didn't fit with societal expectations, whatever
12:30 31 may have been happening.

12:30 32
12:30 33 MS NESKOVICIN: What was the context for that comment?

12:30 34
12:30 35 A. I'm sorry, I can't recall.

12:30 36
12:30 37 Q. All right. 76:

12:30 38
12:30 39 *There are perceptions that management may be focused*
12:30 40 *on performance, growth, etc as opposed to base*
12:30 41 *compliance and the effect of these obligations.*

12:30 42
12:30 43 A. Yes.

12:30 44
12:30 45 Q. These are the points I raised with you a moment ago.

12:30 46
12:30 47 A. Yes.

12:30 1
12:30 2 Q. That was his perception, was it not?
12:30 3
12:31 4 A. Yes.
12:31 5
12:31 6 Q. And 77:
12:31 7
12:31 8 *There is a need for more board involvement and direction*
12:31 9 *on culture.*
12:31 10
12:31 11 Was that his comment to you, Ms Whitaker?
12:31 12
12:31 13 A. Yes, that's correct.
12:31 14
12:31 15 Q. And:
12:31 16
12:31 17 *The Board has expressed a desire for extra visibility as*
12:31 18 *they don't have confidence people are raising issues and*
12:31 19 *want to be able to ask the question of how do we know*
12:31 20 *people are appropriately weighting obligations, raising*
12:31 21 *issues, addressing them etc.*
12:31 22
12:31 23 Is that a task for Deloitte to address about giving the Board extra
12:31 24 visibility and confidence that people are appropriately weighting
12:31 25 obligations when they're making decisions?
12:31 26
12:31 27 A. Yes, so my expectation is the report that we produce in
12:31 28 relation to the current state of the organisational culture will
12:31 29 assist in providing assurance to the Board that these activities
12:31 30 occur, yes.
12:31 31
12:31 32 Q. So I thought he was saying the Board wants to ensure they
12:32 33 have extra visibility. I was going to ask you how do you ensure
12:32 34 that, apart from just saying all the processes are in place?
12:32 35
12:32 36 A. Yes. I think you asked if that's the role of Deloitte. I hope
12:32 37 there are other mechanisms they use other than only Deloitte's
12:32 38 report, but certainly our work is to help give them that extra
12:32 39 visibility as to the mindsets and behaviours of people and the
12:32 40 extent to which the values are being lived within the organisation.
12:32 41
12:32 42 Q. I see. 78:
12:32 43
12:32 44 *Mr Barton expressed a desire to focus on the VIP*
12:32 45 *Business whether asked about examining sub-cultures,*
12:32 46 *with a view they may have a focus on revenue generation*
12:32 47 *and sales.*

12:32 1
12:32 2 What do you mean by that? It sounds like you've asked a specific
12:32 3 question about subculture and Mr Barton has responded.
12:32 4
12:32 5 A. Yes, I think we did ask a question about any subcultures
12:33 6 that he wanted us to focus on in particular, and he expressed that
12:33 7 he would like a focus on VIP business in particular, to understand
12:33 8 what might be happening there and how those norms are
12:33 9 influencing the behaviours within that particular part of the
12:33 10 business.
12:33 11
12:33 12 Q. Did he convey to you a particular perception about
12:33 13 a subculture in VIP business?
12:33 14
12:33 15 A. I think it says something there about the focus on revenue
12:33 16 generation and sales, I think that is what he was getting at, to seek
12:33 17 to understand whether that was perhaps at the expense of
12:33 18 compliance.
12:33 19
12:33 20 Q. I see. That completes your summary of the interview with
12:33 21 Mr Barton, but if I could please go back to the interview note,
12:33 22 DTT.006.001.0664. Operator, could we go to the final panel,
12:34 23 _0004. Please blow up the first top half, thank you.
12:34 24
12:34 25 If you see the writing in red or brown, I'm not sure how it has
12:34 26 come up on your screen, Ms Whitaker ---
12:34 27
12:34 28 A. Yes.
12:34 29
12:34 30 Q. --- but it says:
12:34 31
12:34 32 *Notes: when thinking how culture is managed now, what*
12:34 33 *are the strengths?*
12:34 34
12:34 35 Are these notes that - sorry, I withdraw that. There are three dot
12:34 36 points. Under the three dot points there are your initials ---
12:34 37
12:34 38 A. Yes.
12:34 39
12:34 40 Q. --- and:
12:34 41
12:34 42 Where are the key challenges in managing the culture.
12:34 43
12:34 44 My question was going to be whether the following dot points
12:34 45 down to "MW", which I believe are Michael Williams's
12:35 46 initials ---
12:35 47

12:35 1 A. Yes.
12:35 2
12:35 3 Q. --- whether the dot points between your initials and
12:35 4 Mr Williams' initials are a reflection of comments you made in
12:35 5 the interview.
12:35 6
12:35 7 A. I believe they are reflections of comments that Mr Barton
12:35 8 made.
12:35 9
12:35 10 Q. I see. So you are saying he said:
12:35 11
12:35 12 *It starts with the board - clear message from the board*
12:35 13 *about what their expectations are, where are we going,*
12:35 14 *what do we want to be known for - Board and CEO - are*
12:35 15 *aligning on that*
12:35 16
12:35 17 A. Yes.
12:35 18
12:35 19 Q. I see. And they are similar to the propositions I put to you
12:35 20 at the beginning of your evidence; correct?
12:35 21
12:35 22 A. Yes.
12:35 23
12:35 24 Q. You are saying that Mr Barton also said to you, looking at
12:35 25 the next dot point:
12:35 26
12:35 27 *It needs to get down to the operating levels -*
12:35 28 *understanding they are involved in lots of issues that*
12:35 29 *regulators care about*
12:35 30
12:35 31 A. Yes.
12:35 32
12:35 33 Q. They are his comments?
12:36 34
12:36 35 A. Yes.
12:36 36
12:36 37 Q. Thank you, Operator, you can take that down.
12:36 38
12:36 39 COMMISSIONER: Before you do that, I'm interested, towards
12:36 40 the bottom, what is the reference to "eg Arthur Andersen" which
12:36 41 collapsed in the mid-1990s or thereabouts. Was he doing
12:36 42 a comparison in the breakdown and collapse of Arthur Andersen
12:36 43 and what might happen inside Crown?
12:36 44
12:36 45 A. No, it was in relation to - you will see "MW", so Michael
12:36 46 Williams, spoke to the purpose being customer-focused and
12:36 47 Mr Barton said he didn't want to dilute the simple message. And

12:36 1 then I think it was Michael Williams that, from my recollection,
12:36 2 that said, oh, yes, Arthur Andersen has this purpose of think
12:36 3 straight, talk straight, quality without compromise, being a - as
12:36 4 the type of purpose that you can lean into to ensure that you are
12:36 5 getting memorable customer experience, which is their current
12:36 6 purpose, but balancing it with a risk statement.
12:36 7
12:36 8 COMMISSIONER: So a tongue-in-cheek ---
12:36 9
12:37 10 A. No, it was just a conversation about what the purpose could
12:37 11 look like if it was balancing that memorable customer experience
12:37 12 with effective risk management as well.
12:37 13
12:37 14 COMMISSIONER: Okay.
12:37 15
12:37 16 MS NESKOVCIN: So to summarise, Ms Whitaker, in
12:37 17 combination of the interview that you had with Mr Barton and
12:37 18 Ms Gleeson, what was conveyed to you were perceptions from
12:37 19 those individuals about Crown's culture and the sorts of things
12:37 20 that were conveyed as the perceptions were, just using some
12:37 21 headings "psychological safety"; correct?
12:37 22
12:37 23 A. Correct.
12:37 24
12:37 25 Q. The Board not necessarily listening and providing
12:37 26 feedback?
12:37 27
12:37 28 A. I think it is more the feedback piece was what was
12:37 29 conveyed, yes.
12:37 30
12:37 31 Q. The Board not providing feedback. Permafrost in middle
12:38 32 management?
12:38 33
12:38 34 A. Potentially, yes, that was a perception.
12:38 35
12:38 36 Q. People not being held to account?
12:38 37
12:38 38 A. Yes.
12:38 39
12:38 40 Q. Lack of clarity in escalating issues?
12:38 41
12:38 42 A. Yes.
12:38 43
12:38 44 Q. And problems not being investigated or being solved by
12:38 45 people instead of being escalated?
12:38 46
12:38 47 A. I think it was that people were trying to deal with the

12:38 1 problems themselves without escalating, yes.
12:38 2
12:38 3 Q. But there was also the issue about "If nothing happens I
12:38 4 won't report it"?
12:38 5
12:38 6 A. A sense of complacency, yes.
12:38 7
12:38 8 Q. Complacency, thank you.
12:38 9
12:38 10 But all of those comments, I suggest to you, paint a pretty grim
12:38 11 picture of how Crown's culture is perceived by senior individuals
12:38 12 within the organisation; would you agree with that?
12:38 13
12:38 14 A. What you've just listed does paint a pretty grim picture, yes.
12:38 15
12:38 16 Q. Did you share Mr Barton and Ms Gleeson's assessment of
12:39 17 Crown's culture with the Board of Crown Resorts or Crown
12:39 18 Melbourne?
12:39 19
12:39 20 A. We have not completed the assessment, the current state
12:39 21 assessment of Crown's culture at this point in time.
12:39 22
12:39 23 Q. But you have feedback from senior executives, particularly
12:39 24 Mr Barton, which provide a very frank assessment of Crown's
12:39 25 culture, and I'm just interested to know whether you have shared
12:39 26 that with any directors of Crown Resorts or Crown Melbourne.
12:39 27
12:39 28 A. We have met with the directors. The directors that I've met
12:39 29 with, we presented in relation to what this next phase of work is.
12:39 30 We also - I've also interviewed several of them, but not all of
12:39 31 them at this point in time for this next phase of work. In those
12:39 32 conversations there was high level discussions, I suppose, around
12:40 33 where some of the vulnerabilities may lay, but certainly we're not
12:40 34 in a position yet to draw conclusions about that, given we are
12:40 35 only partway through the data collection at this point in time.
12:40 36
12:40 37 Q. I see. And those interviews, did you participate in those
12:40 38 interviews or lead the interviews?
12:40 39
12:40 40 A. I have participated in those interviews to date, yes.
12:40 41
12:40 42 Q. I take it that notes have been taken of those interviews?
12:40 43
12:40 44 A. Yes.
12:40 45
12:40 46 Q. We might liaise with your solicitors, Ms Whitaker, about
12:40 47 obtaining those notes.

12:40 1
12:40 2 Just going back to my point, which you didn't really answer, you
12:40 3 have had conveyed to you some serious misgivings about
12:40 4 Crown's culture from Mr Barton, at least ---
12:40 5
12:40 6 A. Yes.
12:40 7
12:40 8 Q. --- who was a former CEO. Have you not shared that with
12:40 9 any of - Mr Barton's feedback, have you not shared any of
12:40 10 Mr Barton's feedback with directors of Crown Resorts or Crown
12:41 11 Melbourne?
12:41 12
12:41 13 A. I haven't shared it as though it is a finding of my work. I
12:41 14 haven't listed it out as you have listed it out just now, but
12:41 15 certainly in our conversations we have discussed that there may
12:41 16 be vulnerabilities in certain areas that we are continuing to
12:41 17 inquire into.
12:41 18
12:41 19 COMMISSIONER: Did you describe those areas to Board
12:41 20 members?
12:41 21
12:41 22 A. I can't recall specifically what I described.
12:41 23
12:41 24 COMMISSIONER: In the ordinary course of conversations with
12:41 25 the Board of your client ---
12:41 26
12:41 27 A. Yes.
12:41 28
12:41 29 COMMISSIONER: --- and you are being told grim news, it
12:41 30 would be a surprise for you not to pass that on to your client?
12:41 31
12:41 32 A. Commissioner, it's not something I've been able to validate
12:41 33 or draw conclusions to as yet ---
12:41 34
12:41 35 COMMISSIONER: The question wasn't whether you validated
12:42 36 it --
12:42 37
12:42 38 A. Yes.
12:42 39
12:42 40 COMMISSIONER: --- the question was, you've heard a lot of
12:42 41 grim news about the culture of the organisation, and you were
12:42 42 asked whether you passed that on to members of the Board.
12:42 43
12:42 44 A. I have passed on to members of the Board that there are
12:42 45 concerns in certain areas. I haven't necessarily listed them out as
12:42 46 counsel just suggested them in those ways. Certainly the Board
12:42 47 was aware of previous issues, they are aware of what has come

12:42 1 forth in the ILGA Inquiry and those concerns - and when I say
12:42 2 "previous issues", I mean the previous surveys that have come
12:42 3 forth. I haven't formally presented to them in a way that says
12:42 4 these are the concerns as yet.

12:42 5
12:42 6 COMMISSIONER: As a result of the interviews that you have
12:42 7 just been asked about ---

12:42 8
12:42 9 A. Yes.

12:42 10
12:42 11 COMMISSIONER: --- say, as at the end of 2020, what were the
12:42 12 positives? We've got a lot of negatives.

12:42 13
12:43 14 A. Yes.

12:43 15
12:43 16 COMMISSIONER: And quite serious problems, as you
12:43 17 indicated. What were the positives in the culture of this
12:43 18 organisation that you took out as a result of your interviews? Not
12:43 19 that you've verified one way or the other ---

12:43 20
12:43 21 A. Yes.

12:43 22
12:43 23 COMMISSIONER: --- what did you come away with thinking,
12:43 24 I have a list of negative aspects - what is the good?

12:43 25
12:43 26 A. Yes. So there are some good aspects to the culture of the
12:43 27 organisation. They wouldn't be a successful business without
12:43 28 people wanting to turn up to work each day. What I've been
12:43 29 surprised by is the really strong commitment to the purpose of the
12:43 30 organisation. So the purpose being that we create memorable
12:43 31 experiences. Together we create memorable experiences is the
12:43 32 purpose.

12:43 33
12:43 34 COMMISSIONER: For whom? For customers?

12:43 35
12:43 36 A. It doesn't say. It could be for customers, it could be for
12:43 37 each other as well. So it is up to the organisation and individuals
12:44 38 to interpret that. It is largely understood, I would say, to be for
12:44 39 customers, that together we create memorable experiences,
12:44 40 meaning we work together to create memorable experiences, and
12:44 41 people are very much committed to that. So if they've left and it's
12:44 42 been a good day, it is because they know they created
12:44 43 a memorable experience for others.

12:44 44
12:44 45 The other thing I've been quite surprised by is a really strong
12:44 46 commitment to compliance. So people expressing that they are
12:44 47 very aware of what has come through the ILGA Inquiry, and for

12:44 1 those at lower levels of the organisation, somewhat hurt by it
12:44 2 because they feel that they have followed the rules and they are
12:44 3 surprised to see this outlined through the inquiry, that the
12:44 4 organisation is being tarnished despite their personal best efforts
12:44 5 to follow the rules.

12:44 6
12:44 7 So they are probably two of the areas that I've been - I would
12:44 8 say also the sentiment of the survey today, I haven't had a chance
12:45 9 to review all of the findings of the survey, but the general
12:45 10 sentiment was more positive than what I had perhaps expected.

12:45 11
12:45 12 COMMISSIONER: Thank you.

12:45 13
12:45 14 MS NESKOVCIN: If I might assist, Ms Whitaker, there seems to
12:45 15 be, across the Board, general tenure of employees?

12:45 16
12:45 17 A. Yes.

12:45 18
12:45 19 Q. Do you take that to be another positive?

12:45 20
12:45 21 A. The tenure of employees is surprising in some areas. There
12:45 22 is very long tenure, 20, 30 years is not unusual to find within the
12:45 23 organisation. And I think that shows that people are, you know,
12:45 24 rather happy with the organisation. We've not sought to look at
12:45 25 the employee net promoter score, but previous reviews have and
12:45 26 the net promoter score in those previous surveys has been quite
12:45 27 strong as well, comparative to what I've seen at other
12:45 28 organisations.

12:45 29
12:45 30 Q. Can you explain to the Commissioner how the net promoter
12:46 31 score works?

12:46 32
12:46 33 A. Yes, of course. So a net promoter score, typically you are
12:46 34 asked how likely are you to recommend the workplace as a place
12:46 35 of employment to people that you care about, so friends or
12:46 36 family. They score between 1 or 10. I think scores six, seven and
12:46 37 eight are removed because that's when people are a bit hum-ho,
12:46 38 and it is a score between minus 100 and 100. And for Crown,
12:46 39 I think, my recollection, it was around 35, so a positive 35. If I
12:46 40 compare that to some other organisations I've worked with, who
12:46 41 have been through similar levels of inquiry, they are usually in
12:46 42 the negative. So it is a positive thing to see people scoring
12:46 43 largely nine out of ten, ten out of ten on that question.

12:46 44
12:46 45 Q. All right. Sorry to go backwards, but I just wanted to go
12:46 46 back to the question I asked you about whether or not you had
12:47 47 shared Mr Barton's observations with any of the directors of the

12:47 1 Board of either Crown Resorts or Crown Melbourne, and you said
12:47 2 that they were comments you had not validated yet.

12:47 3

12:47 4 A. Yes.

12:47 5

12:47 6 Q. Can you explain why you think it is necessary to validate
12:47 7 comments made by a CEO about his perceptions of Crown - the
12:47 8 organisation's culture - before you communicate that with the
12:47 9 Board?

12:47 10

12:47 11 A. I suppose what we've been hired to do is provide
12:47 12 an independent measure of the current state of the culture. One
12:47 13 person's perception doesn't give me conclusive evidence that that
12:47 14 is the findings. I have informally communicated where there are
12:47 15 weaknesses and vulnerabilities. I haven't listed them out. I
12:47 16 haven't reported back and said "Ken said this", however, I
12:48 17 have - my expectation would be that I will formally present the
12:48 18 findings once we have drawn those conclusions having
12:48 19 aggregated the perceptions from multiple people across the
12:48 20 organisation.

12:48 21

12:48 22 Q. Thank you.

12:48 23

12:48 24 A. And I accept that perhaps that is an oversight. Perhaps I
12:48 25 should have done that.

12:48 26

12:48 27 Q. And equally, no one has asked you, have they, how you've
12:48 28 gone with your stakeholder interviews or key interviews with
12:48 29 other individuals, and whether there is any alarm bells or areas of
12:48 30 concern; is that the case?

12:48 31

12:48 32 A. I think those things that I have communicated informally to
12:48 33 them have been a reflection of - I suppose more of a casual
12:48 34 conversation, rather than the formal proceedings of the meetings
12:48 35 that I've had. So the purpose of the meeting with the Board was
12:48 36 to describe to them and have them be comfortable with the
12:49 37 approach that we were taking for phase two and three of our
12:49 38 current state of assessment, and then subsequently the formal
12:49 39 interviews that we were undertaking to get their perceptions of
12:49 40 the culture.

12:49 41

12:49 42 So I haven't done it as part of the formal proceedings, but perhaps
12:49 43 as part of the - sort of - informalities when you just have
12:49 44 a chat sitting in a room with other people or being online with
12:49 45 other people, some of those issues have been raised.

12:49 46

12:49 47 Q. I see. Ms Whitaker, this Commission is interested to

12:49 1 understand whether Crown has the appropriate culture to change
12:49 2 and fix things.

12:49 3

12:49 4 A. Yes.

12:49 5

12:49 6 Q. And how long that might take.

12:49 7

12:49 8 A. Yes.

12:49 9

12:49 10 Q. And it seems that what Crown has done so far is undertake
12:49 11 a culture audit, that's my word ---

12:49 12

12:49 13 A. They do have other activities underway.

12:49 14

12:49 15 Q. That's what I wanted to ask you about.

12:49 16

12:49 17 First of all, what observations have you made about changes that
12:50 18 Crown has made to date to try to fix things from a culture
12:50 19 perspective?

12:50 20

12:50 21 A. Yes. So there is a number of steps that they've already
12:50 22 taken which will have an influence on culture.

12:50 23

12:50 24 First of all, the changing of the guard, both at the Board level and
12:50 25 Executive level, will have a profound impact on the culture of the
12:50 26 organisation. Helen Coonan, as the Executive Chair, sought to
12:50 27 write to the business every week. So she was sending out weekly
12:50 28 updates to the business, and we've had several people comment
12:50 29 that they've been very welcome additions. They, prior to that,
12:50 30 really didn't hear much from the Board at all, or from the
12:50 31 previous Chief Executives either. So this new open
12:50 32 communication has been received well within the organisation.

12:50 33

12:50 34 As I mentioned, Mr Barton sought to shift the organisational
12:50 35 structure, or maybe I haven't mentioned it, but I was thinking
12:51 36 about it. He has shifted the organisational structure, appointing
12:51 37 a Chief Compliance Officer, separating out the risk and audit
12:51 38 roles into two separate functions, introducing a Chief People &
12:51 39 Culture Officer, all of these will have an effect on the way in
12:51 40 which the business is managed going forward. And prior to his
12:51 41 departure, I know he was interested in working on that further.
12:51 42 And certainly the conversations that I've had with Tony Weston,
12:51 43 who started this week as the Chief People & Culture Officer, is
12:51 44 a desire to look further at the organisational structure.

12:51 45

12:51 46 In addition to that, they are reviewing and soon to be launching,
12:51 47 a new performance management framework across the

12:51 1 organisation. They have an initiative in place in relation to
12:51 2 psychological safety, certainly at least in the Perth Casino. There
12:51 3 is another initiative called Safe Haven, which they are rolling out
12:52 4 within gaming, which is also a psychological safety initiative.
12:52 5 I'm not clear yet whether they are the same thing, and I've just
12:52 6 been told two different names - we're still unpacking that.
12:52 7
12:52 8 Trying to think what else they're doing.
12:52 9
12:52 10 Obviously with all the increased focus on AML and compliance,
12:52 11 there's a lot of new training that is rolling out around that, that is
12:52 12 being embedded right through the organisation. There's some
12:52 13 leadership work that they are doing, piloting within the food and
12:52 14 beverage area, at the moment. So there's a range of activities that
12:52 15 they are undertaking already to try to address some of the issues
12:52 16 that have been identified - or in other surveys, not mine.
12:52 17
12:52 18 Q. And no doubt the work that Deloitte will eventually do will
12:52 19 identify other gaps and initiatives that you think are necessary to
12:52 20 affect that pathway of change and achieve the target culture; is
12:53 21 that correct?
12:53 22
12:53 23 A. Yes, that's the aim, yes.
12:53 24
12:53 25 Q. The first thing that you mentioned was the changing of the
12:53 26 guard. You mentioned changes at the board and executive level.
12:53 27 You said that that will have a profound impact.
12:53 28
12:53 29 A. Yes.
12:53 30
12:53 31 Q. Why do you say that? I mean, is it enough to just change
12:53 32 some names and labels and restructure things, and say, "There,
12:53 33 we've fixed it"; don't you have to look at the underlying causes?
12:53 34
12:53 35 A. Absolutely. And that's what we will be seeking to do
12:53 36 through our work. We discussed earlier the importance of the
12:53 37 tone from the top, and I think the change of people, the shift in
12:53 38 focus, the way that the Board is thinking about compliance and
12:53 39 conduct and AML, together with the shift at the executive level,
12:53 40 and the increased focused attention and money being poured into
12:54 41 that compliance aspect, will shift the tone within the organisation
12:54 42 and place an increased importance on that.
12:54 43
12:54 44 I think having a - if I can talk to the experience of working -
12:54 45 only just starting to work - with the Chief People & Culture
12:54 46 Officer, and the ambitions around thinking about things like
12:54 47 organisational structure, looking at how you have common

12:54 1 systems and processes to support HR across the business. Those
12:54 2 sorts of things and those sorts of questions that are being asked,
12:54 3 I think will help create the shift that is necessary.

12:54 4
12:54 5 They are still to define more clearly, and one of the things
12:54 6 Mr Barton was keen to do in establishing that target culture was
12:54 7 to ensure that the new executive were involved in defining what
12:54 8 that would look like, what they needed in place from
12:54 9 a behaviours perspective, in order to pursue their business
12:55 10 objectives.

12:55 11
12:55 12 Q. Do you not think, Ms Whitaker, that it is possible to just
12:55 13 start implementing a pathway to change before all the new
12:55 14 executives come on board and tell you what they want to
12:55 15 achieve?

12:55 16
12:55 17 A. I think it is possible in some regards, and I think that is
12:55 18 what they are doing.

12:55 19
12:55 20 Q. All right. I just wanted to get an understanding of the time
12:55 21 frame for the work that Deloitte is doing, but -

12:55 22
12:55 23 That - the work that Deloitte is doing is effectively providing
12:55 24 a roadmap. Once that roadmap is in place, and you have satisfied
12:55 25 that you've got all the tools to effect the change that you want, is
12:55 26 it not the case that it can take years for cultural change to occur,
12:55 27 and years to know whether or not it's worked?

12:56 28
12:56 29 A. It can take years for sustained culture change to occur.
12:56 30 I think we will start to see early indications of change. It also
12:56 31 requires multiple measurements in order to know that that change
12:56 32 has been affected long-term. So that is part of the reason that is
12:56 33 given to why culture change takes a long time.

12:56 34
12:56 35 That said, from the conversations that I've had, there is a lot of
12:56 36 conversation - there is a lot of narrative that I hear, which was
12:56 37 "then" versus "now" kind of narrative. You can see already that
12:56 38 some things are starting to shift in the way that people talk about
12:56 39 what happened then versus what happened now, which is largely
12:56 40 to do with that changing of the guard.

12:56 41
12:56 42 Q. I see. At the beginning of your evidence we talked about
12:56 43 the four phases, the first phase was the artefact review and some
12:56 44 key stakeholder interviews.

12:56 45
12:56 46 A. Yes.
12:56 47

- 12:56 1 Q. You mentioned that a draft report had been provided.
12:56 2
- 12:56 3 A. Yes.
12:56 4
- 12:56 5 Q. Has that report been finalised?
12:57 6
- 12:57 7 A. Not as yet.
12:57 8
- 12:57 9 Q. Why not as yet?
12:57 10
- 12:57 11 A. I believe they were waiting for Mr Weston to begin the role
12:57 12 and assure that the work was done to his satisfaction and benefit.
12:57 13
- 12:57 14 Q. I see. This is just looking at the artefacts - the existing
12:57 15 artefacts that existed before Mr Weston started, so
- 12:57 16
- 12:57 17 A. That's correct.
12:57 18
- 12:57 19 Q. All right.
12:57 20
- 12:57 21 Phase two comprises interviews and stakeholder interviews,
12:57 22 designing some surveys, and the like. I think you mention that
12:57 23 you presented to the Board about the next two phases?
12:57 24
- 12:57 25 A. Yes.
12:57 26
- 12:57 27 Q. So the third phase being deriving the insights. It sounds,
12:57 28 just to put it - just to summarise - the next two phases is about
12:57 29 gathering data and then analysing the data; is that correct?
12:57 30
- 12:57 31 A. That's correct, yes.
12:57 32
- 12:57 33 Q. Is this the part of the review that's going to take the
12:58 34 longest?
12:58 35
- 12:58 36 A. Yes, I believe so.
12:58 37
- 12:58 38 Q. I gather, from what you've said about having spoken to
12:58 39 people, that it is underway?
12:58 40
- 12:58 41 A. It is underway, yes.
12:58 42
- 12:58 43 Q. And the employee survey, according to your statement, was
12:58 44 going to be dispatched in April. Has that occurred?
12:58 45
- 12:58 46 A. Yes, that has occurred.
12:58 47

- 12:58 1 Q. Have you had the results back yet?
- 12:58 2
- 12:58 3 A. We are still in the process of analysing the results, yes.
- 12:58 4
- 12:58 5 Q. So you've got the results, but you haven't analysed them?
- 12:58 6
- 12:58 7 A. Yes, we are doing it right now.
- 12:58 8
- 12:58 9 Q. When do you expect to have completed the second and
- 12:58 10 third phases, Ms Whitaker?
- 12:58 11
- 12:58 12 A. So we - due to COVID and not being able to get to
- 12:58 13 Melbourne to conduct the focus groups, we have had to push that
- 12:58 14 out slightly. So we're looking to submit in August at this point in
- 12:58 15 time.
- 12:58 16
- 12:58 17 Q. So originally, according to your statement, you were
- 12:59 18 looking to submit in July. So now that's moved out to August?
- 12:59 19
- 12:59 20 A. That's right.
- 12:59 21
- 12:59 22 Q. And in the fourth phase, which will be establishing the
- 12:59 23 target culture - according to your statement, you've not received
- 12:59 24 an engagement letter - a letter for phase four, at the time of your
- 12:59 25 statement. Has that changed?
- 12:59 26
- 12:59 27 A. It has not changed. We have had conversations with
- 12:59 28 Mr Weston to advance with that.
- 12:59 29
- 12:59 30 Q. And he is the Chief Officer who only commenced this
- 12:59 31 Monday - Monday the 7th; correct?
- 12:59 32
- 12:59 33 A. That's right. Correct.
- 12:59 34
- 12:59 35 Q. And so, what's your best estimate of when you will
- 12:59 36 complete phase four?
- 12:59 37
- 12:59 38 A. Phase four will probably take eight to 12 weeks.
- 12:59 39
- 12:59 40 Q. From when?
- 12:59 41
- 12:59 42 A. From when it commences.
- 12:59 43
- 12:59 44 Q. Is it going to go back-to-back with phase three, so you
- 12:59 45 do your reporting ---
- 12:59 46
- 12:59 47 A. Ideally.

12:59 1
12:59 2 Q. But it really - that's in the hands of Crown?
12:59 3
12:59 4 A. That's right.
12:59 5
13:00 6 Q. I see. So all things going well, you'll have it done by the
13:00 7 end of the year?
13:00 8
13:00 9 A. Yes.
13:00 10
13:00 11 Q. All right.
13:00 12
13:00 13 That seems to be longer than - my calculation of the original
13:00 14 time frame based on the original letter of instructions was about
13:00 15 seven months from beginning to end. Do you recall that?
13:00 16
13:00 17 A. Yes.
13:00 18
13:00 19 Q. And you mention COVID, but it seems to be taking longer
13:00 20 than you'd originally anticipated. Is that a fair comment?
13:00 21
13:00 22 A. Yes, so we did have to keep the survey open for longer than
13:00 23 we had anticipated in order to get a fair response rate, a better
13:00 24 response rate, which was partially driven by the shutdown in
13:00 25 Perth, which was while the survey was out. It's also just taken
13:00 26 longer than we expected for various reasons, getting things
13:00 27 scheduled et cetera.
13:00 28
13:01 29 MS NESKOVCIN: Understood.
13:01 30
13:01 31 Commissioner, I have no further questions for Ms Whitaker.
13:01 32
13:01 33 COMMISSIONER: I've got some.
13:01 34
13:01 35 MS NESKOVCIN: Oh, Commissioner, I just note the time.
13:01 36
13:01 37 COMMISSIONER: We'll have a break.
13:01 38
13:01 39 Are you okay, Ms Whitaker, time-wise, if we have a break for 45
13:01 40 minutes and come back?
13:01 41
13:01 42 A. No problem.
13:01 43
13:01 44 COMMISSIONER: I will adjourn to 1.45.
13:01 45
13:01 46
13:01 47 **ADJOURNED** **[1.01PM]**

13:30 1
13:52 2
13:52 3 **RESUMED** [1.52PM]
13:52 4
13:52 5
13:52 6 COMMISSIONER: Good afternoon, everyone. I want to make
13:52 7 sure you can all hear me. I think we had an internet problem, but
13:52 8 we haven't done too badly today, we've only had just one,
13:52 9 normally we have had dozens of them. Doing pretty well today.
13:52 10
13:52 11 Ms Whitaker, you can still hear me, can't you?
13:52 12
13:52 13 A. I can.
13:52 14
13:52 15 COMMISSIONER: I just want to ask you a couple of questions,
13:52 16 if I could. I want you to assume a series of propositions.
13:53 17
13:53 18 A. Okay.
13:53 19
13:53 20 COMMISSIONER: Just assume them to be true, they may or
13:53 21 may not be true, but assume you have a firm who is engaged in
13:53 22 the following types of conduct. Systematic, long-term breaches
13:53 23 of the law, both statute law and other legal obligations - second.
13:53 24 Systematically and over a period of time facilitated illegal
13:53 25 conduct by third parties. Four, in dealings with government, lax
13:53 26 candour, doesn't make full disclosure. Five, deals with lots of
13:53 27 vulnerable people and takes advantage of them. And each of
13:54 28 those types of conduct is explicable by a profit motive; that is, if I
13:54 29 engage in all of those things, I will make more money than I
13:54 30 otherwise would.
13:54 31
13:54 32 My question to you is: what would that tell you about the culture
13:54 33 of the firm?
13:54 34
13:54 35 A. What would it tell me about the culture of the firm. I think
13:54 36 it would give rise to a number of questions in relation to the
13:54 37 culture that I would ask, such as, what is the tone being set by the
13:54 38 leaders, what processes do they have in place to manage risk and
13:54 39 conduct. What attitudes do they have to those that they impact
13:54 40 upon, what processes are in place to draw out mistakes or poor
13:55 41 conduct, like speak-up processes.
13:55 42
13:55 43 COMMISSIONER: If you go back to my question.
13:55 44
13:55 45 A. Yes.
13:55 46
13:55 47 COMMISSIONER: And I asked you to assume this is long-term

13:55 1 behaviour --
13:55 2
13:55 3 A. Yes.
13:55 4
13:55 5 COMMISSIONER: --- 5 years, 10 years, 15 years, pick whatever
13:55 6 meaning you like to the word "long-term", what does it tell you
13:55 7 about the culture of the firm?
13:55 8
13:55 9 A. I think it would tell me that, given those hypothetical
13:55 10 situations you gave me, that it is an organisation that is driven
13:55 11 towards a self-orientation of - looking after oneself.
13:56 12
13:56 13 COMMISSIONER: And if I had a scale for measuring culture ---
13:56 14
13:56 15 A. Yes.
13:56 16
13:56 17 COMMISSIONER: --- and it was from one to ten, ten being the
13:56 18 best and one being the worst, good, now you know my question,
13:56 19 don't you?
13:56 20
13:56 21 A. Yes, where ---
13:56 22
13:56 23 COMMISSIONER: If you make the assumptions I've asked you
13:56 24 to make, where on the scale would you put the firm?
13:56 25
13:56 26 A. Commissioner, can I clarify, what I think you are getting at,
13:56 27 which is to what extent is it an an ethical culture, a responsible
13:56 28 culture, those sorts of aspects, is that what you are asking,
13:56 29 because I need a goal in mind?
13:56 30
13:56 31 COMMISSIONER: Yes, that's exactly what I'm after.
13:56 32
13:56 33 A. I would say that it is sitting on the end of looking after
13:56 34 oneself and being oriented towards 1, that is the lower end of that
13:57 35 scale.
13:57 36
13:57 37 COMMISSIONER: One closer than 10?
13:57 38
13:57 39 A. Yes, on the ---
13:57 40
13:57 41 COMMISSIONER: Assume the behaviours I've described are
13:57 42 endemic throughout the organisation: top, middle management,
13:57 43 lower management, floor staff. In other words, it is cemented
13:57 44 into the operation of the firm itself, that's how most people who
13:57 45 relevantly can engage in this conduct --- that's a bad way of
13:57 46 putting it. It is across the board in the firm. Make that
13:57 47 assumption. Would you accept this proposition that simply

13:57 1 changing the top will get you nowhere?
13:57 2
13:57 3 A. I agree that simply changing the top will only get you part
13:57 4 of the way. There are other activities that would drive that
13:57 5 change that you are looking for.
13:58 6
13:58 7 COMMISSIONER: Because there is lots of literature, isn't there,
13:58 8 that explains that it is not just the culture of the Board or senior
13:58 9 management, eventually the firm itself has its own culture, the
13:58 10 firm itself has its own way of doing business and if it is a bad way
13:58 11 of doing business and it is ingrained, there is nothing simple
13:58 12 about changing that; do you agree?
13:58 13
13:58 14 A. I agree. I mean, if we are going to theory, equally if you
13:58 15 have an amazing culture and you change the leadership toward
13:58 16 one that is purely commercially driven, you know, it is harder for
13:58 17 them to make the changes they want to change, without a change
13:58 18 in personnel.
13:58 19
13:58 20 COMMISSIONER: Because if you have a whole bunch of good
13:58 21 people there, and they will still keep on doing good work.
13:58 22
13:58 23 A. Yes.
13:58 24
13:58 25 COMMISSIONER: You can have a profit-driven CEO and the
13:58 26 good people who have been doing good for decade or decade, or
13:58 27 5 years or 10 years, whatever it might be, they won't change; they
13:58 28 won't change into profit motive-driven people and they won't
13:59 29 engage in illegal, improper or unethical conduct because their
13:59 30 boss says, "let's do it"?
13:59 31
13:59 32 A. Where I've seen it happen in organisations where there is
13:59 33 a change of leadership towards a commercial profit motive, you
13:59 34 end up losing a lot of good people from the organisation.
13:59 35
13:59 36 COMMISSIONER: Yes. My questions are - well, it makes the
13:59 37 point either way, doesn't it?
13:59 38
13:59 39 A. Yes.
13:59 40
13:59 41 COMMISSIONER: You are not going to easily change the habits
13:59 42 and culture and thinking of the people who carry out the
13:59 43 day-to-day functions of the organisation?
13:59 44
13:59 45 A. You won't achieve that shift just by changing a few people
13:59 46 at the top. What changing a few people at the top may give rise
13:59 47 to is the shift towards the other types of changes that you also

13:59 1 need to embed, so the permission to undertake those different
13:59 2 changes within the organisation, and to execute against those
13:59 3 drivers of those behaviours.
13:59 4

13:59 5 COMMISSIONER: Would this be a fair basis for me to proceed
14:00 6 generally: the more ingrained throughout the whole firm this bad
14:00 7 culture is, because that's what we are talking about, the more
14:00 8 ingrained - two things - the harder it will be to change it and
14:00 9 the longer it will take?
14:00 10

14:00 11 A. It's an excellent question. I think it is very difficult to say
14:00 12 in absolute terms that it's going to be harder and take longer.
14:00 13 I think where there is the will of people to have things
14:00 14 corrected, I mean, I'm quite an optimistic person so I do
14:00 15 believe that the majority of people want to be good, and I look for
14:00 16 the things that are preventing that from happening. So if people
14:00 17 will to be doing the right thing, I think you can accelerate the
14:01 18 change there. You know, what you said is under the hypothesis
14:01 19 that people don't want to be doing good.
14:01 20

14:01 21 COMMISSIONER: Sometimes - would you buy this as
14:01 22 a proposition : sometimes a person's past behaviour is a good
14:01 23 guide to how they will act in the future?
14:01 24

14:01 25 A. That is typically the case, yes.
14:01 26

14:01 27 COMMISSIONER: And if they haven't been acting very well in
14:01 28 the past, one has to be doubtful whether they will do a turnaround
14:01 29 and start behaving like model citizens in the future?
14:01 30

14:01 31 A. I think what we look for, when we are thinking about
14:01 32 culture, is we really try to unpack why are people making the
14:01 33 decisions that they are making, and what is driving that poor
14:01 34 behaviour? Some of it may be the nature of the character of the
14:01 35 individual. That of course is a contributing factor, but we try to
14:01 36 look for all the other contributing factors that are perhaps
14:02 37 externally driven that are driving that behaviour. So whether that
14:02 38 is pressure from a leader, whether it is a poorly designed system
14:02 39 or process, whether it is rewards or consequent management
14:02 40 frameworks being improperly designed or not effectively used,
14:02 41 we will look for all of those things to try to understand why they
14:02 42 think what they are doing is the right thing, and then we seek to
14:02 43 put the right mechanisms in place to guide them and make it easy
14:02 44 for them to make the right decision.
14:02 45

14:02 46 COMMISSIONER: And if you go back to my hypothetical ---
14:02 47

14:02 1 A. Yes.
14:02 2
14:02 3 COMMISSIONER: --- and make this assumption, I said most of
14:02 4 the behaviours that I outlined to you, I asked you to assume they
14:02 5 were driven by profit.
14:02 6
14:02 7 A. Yes.
14:02 8
14:02 9 COMMISSIONER: What happens in the new world, the profit
14:02 10 motive is not diminished but remains, does that make it harder for
14:02 11 people to change from top to bottom?
14:02 12
14:02 13 A. I think there is always a profit motive. I think it is pursuing
14:03 14 that within the ethical and legal bounds that society provides to
14:03 15 them, and how they go about pursuing that. So there is always
14:03 16 a profit motive, it is just to what extent, at what cost, those sorts
14:03 17 of things that need to be considered.
14:03 18
14:03 19 COMMISSIONER: And how do you change people's behaviour
14:03 20 when, for example, their remuneration package depends on the
14:03 21 amount of profit they make, that kind of thing?
14:03 22
14:03 23 A. I think that's where we look for the balance scorecards so
14:03 24 that they are rewarded not only for achieving the commercial
14:03 25 objectives that are set, but also for pursuing it in a way that is
14:03 26 ethical, within the bounds of the law, treat their people well, all
14:03 27 the other things that you might consider as part of that balance
14:03 28 scorecard.
14:03 29
14:03 30 COMMISSIONER: Have you looked at all into the potential that
14:04 31 Crown might suffer from any of the hypothetical circumstances
14:04 32 that I described to you?
14:04 33
14:04 34 A. The hypothetical circumstances that you've described
14:04 35 around illegal conduct, harm to others, those sorts of things, we
14:04 36 are putting to them in perhaps a less direct way that still allows
14:04 37 them to emerge through the conversation ---
14:04 38
14:04 39 COMMISSIONER: Sorry, I didn't mean to interrupt.
14:04 40
14:04 41 A. That's okay. So in our interviews and focus groups that we
14:04 42 are currently conducting, we've developed a series of hypotheses
14:04 43 that we are testing as a starting point to have a conversation, but
14:04 44 we are not directly asking as bluntly as, "are you observing illegal
14:05 45 behaviour", for example. That is not what really what we're
14:05 46 pursuing ---
14:05 47

14:05 1 COMMISSIONER: One of the things that struck me in the notes
14:05 2 of the interviews that you had, that we looked at earlier this
14:05 3 morning, is nobody seemed to own up to any illegal behaviour or
14:05 4 any improper behaviour. If people in an organisation do not own
14:05 5 up to illegal or improper behaviour, does that tell you something
14:05 6 about (a) the culture, and (b) the difficulty you might have in
14:05 7 changing the culture?
14:05 8
14:05 9 A. Are we still working with hypotheticals?
14:05 10
14:05 11 COMMISSIONER: We'll stick with hypotheticals, yes.
14:05 12
14:05 13 A. I think people do need to have some self-reflection of their
14:05 14 own - whether it is their direct illegal behaviour or improper
14:06 15 behaviour, or whether it is their influence on others to have those
14:06 16 behaviours, I think that self-reflection does need to occur.
14:06 17
14:06 18 COMMISSIONER: And if it doesn't, it tells you something about
14:06 19 (a) the people, and (b) the culture?
14:06 20
14:06 21 A. Yes.
14:06 22
14:06 23 COMMISSIONER: And what it tells you is not good, negative?
14:06 24
14:06 25 A. It tells me yes, a lack of self-reflection and ownership over
14:06 26 problems makes it difficult to solve those problems.
14:06 27
14:06 28 COMMISSIONER: And by self-reflection you don't mean, do
14:06 29 you, that they don't realise the wrongdoing, merely they don't
14:06 30 want to accept it as the wrongdoing or are indifferent to it or
14:06 31 something like that?
14:06 32
14:06 33 A. I think I was getting at what their role is in relation to that
14:06 34 conduct. How they have contributed or otherwise to it.
14:06 35
14:06 36 COMMISSIONER: Let's say they didn't contribute but were
14:07 37 aware of it and didn't discourage it, for example.
14:07 38
14:07 39 A. Yes.
14:07 40
14:07 41 COMMISSIONER: That's not a positive sign, is it, it's a negative
14:07 42 sign?
14:07 43
14:07 44 A. That's correct.
14:07 45
14:07 46 COMMISSIONER: Yes. Okay. That's it from me. Thank you.
14:07 47

14:07 1 I shall go around the room, I think.

14:07 2

14:07 3 Mr Rozen? I think we usually do Mr Rozen first.

14:07 4

14:07 5 MR ROZEN: Thank you, Commissioner. I do have some brief

14:07 6 matters for Ms Whitaker, with your leave.

14:07 7

14:07 8

14:07 9 **CROSS- EXAMINATION BY MR ROZEN**

14:07 10

14:07 11

14:07 12 COMMISSIONER: That's okay.

14:07 13

14:07 14 MR ROZEN: Ms Whitaker, my name is Peter Rozen. I represent

14:07 15 VCGLR, the gambling regulator in Victoria.

14:07 16

14:07 17 In relation to the question asked moments ago by the

14:07 18 Commissioner, if one adds another assumption to the

14:07 19 hypothetical organisation, being that it has a lot of long-standing

14:08 20 employees, people who have worked for the organisation,

14:08 21 including at senior levels for many years, which I think you

14:08 22 identified earlier as a positive feature of Crown, but it is

14:08 23 a two-edged sword, isn't it, in terms of change, if one makes the

14:08 24 other assumptions that the Commissioner asks you to make?

14:08 25

14:08 26 A. Yes. I think you would like to see, within any organisation,

14:08 27 both stability of employees, so you want some longer-serving

14:08 28 employees who understand the histories and the norms and are

14:08 29 able to assist in pursuing that, but also the injection of new

14:08 30 people who are able to give rise to effective challenge within the

14:08 31 organisation, to question why things are being done the way that

14:08 32 they are done, et cetera, et cetera.

14:08 33

14:08 34 Q. All right. Can I go to another topic, which concerns the

14:09 35 relationship between Crown and my client, the VCGLR. I want

14:09 36 to ask you firstly a general question drawing on your vast

14:09 37 experience of corporate culture, whether the relationship between

14:09 38 an organisation and the Government body that regulates its

14:09 39 behaviour, whether that is relevant to an assessment of the

14:09 40 organisation's culture.

14:09 41

14:09 42 A. I do believe it is relevant to the organisational culture. In

14:09 43 fact, we proposed to them that we undertake interviews or focus

14:09 44 groups with external stakeholders to get, I guess, their validation

14:09 45 that they have in relation to living the values of the organisation,

14:09 46 which is at the centre of our inquiry. We resolved at this point in

14:09 47 time that due to the Royal Commission, that it may not be

- 14:09 1 appropriate to do it with the regulators. We're still considering
14:10 2 whether we do it with other external stakeholders.
14:10 3
- 14:10 4 Q. Why do you consider it to be relevant to an assessment of
14:10 5 the culture of an organisation to know about the way it deals with
14:10 6 any regulators that are monitoring its conduct?
14:10 7
- 14:10 8 A. I would see a regulator as being a critical stakeholder to
14:10 9 an organisation like Crown, as I would other external
14:10 10 stakeholders as well. So whether that is business customers,
14:10 11 everyday customers, investors, suppliers, others, and I think when
14:10 12 we are looking at the culture we centre it on the extent to which
14:10 13 the values of the organisation are being lived, and what we want
14:10 14 to learn from those external stakeholders is whether they
14:10 15 experienced those values being lived or whether there is other
14:10 16 shadow values or alternate values that they feel are being lived by
14:10 17 the organisation. So for that reason, we seek to talk to external
14:11 18 stakeholders on a usual occasion.
14:11 19
- 14:11 20 Q. Sticking just with the regulator or regulators, would you
14:11 21 agree that the hallmarks of a positive relationship with the
14:11 22 regulator that would be suggestive of a positive corporate culture
14:11 23 include candour on the part of the regulated entity with the
14:11 24 regulator?
14:11 25
- 14:11 26 A. Yes.
14:11 27
- 14:11 28 Q. Transparency, is that another feature of such a relationship
14:11 29 that you would want to see?
14:11 30
- 14:11 31 A. Yes.
14:11 32
- 14:11 33 Q. Honesty?
14:11 34
- 14:11 35 A. Yes.
14:11 36
- 14:11 37 Q. Is being proactive, at least sometimes, rather than merely
14:11 38 reactive, another feature that would be seen as a positive ---
14:11 39
- 14:11 40 A. Yes.
14:11 41
- 14:11 42 Q. --- factor in a cultural sense? Sorry, I missed your answer.
14:11 43
- 14:11 44 A. Yes.
14:11 45
- 14:11 46 Q. Finally, prompt responses to requests for information or
14:12 47 documents; would that be another feature that you would look

14:12 1 for?

14:12 2

14:12 3 A. Yes, to the extent to which they can promptly gather the
14:12 4 information together, but, yes.

14:12 5

14:12 6 Q. Okay. I think you've indicated that the Royal Commission
14:12 7 has had the effect that, and I make sure I understand this, have
14:12 8 you decided not to seek out the views of the VCGLR or is it
14:12 9 Crown's suggestion that you not seek out the views given the
14:12 10 Royal Commission?

14:12 11

14:12 12 A. I think, to be honest, it was a conversation and a decision
14:12 13 that we arrived at together.

14:12 14

14:12 15 Q. Right. There are, of course, other ways, are there not, that
14:12 16 you could ascertain the views of the regulator, apart from having
14:12 17 face-to-face meetings with them, aren't there?

14:12 18

14:12 19 A. I suppose we could look at outcomes of things like Royal
14:12 20 Commissions to see what is reported in there, what might be
14:12 21 reported in the news, et cetera, other documentation to elicit that.

14:12 22

14:13 23 Q. Yes, so for example, if I can be a bit more specific, in very
14:13 24 recent times it's been reported in the media and in this Royal
14:13 25 Commission that the VCGLR has taken disciplinary action
14:13 26 against Crown and has fined Crown a million dollars. Has the
14:13 27 reasons published by the VCGLR for that disciplinary action
14:13 28 been brought to your attention by Crown?

14:13 29

14:13 30 A. We have done a broad brush review of media and what has
14:13 31 been said in the media in relation to aspects that we would think
14:13 32 relevant to our inquiry, to include as part of our data to assess. I
14:13 33 can't recall if that specific instance has been included within that,
14:13 34 but it certainly gave rise to how we shaped the inquiry as well as
14:14 35 will inform the data collection.

14:14 36

14:14 37 Q. If you accept from me that the reasons, which are as recent
14:14 38 as April this year, disclose for specific matters where, from the
14:14 39 perspective of the regulator, Crown put its profit ahead of
14:14 40 questions of legal compliance, then would you agree with me that
14:14 41 that would be relevant to your inquiry?

14:14 42

14:14 43 A. Whether profit went before compliance?

14:14 44

14:14 45 Q. Yes.

14:14 46

14:14 47 A. I think that would be relevant to our inquiry, yes.

14:14 1
14:14 2 Q. It might assist you, might it, to validate what you learnt -
14:14 3 what you have learnt, which is that there is a really strong
14:15 4 commitment to compliance. Do you recall saying that earlier to
14:15 5 Counsel Assisting?
14:15 6
14:15 7 A. Yes.
14:15 8
14:15 9 Q. That is one of the positives you've identified?
14:15 10
14:15 11 A. Yes, from some of the focus groups I've been involved in,
14:15 12 yes.
14:15 13
14:15 14 Q. Focus groups of Crown employees?
14:15 15
14:15 16 A. Yes.
14:15 17
14:15 18 Q. Is that something that as a matter of course you will be
14:15 19 seeking to validate in the remainder of your work in phases two,
14:15 20 three and four?
14:15 21
14:15 22 A. Yes.
14:15 23
14:15 24 Q. Would it assist you to do that, to see the type of report that
14:15 25 I've referred you to?
14:15 26
14:15 27 A. Yes.
14:15 28
14:15 29 Q. Final matter, are you aware from your discussions with
14:15 30 Crown that one of the outcomes of that regulatory action, the
14:15 31 disciplinary action under the Casino Control Act, has been that
14:16 32 Crown is now under a positive obligation to report to the
14:16 33 regulator on the progress of its reform agenda?
14:16 34
14:16 35 A. Yes.
14:16 36
14:16 37 Q. Is there any mechanism in the arrangements between you
14:16 38 and Crown so that you can provide information to Crown to assist
14:16 39 it in carrying out that function? Is that part of your role, do you
14:16 40 think?
14:16 41
14:16 42 A. I don't know if we've discussed it as explicitly as that.
14:16 43 However, I know that part of their reform agenda prioritises
14:16 44 culture --
14:16 45
14:16 46 Q. Yes.
14:16 47

14:16 1 A. --- and so I would expect the work we are undertaking
14:16 2 would assist them in giving that response to the regulator.
14:16 3
14:16 4 MR ROZEN: Thanks very much. They are my questions.
14:16 5
14:16 6 Thank you, Commissioner.
14:16 7
14:16 8 COMMISSIONER: Thank you, Mr Rozen.
14:16 9
14:16 10 Mr Gray?
14:16 11
14:16 12 MR GRAY: Thank you, Mr Commissioner. No questions for
14:16 13 Ms Whitaker on behalf of the State.
14:16 14
14:16 15 COMMISSIONER: Thank you, Mr Gray.
14:16 16
14:17 17 Mr Harris?
14:17 18
14:17 19 MR HARRIS: Thank you, Commissioner. Just a couple of
14:17 20 questions, if that is okay?
14:17 21
14:17 22 COMMISSIONER: Sure.
14:17 23
14:17 24
14:17 25 **RE-EXAMINATION BY MR HARRIS**
14:17 26
14:17 27
14:17 28 MR HARRIS: If the operator could please bring up
14:17 29 Ms Whitaker's statement at paragraph 57.
14:17 30
14:17 31 Ms Whitaker, you recall Counsel Assisting were asking you some
14:17 32 questions ---
14:17 33
14:17 34 COMMISSIONER: You will have to speak up a bit, Mr Harris.
14:17 35 Hard to hear. Sorry.
14:17 36
14:17 37 MR HARRIS: Sure.
14:17 38
14:17 39 Ms Whitaker, you will recall that Counsel Assisting were asking
14:17 40 you some questions about this summary of your notes of your
14:17 41 meeting with Ms Gleeson.
14:17 42
14:18 43 A. Yes.
14:18 44
14:18 45 Q. Can you look at paragraph 57 of your statement which says:
14:18 46
14:18 47 *While I don't remember all examples specifically, our*

14:18 1 *records show we discussed some potential cultural*
14:18 2 *deficiencies perceived by Alicia --- summary of which*
14:18 3 *includes*

14:18 4
14:18 5 A. Yes.

14:18 6
14:18 7 Q. Can you just explain what you meant by including the word
14:18 8 "potential" in that paragraph?

14:18 9
14:18 10 A. I suppose in that we - in thinking about potential cultural
14:18 11 deficiencies, that they are not yet validated through our own
14:18 12 inquiry, and they are the perceptions of Ms Gleeson in relation to
14:18 13 those cultural deficiencies identified.

14:18 14
14:18 15 Q. Was Ms Gleeson identifying her personal concerns or
14:18 16 potential concerns that might come up from the work that you
14:19 17 intended to conduct?

14:19 18
14:19 19 A. It's a good question. I think upon reflection, at the time
14:19 20 I think I was in the interview, thinking then of things that she
14:19 21 would be concerned by. However, in having recently revised the
14:19 22 previous studies that had been undertaken of cultural assessments
14:19 23 or engagement surveys, they are somewhat --- some of them may
14:19 24 be somewhat informed by that data also.

14:19 25
14:19 26 COMMISSIONER: I'm not exactly sure what you mean by that,
14:19 27 Ms Whitaker.

14:19 28
14:19 29 A. Well ---

14:19 30
14:19 31 COMMISSIONER: When Ms Gleeson provided you with the
14:19 32 information that you were asking of her ---

14:20 33
14:20 34 A. Yes.

14:20 35
14:20 36 COMMISSIONER: --- she was expressing her concerns. She
14:20 37 was not giving you a list of what might be concerns in
14:20 38 a hypothetical world.

14:20 39
14:20 40 A. She was expressing to me her concerns which, upon having
14:20 41 now read some of the documents that she would have been privy
14:20 42 to prior to that meeting, she may have evidence for, in previous
14:20 43 inquiries that - they have got previous surveys that they have
14:20 44 undertaken of their people.

14:20 45
14:20 46 COMMISSIONER: I see.

14:20 47

14:20 1 A. Some may also just be her perceptions from, you know,
14:20 2 daily walking the floor, talking to people, et cetera, about where
14:20 3 there might be cultural deficiencies.
14:20 4
14:20 5 COMMISSIONER: I see. Yes.
14:20 6
14:20 7 MR HARRIS: I understand. Thank you.
14:20 8
14:20 9 You mentioned before to Counsel Assisting that you had met
14:20 10 with the Crown Board at some point in time after you've
14:20 11 conducted the preliminary interviews that we have just been
14:20 12 discussing; do you recall that?
14:20 13
14:21 14 A. Yes.
14:21 15
14:21 16 Q. What was the purpose of that meeting?
14:21 17
14:21 18 A. The purpose of that meeting was to take them through what
14:21 19 we were planning to do on phase two and phase three, which is
14:21 20 effectively the current state cultural assessment.
14:21 21
14:21 22 Q. Was it the purpose to detail any views that you had
14:21 23 managed to form based on the preliminary discussions you'd had
14:21 24 to date?
14:21 25
14:21 26 A. That was not the purpose of the meeting.
14:21 27
14:21 28 MR HARRIS: That's all the questions I have, Commissioner.
14:21 29
14:21 30 COMMISSIONER: Thank you very much, Mr Harris.
14:21 31 Mr Borsky?
14:21 32
14:21 33 MR BORSKY: I've got no questions, Commissioner.
14:21 34
14:21 35 COMMISSIONER: Okay, thank you, Mr Borsky.
14:21 36
14:21 37 Ms Neskovicin, do you have anything arising out of that.
14:21 38
14:21 39 MS NESKOVCIN: No, thank you, Commissioner. Thank you,
14:21 40 Ms Whitaker. If Ms Whitaker could be excused, Commissioner.
14:22 41
14:22 42 COMMISSIONER: Yes.
14:22 43
14:22 44 You are excused, Ms Whitaker. Thank you very much for your
14:22 45 evidence today.
14:22 46
14:22 47

14:22 1 **THE WITNESS WITHDREW**
14:22 2
14:22 3
14:22 4 MS NESKOVCIN: Commissioner, the next witness is
14:22 5 Anne Siegers. I'm not sure if she is in the waiting room or if we
14:22 6 need a short break just to make sure that her ---
14:22 7
14:22 8 COMMISSIONER: I think we might need - yes, we might need
14:22 9 a 5-minute break.
14:22 10
14:22 11 MS NESKOVCIN: Okay. You will adjourn, Commissioner?
14:22 12
14:22 13 COMMISSIONER: I will. I will adjourn for five minutes.
14:22 14
14:22 15
14:22 16 **ADJOURNED** [2.22PM]
14:52 17
14:52 18
14:52 19 **RESUMED** [2.52PM]
14:52 20
14:52 21
14:52 22 COMMISSIONER: Sorry about the delay. We had another
14:52 23 breakdown with the internet or something. I hope we will have
14:52 24 a free run until the close of business this afternoon. We'll just see
14:52 25 how we go.
14:52 26
14:53 27 MS NESKOVCIN: Commissioner, the next witness is Ms Anne
14:53 28 Siegers and Mr Borsky is going to take her evidence-in-chief.
14:53 29
14:53 30 COMMISSIONER: Okay, thank you, Mr Borsky. I'll have
14:53 31 Ms Siegers sworn in first, if that is convenient, Mr Borsky.
14:53 32
14:53 33 MR BORSKY: Thank you, Commissioner.
14:53 34
14:53 35
14:53 36 **MS ANNE JANINE MICHELLE SIEGERS, AFFIRMED**
14:53 37
14:53 38
14:53 39 **EXAMINATION-IN-CHIEF BY MR BORSKY**
14:54 40
14:54 41
14:54 42 COMMISSIONER: Mr Borsky.
14:54 43
14:54 44 MR BORSKY: Thank you, Commissioner. Ms Siegers, would
14:54 45 you tell the Commissioner your full name, please?
14:54 46
14:54 47 A. Yes, Anne Janine Michelle Siegers.

- 14:54 1
14:54 2 Q. And your business address?
14:54 3
14:54 4 A. 8 Whiteman Street in Southbank.
14:54 5
14:54 6 Q. Are you Chief Risk Officer for Crown Resorts?
14:54 7
14:54 8 A. I am.
14:54 9
14:54 10 Q. What educational qualifications do you hold relevantly to
14:54 11 that position?
14:54 12
14:54 13 A. I have an MBA with a corporate finance major.
14:54 14
14:54 15 Q. When did you commence in your present role as Chief Risk
14:54 16 Officer for Crown Resorts?
14:54 17
14:54 18 A. In December 2020.
14:54 19
14:55 20 Q. Did you replace a predecessor in that role or was it
14:55 21 a newly-created role when you assumed it?
14:55 22
14:55 23 A. It was a newly-created role.
14:55 24
14:55 25 Q. Could you describe for the Commissioner, please, the
14:55 26 nature of your duties as Chief Risk Officer?
14:55 27
14:55 28 A. Yes. There are two main areas: the first one is to develop
14:55 29 and implement the risk management framework for Crown and
14:55 30 the second, which actually can maybe be split into two, is to
14:55 31 provide advice and challenge to the Board and the Executive
14:55 32 team, and also to be an independent reporting line to the Board.
14:55 33
14:55 34 Q. To whom do you report, Ms Siegers?
14:55 35
14:55 36 A. I report to the Chief Executive Officer of Crown Resorts.
14:55 37
14:55 38 Q. As Chief Risk Officer, do you also have reporting
14:56 39 responsibilities directly to the Board?
14:56 40
14:56 41 A. Yes. I report directly to the Risk Management Committee
14:56 42 of the Crown Resorts board and as such I have direct access to
14:56 43 the board members.
14:56 44
14:56 45 Q. You had been employed by Crown before you were
14:56 46 appointed to the role of Chief Risk Officer; correct?
14:56 47

- 14:56 1 A. Yes.
- 14:56 2
- 14:56 3 Q. You were previously the Group General Manager for risk
14:56 4 and audit?
- 14:56 5
- 14:56 6 A. Correct.
- 14:56 7
- 14:56 8 Q. When did you commence in that role as Group General
14:56 9 Manager for risk and audit?
- 14:56 10
- 14:56 11 A. In December 2017.
- 14:56 12
- 14:56 13 Q. In that role from December 2017, were you responsible for
14:56 14 overseeing both risk and the internal audit functions within the
14:56 15 Crown group?
- 14:56 16
- 14:57 17 A. I was.
- 14:57 18
- 14:57 19 Q. Do you remain responsible for overseeing both risk and
14:57 20 internal audit functions in your present role as Chief Risk
14:57 21 Officer?
- 14:57 22
- 14:57 23 A. No, I only have oversight of risk.
- 14:57 24
- 14:57 25 Q. Who now has oversight of audit, at least internal audit,
14:57 26 Ms Siegers?
- 14:57 27
- 14:57 28 A. There is a newly created role, the Group General Manager
14:57 29 of Internal Audit, who has oversight of the internal audit function.
- 14:57 30
- 14:57 31 Q. Do you know what the reasons were for separating risk and
14:57 32 internal audit oversight and responsibility within Crown?
- 14:57 33
- 14:57 34 A. I think it was to enhance the governance structure of Crown
14:57 35 by separating what we call - in our jargon, so I'm happy to
14:57 36 explain, but to separate the difference between the second and
14:57 37 third lines. So the risk and audit.
- 14:57 38
- 14:58 39 Q. Is that a reference, when you say second and third line, to
14:58 40 the "three lines of defence" model or framework?
- 14:58 41
- 14:58 42 A. It is.
- 14:58 43
- 14:58 44 Q. So the second and third lines are risk and audit?
- 14:58 45
- 14:58 46 A. There are more functions in the second line, but, yes, risk is
14:58 47 second line and audit is third line.

14:58 1
14:58 2 Q. What is first line, Ms Siegers?
14:58 3
14:58 4 A. First line is operations. It is 99 per cent of the organisation.
14:58 5
14:58 6 Q. Okay. Have there been enhancements made to Crown's
14:58 7 risk management framework during the period that you have been
14:58 8 employed by Crown, so since the end of 2017 calendar year?
14:58 9
14:58 10 A. Yes, there have.
14:58 11
14:58 12 Q. I want to show you a document which is
14:59 13 CRW.512.044.0114. For the operator's benefit, it is an Excel
14:59 14 spreadsheet. So it may be necessary to open Excel as you did for
14:59 15 our learned friend, Ms Neskovicin for one or two of the
14:59 16 documents you were able to bring up earlier today, please. Thank
14:59 17 you. Perhaps if we could have the first row visible as well,
14:59 18 please, operator.
14:59 19
14:59 20 Do you recognise this document, Ms Siegers?
14:59 21
14:59 22 A. I do.
14:59 23
14:59 24 Q. Could we just scroll down for Ms Siegers' benefit and for
15:00 25 the Commissioner's, down to row 88.
15:00 26
15:00 27 Do you recognise this document, Ms Siegers, as a timeline of
15:00 28 enhancements made to Crown's risk management framework
15:00 29 from the time you commenced your employment at Crown to
15:00 30 date?
15:00 31
15:00 32 A. I do.
15:00 33
15:00 34 MR BORSKY: I tender that if the Commission pleases.
15:00 35
15:00 36 COMMISSIONER: Can I just refer to it, Mr Borsky, as a risk
15:00 37 management timeline of enhancements?
15:00 38
15:00 39 MR BORSKY: Yes, thank you.
15:00 40
15:00 41 COMMISSIONER: That will be Exhibit 187.
15:00 42
15:00 43
15:00 44 **EXHIBIT #RC0187 - RISK MANAGEMENT TIMELINE**
15:00 45 **OF ENHANCEMENTS**
15:00 46
15:00 47

15:00 1 MR BORSKY: I see it has a heading.
15:00 2
15:01 3 Thank you, Ms Siegers. They are the questions in-chief.
15:01 4
15:01 5 COMMISSIONER: Can I just have a look at the time line
15:01 6 document. Can you scroll up, please. Sorry, I guess I meant
15:01 7 down. A bit more, thanks. A bit more. That will do. Okay,
15:02 8 next.
15:02 9
15:02 10 One question arising out of that. Ms Siegers, were you involved
15:03 11 in each of those steps or had some involvement in implementing
15:03 12 these steps, or is this just a summary of things done by you and
15:03 13 other people?
15:03 14
15:03 15 A. Those were mostly initiated by me, although some may
15:03 16 have external input.
15:03 17
15:03 18 COMMISSIONER: Okay. Thanks.
15:03 19
15:03 20 Ms Neskovcin.
15:03 21
15:03 22
15:03 23 **CROSS-EXAMINATION BY MS NESKOVGIN**
15:03 24
15:03 25
15:03 26 MS NESKOVGIN: Thank you, Commissioner.
15:03 27
15:03 28 Ms Siegers, you mentioned that you joined Crown in 2017 as the
15:03 29 Group General Manager of Audit and Risk. Was that a role that
15:03 30 applied across the three properties, Melbourne, Perth, and
15:03 31 Sydney?
15:03 32
15:03 33 A. Yes, it did.
15:03 34
15:03 35 Q. At that time you had a formal reporting line to Mr Felstead;
15:03 36 is that correct?
15:03 37
15:03 38 A. I did.
15:03 39
15:04 40 Q. Day-to-day operational reporting line to Joshua Preston;
15:04 41 correct?
15:04 42
15:04 43 A. Yes.
15:04 44
15:04 45 Q. You mentioned that the Chief Risk Officer role was
15:04 46 a newly-created role in December 2020, and that at that time you
15:04 47 reported to the CEO. Just so that I can understand the structure,

15:04 1 which department did the Chief Risk Officer's department sit in,
15:04 2 was that legal and regulatory or something else?

15:04 3

15:04 4 A. From a budget perspective, yes.

15:04 5

15:04 6 Q. Did you ever report to Mary Manos?

15:04 7

15:04 8 A. No.

15:04 9

15:04 10 Q. Was she on the same reporting line as you in the sense that
15:04 11 she also reported to the CEO so you would collaborate with her
15:04 12 on matters?

15:04 13

15:04 14 A. She - so I did collaborate with her. She reported to the
15:04 15 CEO of Crown Resorts, Mr Felstead was the CEO of Australian
15:05 16 Resorts.

15:05 17

15:05 18 Q. I see. Thank you.

15:05 19

15:05 20 And, at that time, you mentioned that the group - sorry, the - I
15:05 21 withdraw that.

15:05 22

15:05 23 At that time when you became the Chief Risk Officer, you
15:05 24 mentioned that internal audit and risk were separated, and you
15:05 25 mentioned that the Group General Manager of Internal Audit
15:05 26 became responsible for internal audit.

15:05 27

15:05 28 A. Yes.

15:05 29

15:05 30 Q. Was that role filled immediately and has it been filled since
15:05 31 it was created?

15:05 32

15:05 33 A. It has been filled. At the time of the announcement of the
15:05 34 separation of the portfolio, a recruitment process was initiated.
15:05 35 So there was a period of time with a transition.

15:05 36

15:05 37 Q. I see. Can you recall roughly when it was filled?

15:05 38

15:05 39 A. I should. I think Ms Ottner started on 1 May.

15:05 40

15:06 41 Q. 2020 or 2021?

15:06 42

15:06 43 A. 2021.

15:06 44

15:06 45 Q. I think you said to Mr Borsky that as the Chief Risk Officer
15:06 46 you have an independent reporting line to the Risk Management
15:06 47 Committee of Crown Resorts; is that correct?

15:06 1
15:06 2 A. Yes.
15:06 3
15:06 4 Q. You also have an independent reporting line to the Audit
15:06 5 Committee of Crown Melbourne; is that correct?
15:06 6
15:06 7 A. I do.
15:06 8
15:06 9 Q. You said that the role of the Chief Risk Officer is to
15:06 10 develop and implement the risk management framework,
15:06 11 challenge the advice of the Executive team, and you had
15:06 12 an independent reporting line to the Board. The second line
15:06 13 assurance role is also part of your role as the Chief Risk Officer
15:06 14 as well; is that correct?
15:06 15
15:06 16 A. The risk function is a second line function.
15:06 17
15:06 18 Q. I see. And in terms of the committees, you are not
15:07 19 a member of the Risk Management Committee but you are
15:07 20 a regular invitee; correct?
15:07 21
15:07 22 A. Yes.
15:07 23
15:07 24 Q. You regularly attend meetings of the Risk Management
15:07 25 Committee?
15:07 26
15:07 27 A. Yes.
15:07 28
15:07 29 Q. You are not a member of the Audit Committee either, but
15:07 30 you attend those meetings?
15:07 31
15:07 32 A. Yes.
15:07 33
15:07 34 Q. In addition, there is a committee called the Executive Risk
15:07 35 and Compliance Committee, which is a newly-established
15:07 36 committee which exists for each of the three properties,
15:07 37 Melbourne, Perth and Sydney; is that correct?
15:07 38
15:07 39 A. Yes.
15:07 40
15:07 41 Q. And you co-chair that committee?
15:07 42
15:07 43 A. Yes.
15:07 44
15:07 45 Q. How is that committee different to the Risk Management
15:07 46 Committee?
15:07 47

15:07 1 A. So the Risk Management Committee, the membership is
15:07 2 a sub-committee of the Board. So the members of the Board are
15:07 3 - would - so the members of that committee, sorry - are
15:07 4 Board members. The Executive Risk and Compliance
15:07 5 Committee is a management committee, and the attendance of
15:08 6 that committee is the executive group of each property.

15:08 7
15:08 8 Q. Does it have a reporting line to the Risk Management
15:08 9 Committee, or does that fall back to you?

15:08 10
15:08 11 A. It falls back to me.

15:08 12
15:08 13 Q. I see. You were just shown the risk management timeline
15:08 14 of enhancements and asked some questions about that.

15:08 15
15:08 16 It's fair to say, isn't it, Ms Siegers, that you were brought in to
15:08 17 Crown after the China arrests, to effectively overhaul the risk
15:08 18 management system?

15:08 19
15:08 20 A. I agree with that.

15:08 21
15:08 22 Q. Crown seems to have a tendency to talk about
15:08 23 enhancements. It seems to me to be a euphemism for something
15:08 24 that needs fixing when something's gone wrong, and I see you
15:08 25 smiling. You would agree with that?

15:08 26
15:08 27 A. It's a yes and no. I don't think it is a euphemism. There
15:09 28 were definitely enhancements required, but I think it's in the
15:09 29 timeline of a maturity program. I think fixing means that it's
15:09 30 broken. I think that there were gaps, and there were a lot of
15:09 31 elements I could put in place to enhance it and mature things.

15:09 32
15:09 33 Q. Ah, but when you joined, it was definitely in need of fixing,
15:09 34 and since then, you've continued the process of enhancement;
15:09 35 would you agree with that?

15:09 36
15:09 37 A. Again, you are using the word "fixing". "Fixing" for me
15:09 38 means that it is broken. It's not an assessment I came to, when I
15:09 39 started, that it was broken.

15:09 40
15:09 41 Q. So you had 19 staff members arrested in China and
15:09 42 detained, and you don't think the risk management framework
15:09 43 was broken?

15:09 44
15:09 45 A. You are assuming in that statement that the risk
15:09 46 management framework is the source of the arrests. I don't know
15:10 47 that that is necessarily the case.

15:10 1
15:10 2 Q. Nevertheless, you have embarked upon a process of
15:10 3 enhancement. We'll use your - we'll use the Crown term. And
15:10 4 just for the Commissioner's benefit, I know he has seen that
15:10 5 timeline, but you effectively restructured the risk team to start
15:10 6 with, didn't you?
15:10 7
15:10 8 A. I did.
15:10 9
15:10 10 Q. You looked at all the committee papers and you made some
15:10 11 improvements to the papers in terms of their reporting function?
15:10 12
15:10 13 A. Their content, yes.
15:10 14
15:10 15 Q. You also undertook a review of the risk management
15:10 16 framework for Crown Melbourne?
15:10 17
15:10 18 A. Yes.
15:10 19
15:10 20 Q. And when you commenced in late 2017, you were aware
15:10 21 that the Sixth Review by the VCGLR was already in progress?
15:10 22
15:10 23 A. Yes.
15:10 24
15:10 25 Q. And you came to be involved in the implementation of
15:10 26 some of the recommendations arising from the Sixth Review
15:10 27 report?
15:10 28
15:10 29 A. Yes.
15:10 30
15:10 31 Q. And no doubt you've read the report?
15:10 32
15:11 33 A. Yes.
15:11 34
15:11 35 Q. And you are aware that in that report the VCGLR said that
15:11 36 Crown Melbourne had experienced risk failings relevant to its
15:11 37 primary licence?
15:11 38
15:11 39 A. (Nods head).
15:11 40
15:11 41 Q. You'll need to answer "yes" for the transcript ---
15:11 42
15:11 43 A. Sorry, yes.
15:11 44
15:11 45 Q. --- because I can see you nodding. Thank you.
15:11 46
15:11 47 And, in particular, by reference to that finding about risk failings,

15:11 1 the VCGLR focused in particular to two disciplinary matters that
15:11 2 involved non-compliance with internal controls.

15:11 3

15:11 4 A. Yes.

15:11 5

15:11 6 Q. And the VCGLR made what's come to be known as
15:11 7 Recommendation 3?

15:11 8

15:11 9 A. Yes.

15:11 10

15:11 11 Q. Ms Siegers, were you listening or watching Ms Hartnett's
15:11 12 evidence earlier today?

15:11 13

15:11 14 A. No.

15:11 15

15:11 16 Q. That would just assist me to not have to go over things that
15:11 17 I've already raised, so I didn't mean that to be in any way critical
15:11 18 or anything. So thank you for the indication.

15:11 19

15:12 20 You will recall that Recommendation 3 - and I'm happy to show
15:12 21 it to you on the screen if that would assist - was
15:12 22 a recommendation that by 1 July 2019, Crown assessed the
15:12 23 robustness and effectiveness of its risk framework and processes,
15:12 24 including reporting lines and the chain of command, and upgrade
15:12 25 them where required. And the VCGLR said this assistance -
15:12 26 this assessment - should be assisted by external review; you
15:12 27 recall that?

15:12 28

15:12 29 A. Yes.

15:12 30

15:12 31 Q. And you, on behalf of Crown, went about addressing
15:12 32 Recommendation 3; correct?

15:12 33

15:12 34 A. Yes.

15:12 35

15:12 36 Q. And that was in the context where you already had some
15:12 37 enhancements underway; correct?

15:12 38

15:12 39 A. Yes.

15:12 40

15:12 41 Q. And in particular, one of them was to introduce or put in
15:12 42 place the risk appetite statement?

15:12 43

15:12 44 A. Yes.

15:12 45

15:12 46 Q. And you recall that PricewaterhouseCoopers had - had
15:12 47 been tasked to undertake a review on behalf of the VCGLR, and

15:13 1 it identified the Crown Board had not approved a risk appetite
15:13 2 assessment; correct?
15:13 3
15:13 4 A. Yes.
15:13 5
15:13 6 Q. So you personally went about ensuring that a risk appetite
15:13 7 statement was put before the Board and approved by the Board;
15:13 8 correct?
15:13 9
15:13 10 A. Yes.
15:13 11
15:13 12 Q. You also established the Executive Risk and Compliance
15:13 13 Committee, which we just spoke about a moment ago?
15:13 14
15:13 15 A. I contributed to its establishment, yes.
15:13 16
15:13 17 Q. Thank you. And those committees had met for the first
15:13 18 time in about the middle of 2018; correct?
15:13 19
15:13 20 A. I believe that's the case, yes.
15:13 21
15:13 22 Q. You also sought to formalise the risk and audit teams'
15:13 23 second and third line roles; correct?
15:13 24
15:13 25 A. Yes.
15:13 26
15:13 27 Q. And you also prepared the risk management strategy, which
15:13 28 is a document that Deloitte came to review; correct?
15:13 29
15:13 30 A. Yes.
15:13 31
15:13 32 Q. And prior to that time, Crown did not have - I mean it
15:13 33 might have had a risk management framework of sorts, but it
15:13 34 didn't actually have a risk management strategy document;
15:13 35 correct?
15:13 36
15:14 37 A. It did not have that document; correct.
15:14 38
15:14 39 Q. And you identified from your experience in risk
15:14 40 management, that that was a core piece of a risk management
15:14 41 framework?
15:14 42
15:14 43 A. Yes.
15:14 44
15:14 45 Q. And so using your experience, you set about drafting one
15:14 46 that you considered appropriate for Crown; correct?
15:14 47

15:14 1 A. Yes.

15:14 2

15:14 3 Q. And Deloitte was engaged in 2019 to review your work;
15:14 4 correct?

15:14 5

15:14 6 A. Yes.

15:14 7

15:14 8 Q. And just to be clear, Mr Joshua Preston and yourself were
15:14 9 the contacts for the Deloitte appointment, but you had primary
15:14 10 responsibility on behalf of Crown; did you not?

15:14 11

15:14 12 A. Yes.

15:14 13

15:14 14 Q. So, if I could - and I will make sure I get the right version,
15:14 15 Commissioner.

15:14 16

15:14 17 If I could ask the operator to please call up the Deloitte report on
15:14 18 the risk management framework. It's DTT - just one moment
15:14 19 - DTT.001.0002.0061. There it is. It says June 2019. Thank
15:15 20 you.

15:15 21

15:15 22 Operator, if we could please go to internal page four, which is
15:15 23 I think is _0003. Operator, could you blow up the paragraph
15:15 24 immediately before paragraph 1.1, so that Ms Siegers can see
15:15 25 that.

15:15 26

15:15 27 You see the paragraph just before 1.1 "Objective", Ms Siegers,
15:15 28 that reflects the scope of Deloitte's engagement, namely to:

15:15 29

15:15 30 *..... assess the design of the organisation's [Crown's] risk*
15:15 31 *management program and provide relevant observations*
15:16 32 *that will form part of Crown's above mentioned*
15:16 33 *assessment for the VCGLR prior to 1 July 2019.*

15:16 34

15:16 35 A. Yes.

15:16 36

15:16 37 Q. And you are aware, aren't you, that in the course of its
15:16 38 review Deloitte was not asked to, and did not, address how well
15:16 39 the risk management framework was embedded in the
15:16 40 organisation?

15:16 41

15:16 42 A. Yes.

15:16 43

15:16 44 Q. And it was not asked to, and did not, address the degree to
15:16 45 which the - sorry, I withdraw that. It did not, and was not,
15:16 46 asked to address the - how well the risk management
15:16 47 framework was operating?

15:16 1
15:16 2 A. That's correct.
15:16 3
15:16 4 Q. It was not asked to, and it did not, assess whether the risk
15:16 5 management framework was appropriate for Crown's business?
15:16 6
15:16 7 A. I think that could be part of the assessing the design,
15:16 8 whether it was appropriate.
15:16 9
15:16 10 Q. Ms Siegers, you asked Deloitte whether they would amend
15:17 11 this report to include a passage to say that the risk management
15:17 12 framework was appropriate for the business and they declined to
15:17 13 do so; do you recall that?
15:17 14
15:17 15 A. We had a fair amount of conversations on the finalisation of
15:17 16 the report.
15:17 17
15:17 18 Q. Do you accept what I have just put to you - you asked
15:17 19 them to include a comment in the report to the effect that the risk
15:17 20 management framework was appropriate for the business, and
15:17 21 they declined to do that?
15:17 22
15:17 23 A. I - I'm sorry, I can't recall exactly those words or that
15:17 24 statement. I know we went back and forth quite a lot when
15:17 25 finalising that report.
15:17 26
15:17 27 Q. You agree with me that there is no express statement in the
15:17 28 Deloitte report to the effect that the risk management framework
15:17 29 is appropriate for the business, in Deloitte's opinion?
15:17 30
15:17 31 A. Those words are not there, but when I read "as a result,
15:17 32 Crown engaged Deloitte to assess the design" - in assessing the
15:18 33 design, I would expect that to include whether the design was
15:18 34 appropriate.
15:18 35
15:18 36 Q. Could the operator please call up DTT.004.0001.1925.
15:18 37 And could you please go to the second page, in the bottom half of
15:18 38 the page. Thank you.
15:18 39
15:18 40 That's an email from you, Ms Siegers, to Ken Mclay and Cara
15:18 41 Hartnett. Ken Mclay was assisting Ms Hartnett on the review?
15:18 42
15:18 43 A. Yes.
15:18 44
15:18 45 Q. And you see that paragraph - the first dash point:
15:18 46
15:19 47 *Your introduction sentence in paragraph 1.4 is quite*

15:19 1 *weak. The word "appears" could infer that it does not*
15:19 2 *have expected elements in place, and coupled with the*
15:19 3 *areas for improvement in section 1.5, the overall feeling*
15:19 4 *of that executive summary is really that we do not have a*
15:19 5 *very good framework. Can you please take that word out.*
15:19 6 *We either have those elements that you describe or not.*

15:19 7
15:19 8 And Crown - sorry - Deloitte agreed to take out the word; do
15:19 9 you recall that?

15:19 10
15:19 11 A. I believe they did.

15:19 12
15:19 13 Q. Yes. And then, the next dash point you said:

15:19 14
15:19 15 *Could you also please make an overall statement on the*
15:19 16 *risk management program; something like 'The risk*
15:19 17 *management framework that has been rolled out for the*
15:19 18 *past 18 months, combined with some of the proposed*
15:19 19 *enhancement proposed in this review, is appropriate for*
15:19 20 *the business.'*

15:19 21
15:19 22 Do you see that?

15:19 23
15:19 24 A. Yes, I do.

15:19 25
15:19 26 Q. And Deloitte, as far as we are aware, - there is no
15:19 27 response to this email but - the - there is no response to you to
15:19 28 this email that I'm aware of, but that change was not made to the
15:19 29 report; was it?

15:20 30
15:20 31 A. I don't believe that exact sentence was added to the report,
15:20 32 no.

15:20 33
15:20 34 Q. And I suggest to you you've no basis for inferring, from the
15:20 35 comments that you just read out a moment ago, that Deloitte was
15:20 36 saying the risk management framework was appropriate for
15:20 37 Crown's business.

15:20 38
15:20 39 A. I disagree with that statement.

15:20 40
15:20 41 Q. So you are saying you read that into the words that Deloitte
15:20 42 have expressed in the report; correct? Is that your view?

15:20 43
15:20 44 A. No. If you read the following sentence:

15:20 45
15:20 46 *Again, at this stage, the executive summary reads like it is*
15:20 47 *not the case. From our discussions [so the discussions*

15:20 1 between Deloitte and myself], *I thought you believed it*
15:20 2 *had room for maturity, but was mostly there, this does not*
15:20 3 *come through.*

15:20 4
15:20 5 I'm discussing with the fact that our verbal discussions about the
15:20 6 work they had performed indicated the design was appropriate,
15:21 7 including with the proposed enhancements that they had
15:21 8 identified, but that the content of that discussion was not reflected
15:21 9 in their written report.

15:21 10
15:21 11 Q. I suggest you are reading in again words into that second
15:21 12 sentence to suit the construction that you want to put on the first
15:21 13 part of the sentence. To say that there is room for maturity is
15:21 14 different to saying it is appropriate for the business.

15:21 15
15:21 16 A. I apologise. English is not my first language but the way I
15:21 17 wrote this, I'm actually meaning exactly what I say, that we had
15:21 18 discussions with Mr Mclay where we discussed the changes that I
15:21 19 had already implemented, the ones I had in the pipeline, as well
15:21 20 as the enhancements that he was proposing and with those three
15:21 21 elements he had conveyed to me that he was comfortable that the
15:22 22 framework that we had, we were designing and implementing,
15:22 23 was appropriate for our business. And I just wanted them to
15:22 24 reflect that in writing as well.

15:22 25
15:22 26 Q. All right, but you agree with me that the words "appropriate
15:22 27 for the business" don't appear in Deloitte's report?

15:22 28
15:22 29 A. They - they refused to make that statement in writing, yes.

15:22 30
15:22 31 Q. You didn't hear the evidence of Ms Hartnett this morning,
15:22 32 but her evidence was that Deloitte did not assess whether or not
15:22 33 the framework was appropriate for the business. If you assume
15:22 34 that that is the case, do you accept that that was not something
15:22 35 that Deloitte assessed?

15:22 36
15:22 37 A. Again, I disagree, and I've already said so. When I asked
15:22 38 them to provide input into the design, that for me - you cannot
15:22 39 have a design without the context and therefore knowing whether
15:23 40 it was appropriate or not.

15:23 41
15:23 42 Q. This review was a desktop review, wasn't it?

15:23 43
15:23 44 A. Desktop mostly with some specific example that they had
15:23 45 requested.

15:23 46
15:23 47 Q. What specific example?

- 15:23 1
15:23 2 A. So, for example, we had had a terrorism threat --- so they
15:23 3 wanted to see examples of how information had been escalated,
15:23 4 who was involved, the timeliness of it, the type of review we had
15:23 5 done on the event, the lessons we had learnt, just to seal it a bit,
15:23 6 how we were actually operating in that context.
15:23 7
15:23 8 Q. Any other examples?
15:23 9
15:23 10 A. I think they requested three, so I think there were three, this
15:23 11 is the first one I can think of. I need to go back to my records to
15:23 12 know exactly where the other ones were.
15:23 13
15:23 14 Q. Have you seen the witness statement that Ms Hartnett has
15:24 15 produced to this Commission, Ms Siegers?
15:24 16
15:24 17 A. No, I have not.
15:24 18
15:24 19 Q. In it, she says what had been conveyed to her by Mr Roche,
15:24 20 one of her partners, was that you had conveyed to him that the
15:24 21 review was to be, "high level, desktop advice and challenge on the
15:24 22 design of the risk management framework". Do you recall that
15:24 23 saying that to anybody at Deloitte?
15:24 24
15:24 25 A. I don't recall that conversation.
15:24 26
15:24 27 Q. But it was the case, wasn't it, that it was to be a desktop
15:24 28 review?
15:24 29
15:24 30 A. I think what I requested from them was - in
15:24 31 an organisation, in most organisations there is no equivalent to
15:24 32 my role, so I was seeking somebody who could be a sounding
15:24 33 board for me and help me confirm that all the elements I needed,
15:24 34 the critical elements I needed were in place.
15:25 35
15:25 36 Q. But you didn't want them to do a full and comprehensive
15:25 37 assessment of the robustness and effectiveness of Crown's risk
15:25 38 management framework, did you?
15:25 39
15:25 40 A. No, because a lot of the elements were not in place yet, so
15:25 41 doing an assessment of how well it was implemented would not
15:25 42 have been done-able at that stage.
15:25 43
15:25 44 Q. Sorry, what elements were not in stage at that place?
15:25 45
15:25 46 A. The risk management strategy document itself had not yet
15:25 47 been approved by the Board. I had not worked yet on the key risk

15:25 1 indicators. So we had started but there - the key risk indicator
15:25 2 dashboard and recording was not in place. What else had I
15:25 3 implemented since then that was not there those would be the
15:26 4 key elements that had not been implemented. Some of the others
15:26 5 were newly implemented and so there was not an enormous
15:26 6 amount of data for them to test the consistent application of those
15:26 7 processes.

15:26 8

15:26 9 Q. I see. Were you personally responsible for framing the
15:26 10 scope of Deloitte's instructions?

15:26 11

15:26 12 A. In collaboration with Mr Preston.

15:26 13

15:26 14 Q. In doing that, did you turn your mind to the specific
15:26 15 requirements of Recommendation 3?

15:26 16

15:26 17 A. Yes.

15:26 18

15:26 19 Q. You must have appreciated what you were asked Deloitte
15:26 20 to do was different to what the VCGLR requested under
15:26 21 Recommendation 3, did you not?

15:26 22

15:26 23 A. No.

15:26 24

15:26 25 Q. Can we go back to the Deloitte report, operator. Go to
15:27 26 internal page _0003.

15:27 27

15:27 28 Ms Siegers, under paragraph 1 the paragraph in italics sets out
15:27 29 Recommendation 3; do you see that?

15:27 30

15:27 31 A. Yes, I do.

15:27 32

15:27 33 Q. It required Crown to assess the "robustness and
15:27 34 effectiveness of its risk frameworks and systems assisted by
15:27 35 external advice". I've collapsed that, but that is essentially what it
15:27 36 wanted?

15:27 37

15:27 38 A. Yes.

15:27 39

15:27 40 Q. "Robustness and effectiveness of its risk frameworks,
15:27 41 assisted by external advice"; you understood that?

15:27 42

15:27 43 A. Yes.

15:27 44

15:27 45 Q. You understood that the Deloitte instructions were
15:27 46 narrower, it was just assessing the design; correct?

15:28 47

- 15:28 1 A. Yes.
- 15:28 2
- 15:28 3 Q. An assessment of the robustness and effectiveness is how
- 15:28 4 well it is embedded; correct?
- 15:28 5
- 15:28 6 A. Includes how well it is embedded, it can, yes.
- 15:28 7
- 15:28 8 Q. And other things?
- 15:28 9
- 15:28 10 A. And other things, yes.
- 15:28 11
- 15:28 12 Q. And it is much broader than the desktop-type review
- 15:28 13 Deloitte was engaged to undertake on behalf of Crown?
- 15:28 14
- 15:28 15 A. Yes, it was.
- 15:28 16
- 15:28 17 Q. So you therefore appreciated that what you had asked
- 15:28 18 Deloitte to do didn't fulfil the requirements of the VCGLR under
- 15:28 19 Recommendation 3?
- 15:28 20
- 15:28 21 A. No, I disagree.
- 15:28 22
- 15:28 23 Q. Or how do you say that by giving Deloitte those limited
- 15:28 24 instructions amounted to an assessment of robustness and
- 15:28 25 effectiveness by assisted by external advice?
- 15:28 26
- 15:28 27 A. Because the recommendation does not request that the
- 15:28 28 external party conduct the whole review. It requests that Crown
- 15:28 29 conduct that review with the assistance of external advice. So I
- 15:29 30 sought the assistance I felt I needed, which was on ensuring that
- 15:29 31 the design of the elements that I was upgrading as requested in
- 15:29 32 the recommendation were adequate.
- 15:29 33
- 15:29 34 Q. And as you said a moment ago in response to questions
- 15:29 35 from the Commissioner, most of these elements were designed by
- 15:29 36 yourself?
- 15:29 37
- 15:29 38 A. Yes.
- 15:29 39
- 15:29 40 Q. Do you think you are really in a position to be objective
- 15:29 41 about the elements that you had just put in place, as to whether or
- 15:29 42 not they were sufficiently robust and effective?
- 15:29 43
- 15:29 44 A. Yes.
- 15:29 45
- 15:29 46 Q. You think you could judge for yourself objectively whether
- 15:29 47 or not the systems you designed were robust and effective?

15:29 1
15:29 2 A. Yes.
15:29 3
15:29 4 Q. Did you not think that what the Recommendation was
15:30 5 really getting at was a need for some objectivity?
15:30 6
15:30 7 A. The purpose of a second line function is to be more
15:30 8 objective. And so being new to Crown, having been hired to
15:30 9 provide those enhancements, I actually felt I was qualified to
15:30 10 identify what elements were required and implement them, yes.
15:30 11
15:30 12 Q. All right. And can I ask the operator to call up this
15:30 13 document - sorry, just before I do that, did you -
15:30 14
15:30 15 COMMISSIONER: I think you should tender the email before
15:30 16 we leave it.
15:30 17
15:30 18 MS NESKOVCIN: Yes, please, let's do that.
15:30 19
15:30 20 COMMISSIONER: If you can bring it back up so I can have
15:30 21 a look at the date.
15:31 22
15:31 23 MS NESKOVCIN: On the next page.
15:31 24
15:31 25 COMMISSIONER: That's it. Email from Anne Siegers to Ken
15:31 26 Mclay and Cara Hartnett, 15 May 2019, will be Exhibit 188.
15:31 27
15:31 28 MS NESKOVCIN: Mr Borsky has popped up.
15:31 29
15:31 30 MR BORSKY: I just wanted to enquire, Commissioner, whether
15:31 31 the entirety of the email chain is being received into evidence.
15:31 32
15:31 33 COMMISSIONER: Only that one email. Do you want the whole
15:31 34 email chain?
15:31 35
15:31 36 MR BORSKY: We do.
15:31 37
15:31 38 COMMISSIONER: I don't mind.
15:31 39
15:31 40 MS NESKOVCIN: I would be content with that.
15:31 41
15:31 42 COMMISSIONER: Can we go back to the first page, please.
15:32 43
15:32 44 MR BORSKY: Particularly the red text bears some relevance in
15:32 45 our submission to ---
15:32 46
15:32 47 COMMISSIONER: I won't tender just the red.

15:32 1
15:32 2 MR BORSKY: I wouldn't suggest.
15:32 3
15:32 4 COMMISSIONER: I will redescribe the document that is being
15:32 5 tendered as an email chain ending with an email from Ken Mclay
15:32 6 to Cara Hartnett, 15 May 2019 and it will still be Exhibit 188.
15:32 7 Thanks.
15:32 8
15:32 9
15:32 10 **EXHIBIT #RC0188 - EMAIL CHAIN ENDING WITH**
15:32 11 **AN EMAIL FROM MR KEN MCLAY TO MS CARA**
15:32 12 **HARTNETT DATED 15 MAY 2019**
15:32 13
15:32 14
15:32 15 MS NESKOVCIN: Thank you.
15:32 16
15:32 17 Operator, could you call up VCG.0001.0001.0065.
15:32 18
15:32 19 Ms Siegers, I understand this is a letter under Mr Felstead and
15:32 20 Mr Preston's name to the VCGLR on 1 July 2019, essentially
15:33 21 addressing compliance or response to Recommendation 3. I will
15:33 22 let the operator scroll through the document a little more.
15:33 23
15:33 24 Have you seen this document recently, Ms Siegers?
15:33 25
15:33 26 A. I have.
15:33 27
15:33 28 Q. Operator, can you stop there for a moment.
15:33 29
15:33 30 Ms Siegers, did you assist in drafting this response?
15:33 31
15:33 32 A. I have.
15:33 33
15:33 34 Q. All of it?
15:33 35
15:33 36 A. I don't know what you mean. I assisted in drafting - the
15:33 37 final version was not necessarily mine, but I assisted in drafting
15:33 38 the response.
15:33 39
15:33 40 Q. Thank you. So, after the quote about Recommendation 3
15:33 41 there is a paragraph beginning:
15:33 42
15:33 43 *An extensive review of Crown's risk management*
15:33 44 *framework has been undertaken since mid-2017 The*
15:33 45 *recruitment process targeted a risk and audit professional*
15:33 46 *.....*
15:33 47

15:33 1 That is just background leading to your engagement; is that
15:33 2 correct?

15:34 3

15:34 4 A. Yes.

15:34 5

15:34 6 Q. Then it says:

15:34 7

15:34 8 *Between December 2017 and March 2018, an extensive*
15:34 9 *review of existing processes and practices was*
15:34 10 *undertaken. The review included not only the formal and*
15:34 11 *documented processes and framework in place, but also*
15:34 12 *an extensive assessment of the depth of understanding and*
15:34 13 *management of risk across the operation.*

15:34 14

15:34 15 That is essentially a reflection of what you were doing after you
15:34 16 joined Crown, is it not?

15:34 17

15:34 18 A. Yes.

15:34 19

15:34 20 Q. The next paragraph says:

15:34 21

15:34 22 *This review found that although the formalisation of the*
15:34 23 *risk framework presented a number of opportunities for*
15:34 24 *enhancements, risk was fundamentally well understood*
15:34 25 *and managed within the business and operations.*

15:34 26

15:34 27 Pausing there, that is your conclusion based on your own work,
15:34 28 isn't it?

15:34 29

15:34 30 A. Yes.

15:34 31

15:34 32 Q. And then it says:

15:34 33

15:34 34 *There were also very effective escalation mechanisms that*
15:34 35 *ensured risk-based decision-making and an overall low*
15:34 36 *materialisation of risks in a very large scale, significantly*
15:35 37 *human/manual labour reliant business, with a strong and*
15:35 38 *well embedded risk culture that supported integrity,*
15:35 39 *compliance and customer focus.*

15:35 40

15:35 41 A. Yes.

15:35 42

15:35 43 Q. Essentially, that was your conclusions based on your own
15:35 44 review?

15:35 45

15:35 46 A. Yes.

15:35 47

- 15:35 1 Q. So the letter, in terms of referring to a review, is essentially
15:35 2 referring to the internal review that you undertook?
15:35 3
- 15:35 4 A. Yes.
15:35 5
- 15:35 6 Q. And then it sets out a number of recommendations for
15:35 7 enhancements, targeting a number of key elements. Looking at
15:35 8 those, they were enhancements you were working on at the time?
15:35 9
- 15:35 10 A. Yes.
15:35 11
- 15:35 12 Q. If we go to the next paragraph, it then mentions the PwC
15:35 13 review, a review undertaken for the VCGLR as part of the Sixth
15:35 14 Review; correct?
15:35 15
- 15:35 16 A. Yes.
15:35 17
- 15:36 18 Q. In the next paragraph you quote from parts of the review
15:36 19 saying that:
15:36 20
- 15:36 21 *..... overall risk management was effective and Crown,*
15:36 22 *noting that 'core fundamentals of a risk management*
15:36 23 *framework are in place and applied across the business',*
15:36 24 *but that there were 'areas of enhancement and maturity*
15:36 25 *.....*
15:36 26
- 15:36 27 Do you see that?
15:36 28
- 15:36 29 A. Yes.
15:36 30
- 15:36 31 Q. Then going down to the next paragraph:
15:36 32
- 15:36 33 *Following PwC's review, and taking their input into*
15:36 34 *account, Crown continued its enhancement program*
15:36 35
- 15:36 36 You've set out more things similar to the points that I've put to
15:36 37 you when your evidence commenced a short while ago; do you
15:36 38 see that?
15:36 39
- 15:36 40 A. There were other elements added to the enhancement
15:36 41 program, yes.
15:36 42
- 15:36 43 Q. I see. And then over the page, please, operator, the top of
15:36 44 the page, you mention in the last dot point:
15:36 45
- 15:36 46 *The consolidated documentation of the Board's*
15:36 47 *expectations in relation to risk management in a 'Risk*

15:37 1 *Management Strategy' document*

15:37 2

15:37 3 That is the document you prepared?

15:37 4

15:37 5 A. Yes.

15:37 6

15:37 7 Q. And the next paragraph says:

15:37 8

15:37 9 *To further ensure the robustness of the enhancements*

15:37 10 *being introduced within the risk management framework*

15:37 11 *.....*

15:37 12

15:37 13 I want to put to you that what that sentence does is imply that
15:37 14 you'd already concluded that the process you put in place was
15:37 15 sufficiently robust. Is that the view you considered at the time?

15:37 16

15:37 17 A. With all the enhancements that we had either implemented
15:37 18 or were in the process of implementing, yes.

15:37 19

15:37 20 Q. And the separate point about effectiveness is really the
15:37 21 terminology that the VCGLR used was about robustness and
15:37 22 effectiveness; do you recall that?

15:37 23

15:37 24 A. Yes.

15:37 25

15:37 26 Q. Effectiveness is really about the extent to which it is
15:37 27 embedded; correct?

15:37 28

15:38 29 A. Yes.

15:38 30

15:38 31 Q. You weren't in a position to make any assessment about
15:38 32 that because as you said, everything was in a state of maturity,
15:38 33 undergoing further enhancement and some processes were not in
15:38 34 place?

15:38 35

15:38 36 A. Some were not, but many were well embedded.

15:38 37

15:38 38 Q. Isn't that enough to have caused you to pause at that point
15:38 39 and reflect that what you had done up to this point was just not
15:38 40 sufficient for the VCGLR's requirements, even if you felt
15:38 41 confident about the frameworks and the other matters that you
15:38 42 had worked on?

15:38 43

15:38 44 A. I felt I had responded to the recommendation, which I think
15:38 45 the VCGLR agreed. They closed that recommendation a short
15:39 46 while later. And I felt I had tested the effectiveness to the extent
15:39 47 I could, considering some elements were still in development.

15:39 1 It's not possible to test the effectiveness of elements that are in
15:39 2 development, until they are implemented. I felt I had tested those
15:39 3 that I could, and for those that were in development, as
15:39 4 articulated in that letter, you would do that at a later stage when it
15:39 5 was actually possible.

15:39 6
15:39 7 COMMISSIONER: Sorry to interrupt. I just want to clarify
15:39 8 a few things. I had the distinct impression from your evidence
15:39 9 that the reason why you didn't ask Deloitte's to assess the
15:39 10 robustness and effectiveness of the risk management program
15:39 11 was because it wasn't fully in place.

15:39 12
15:39 13 A. Yes.

15:39 14
15:40 15 COMMISSIONER: That is what you said earlier?

15:40 16
15:40 17 A. Yes, that is correct.

15:40 18
15:40 19 COMMISSIONER: Deloitte couldn't do it because the system
15:40 20 was not up and running.

15:40 21
15:40 22 A. Because not all elements of it were up and running, yes.

15:40 23
15:40 24 COMMISSIONER: And now you are saying that although
15:40 25 Deloitte couldn't do it, you could. Can I ask you why you were
15:40 26 better able to assess the robustness - you know where I'm
15:40 27 coming from?

15:40 28
15:40 29 A. I am.

15:40 30
15:40 31 COMMISSIONER: Why you are capable of doing it and Deloitte
15:40 32 was not capable of doing it.

15:40 33
15:40 34 A. For Deloitte to be able to provide me with an opinion on
15:40 35 that, they would have had to look at all the different elements,
15:40 36 they could not have provided me with a conclusion on the
15:40 37 totality ---

15:40 38
15:40 39 COMMISSIONER: Yes, and that's because it was impossible to
15:40 40 do the job at that time?

15:40 41
15:40 42 A. For some of the elements. Some were already in place.

15:40 43
15:40 44 COMMISSIONER: Yes, but you said that you didn't retain them
15:41 45 to do it because they couldn't?

15:41 46
15:41 47 A. Yes.

15:41 1
15:41 2 COMMISSIONER: Because the elements were not in place;
15:41 3 correct?
15:41 4
15:41 5 A. Not all elements were in place, absolutely.
15:41 6
15:41 7 COMMISSIONER: Well, you said not sufficient elements were
15:41 8 in place for them to be able to conduct a review about the
15:41 9 robustness and effectiveness of the risk management system?
15:41 10
15:41 11 A. Yes.
15:41 12
15:41 13 COMMISSIONER: But you were able to do it?
15:41 14
15:41 15 A. I was able to assess the robustness of the design ---
15:41 16
15:41 17 COMMISSIONER: That's not what you said to the regulator.
15:41 18
15:41 19 One other thing, if I wanted to look at your assessment, is it
15:41 20 recorded, have you described in writing what you did, how you
15:41 21 did it, and what the results of your assessment were? In other
15:41 22 words, is there written ---
15:41 23
15:41 24 A. There is no record.
15:41 25
15:41 26 COMMISSIONER: You didn't write it down?
15:41 27
15:41 28 A. There is no record per se.
15:42 29
15:42 30 COMMISSIONER: I don't - notes will do. Somewhere where
15:42 31 you recorded what you did, what results were achieved, what
15:42 32 parts were robust, what parts were not robust, what parts were
15:42 33 partially robust and so on. If you wanted to read your
15:42 34 assessment, am I hearing you correctly, there is no written record
15:42 35 of your assessment at all?
15:42 36
15:42 37 A. I have not done an assessment, a final assessment report,
15:42 38 no.
15:42 39
15:42 40 COMMISSIONER: Okay. Thank you.
15:42 41
15:42 42 MS NESKOVCIN: Ms Siegers, I want to put to you that at this
15:42 43 point at least, even if you felt you objectively were in a position
15:42 44 to objectively assess robustness, I think you agree with me that
15:42 45 you couldn't assess effectiveness because everything was in
15:42 46 a state of enhancement and maturity, did you not think to go back
15:42 47 to the VCGLR and negotiate or discuss with them an alternative

15:43 1 way of satisfying Recommendation 3?
15:43 2
15:43 3 A. Sorry, I must not understand something. The VCGLR
15:43 4 accepted - closed that recommendation based on the work we
15:43 5 did.
15:43 6
15:43 7 Q. I'm asking you prior to providing this letter which sets out
15:43 8 your conclusions from your internal review, I'm putting to you it
15:43 9 must have occurred to you that you were not able to fully meet
15:43 10 the VCGLR's requirements for assessing robustness and
15:43 11 effectiveness, because not everything was in place; did you
15:43 12 consider going back to the VCGLR to discuss the fact that you
15:43 13 couldn't meet all their requirements and to perhaps negotiate
15:43 14 something else? And don't, in your answer, refer to the fact that
15:43 15 they accepted it. Did you think about that at the time?
15:43 16
15:44 17 A. No.
15:44 18
15:44 19 Q. Why not?
15:44 20
15:44 21 A. Because I was

15:44 22
15:44 23 COMMISSIONER: I think we might have a problem.
15:44 24
15:44 25 MR BORSKY: It looks like she's paused, it's not a pause for
15:44 26 dramatic effect, it's because of technical reasons I'm afraid.
15:44 27
15:44 28 COMMISSIONER: You are lucky, Mr Borsky.
15:44 29
15:44 30 MR BORSKY: That's rarely true, Commissioner!
31
32 COMMISSIONER: It's working again.
33
34 MR BORSKY: I'll get off the screen.
35

15:44 36 A. Sorry, I think I lost everyone.
15:44 37
15:44 38 COMMISSIONER: Yes, you did. But it is working now. Can
15:44 39 you hear me?
15:45 40
15:45 41 A. I cannot hear.
15:45 42
15:45 43 COMMISSIONER: Mr Borsky, can you arrange for somebody to
15:45 44 go back into the room because Ms Siegers can't hear?
15:45 45
15:45 46 COMMISSIONER: Here he is. Someone is there. The screen
15:45 47 has frozen again. It will probably take the usual 30 seconds or so.

15:45 1
15:45 2 I knew we weren't going to get a clean run this afternoon. I
15:45 3 hoped, but it was unreasonable.
15:45 4
15:45 5 MS NESKOVCIN: There we go.
15:45 6
15:45 7 COMMISSIONER: We're back on air.
15:45 8
15:45 9 We might have to do the question again.
15:45 10
15:46 11 A. Yes, please.
15:46 12
15:46 13 MS NESKOVCIN: Ms Siegers, I was asking you why you did
15:46 14 not go back to the VCGLR and negotiate or discuss with them
15:46 15 a lesser or different requirement to Recommendation 3.
15:46 16
15:46 17 A. Because I honestly thought I could deliver. With all the
15:46 18 work that I was doing, a review of all the elements that they were
15:46 19 asking us to review, an upgrade to them as they requested, which
15:46 20 we were doing a fair amount of, and as I was contemplating the
15:46 21 assessment of those elements and the redesign of the
15:46 22 enhancements I was proposing, I was considering both how
15:46 23 robust they would be and how effective they would be in the
15:46 24 context of what a good risk management framework looks like,
15:46 25 and in the context of Crown and what I knew by then of how
15:46 26 things operated.
15:46 27
15:46 28 That being said, it would have been difficult for an external to do
15:46 29 that. It would have taken them embedding themselves in the
15:47 30 business like I was for them to understand those factors.
15:47 31
15:47 32 MS NESKOVCIN: Can I tender that, please, Commissioner.
15:47 33
15:47 34 COMMISSIONER: I need the first page. Letter from Crown to
15:47 35 the CEO of VCGLR, 1 July 2019, will be Exhibit 189.
15:47 36
15:47 37
15:47 38 **EXHIBIT #RC0189 - LETTER FROM CROWN TO THE**
15:47 39 **CEO OF VCGLR DATED 1 JULY 2019**
15:47 40
15:47 41
15:47 42 MS NESKOVCIN: Before we leave the document, Ms Siegers,
15:47 43 do you recall with this letter Crown did not provide the VCGLR
15:47 44 with a copy of Deloitte's report?
15:47 45
15:47 46 A. I don't think we did with the first letter, no.
15:47 47

- 15:47 1 Q. Why not?
- 15:47 2
- 15:47 3 A. I don't think we thought it was a requirement of delivering
- 15:47 4 the outcome. The outcome was that we seek assistance from
- 15:48 5 external advisors - yeah, we did not anticipate that we needed
- 15:48 6 to provide the report with it.
- 15:48 7
- 15:48 8 Q. You say "we", who are you mentioning there?
- 15:48 9
- 15:48 10 A. Mr Preston and myself.
- 15:48 11
- 15:48 12 Q. Is that a matter that you discussed with Mr Preston?
- 15:48 13
- 15:48 14 A. Yes.
- 15:48 15
- 15:48 16 Q. What was the effect of the discussion?
- 15:48 17
- 15:48 18 A. That this was something that we had used internally to
- 15:48 19 conduct the review. The objective of the recommendation, that
- 15:48 20 was we conduct the review and that we make relevant updates so
- 15:48 21 that is what the letter highlighted, the review we had conducted,
- 15:48 22 the updates we were making to the framework. We thought we
- 15:48 23 had answered the recommendation.
- 15:48 24
- 15:48 25 Q. Did you not appreciate that it made the VCGLR's role more
- 15:48 26 difficult in assessing whether or not you had met its requirements
- 15:48 27 by not providing the Deloitte report?
- 15:48 28
- 15:48 29 A. With hindsight, they requested the letters, we could have.
- 15:49 30 At the time we did not think - we did not think it was
- 15:49 31 addressing the requirement.
- 15:49 32
- 15:49 33 Q. Did Mr Preston say to you that Crown had a practice of not
- 15:49 34 providing external reports to the VCGLR?
- 15:49 35
- 15:49 36 A. I don't recall him saying that.
- 15:49 37
- 15:49 38 Q. Were you aware of such a practice?
- 15:49 39
- 15:49 40 A. No.
- 15:49 41
- 15:49 42 Q. And, as of today, can you please confirm, has there been
- 15:49 43 any external review of the robustness and effectiveness of
- 15:49 44 Crown's risk management framework and processes?
- 15:49 45
- 15:49 46 A. So I have embedded in the risk management strategy that is
- 15:49 47 approved by the Board, I have embedded a requirement that we

15:49 1 have such a review conducted every three years. So we will be
15:50 2 planning the next one in - the next review of the framework in
15:50 3 2022.
15:50 4
15:50 5 Q. Yes. But what I want to understand is, what is that review
15:50 6 going to look like? Is it going to be similar to the Deloitte
15:50 7 review, or is it going to be it more extensive? Have you made
15:50 8 recommendations?
15:50 9
15:50 10 A. I haven't thought about the scope, but I anticipate it will
15:50 11 look how well the elements are embedded, because they will
15:50 12 have been in place for some time now.
15:50 13
15:50 14 Q. In your professional experience, is that typically
15:50 15 a requirement of risk strategy documents?
15:50 16
15:50 17 A. It can be. It's not systemic, but it can be.
15:50 18
15:50 19 Q. But in any event, you thought it was good practice to
15:50 20 include in this one?
15:50 21
15:50 22 A. Yes.
15:50 23
15:50 24 Q. And the review that you contemplate, will be an extensive
15:50 25 review directed to the extensive of embeddedness; that is correct?
15:50 26
15:51 27 A. At this stage, that is what I anticipate, yes.
15:51 28
15:51 29 Q. Thank you, Ms Siegers.
15:51 30
15:51 31 Operator, can we go back to the Deloitte report again, please.
15:51 32
15:51 33 I just had a couple of questions about the recommendations, or
15:51 34 two or three of the recommendations, Ms Siegers.
15:51 35
15:51 36 Thank you, Operator.
15:51 37
15:51 38 A. Yes.
15:51 39
15:51 40 Q. First of all I will show you the recommendation and then
15:51 41 take you to a document which I understand is a response to the
15:51 42 particular recommendation. So, operator, could we please go to
15:51 43 internal page _0004. I withdraw that. _0006. 2.1.4a) at the
15:51 44 back of the page, you recall this recommendation about the
15:52 45 expression of the qualitative statements, Ms Siegers?
15:52 46
15:52 47 A. Yes.

15:52 1
15:52 2 Q. Just at the top of the page for Ms Siegers' benefit, I think
15:52 3 you have returned to this several times since 2019, have you not?
15:52 4
15:52 5 A. Yes.
15:52 6
15:52 7 Q. Now I want to show you a document. It is
15:52 8 CRW.512.026.0006. Sorry, operator, it is an Excel spreadsheet.
15:52 9
15:52 10 Ms Siegers, as I understand it, this is meant to be a document
15:53 11 tracking the recommendations made by Deloitte and your
15:53 12 response to the recommendations under the column "Crown
15:53 13 comments", which you provided for consideration by the Risk
15:53 14 Management Committee; is that correct?
15:53 15
15:53 16 A. I believe so. And the shading, the salmon colour, or pink,
15:53 17 meant the recommendation was rejected?
15:53 18
15:53 19 A. (Nods head). Yes.
15:53 20
15:53 21 Q. Green meant the recommendation was accepted and
15:53 22 implemented?
15:53 23
15:53 24 A. Yes.
15:53 25
15:53 26 Q. Blue, there was no recommendation, and white was
15:53 27 recommendation accepted, will be implemented at a later stage.
15:53 28
15:53 29 A. Yes.
15:53 30
15:53 31 Q. The first row shaded in salmon is about a document title
15:53 32 change and you rejected that?
15:54 33
15:54 34 A. Yes.
15:54 35
15:54 36 Q. I think you would agree that it was a minimalist
15:54 37 recommendation, a matter of professional opinion?
15:54 38
15:54 39 A. Yes.
15:54 40
15:54 41 Q. Scroll to paragraph 2.1.4, row 7, and it is white. So it is not
15:54 42 shaded at all, and white being essentially deferred for - it says:
15:54 43
15:54 44 *Recommendation accepted - will be implemented at*
15:54 45 *a later stage.*
15:54 46
15:54 47 A. Yes.

- 15:54 1
15:54 2 Q. Operator, could we zoom in on the sixth column. Yes,
15:54 3 that's the one. It says:
15:54 4
15:54 5 *Will continuously review the document and consider*
15:54 6 *recommendations in future iterations.*
15:54 7
15:55 8 A. Yes.
15:55 9
15:55 10 Q. What was the reason for not accepting it at this point,
15:55 11 Ms Siegers?
15:55 12
15:55 13 A. Because I think we would - we would need to go back to
15:55 14 the other document, but it says as Crown continues to develop
15:55 15 and embed, it should consider, so it is a longer term impact
15:55 16 recommendation. I actually, to date, have still not changed that
15:55 17 colour to green because I constantly have that in the back of my
15:55 18 mind as a recommendation that is alive, and should be
15:55 19 a continuous element in my mind when I challenge the document
15:55 20 and see how I can enhance it.
15:55 21
15:55 22 Q. You still haven't enhanced it, have you? There has been no
15:55 23 change to the qualitative statements in the risk management
15:55 24 strategy document?
15:55 25
15:55 26 A. I would disagree with that.
15:55 27
15:55 28 Q. No, just on the qualitative statements that were the subject
15:56 29 of this recommendation.
15:56 30
15:56 31 A. Yes, I actually disagree with that.
15:56 32
15:56 33 Q. Well, the changes have been rather minimal, do you agree
15:56 34 with that?
15:56 35
15:56 36 A. We've just added a plain English statement that actually
15:56 37 uses the words we have no appetite, we have appetite for this, so I
15:56 38 actually think we've ---
15:56 39
15:56 40 Q. I see.
15:56 41
15:56 42 A. --- we've actually --- (speaking over) ---
15:56 43
15:56 44 Q. Sorry, Ms Siegers, the technology means there is a bit of
15:56 45 delay. I don't mean to talk over you.
15:56 46
15:56 47 In fairness to you then, can I suggest that we do this so that you

15:56 1 can explain the change. Perhaps I'm looking at it too narrowly.
15:56 2
15:56 3 Operator, could we call up CRW.512.041.0055. This is the
15:57 4 current version of the risk management strategy, is it not,
15:57 5 Ms Siegers?
15:57 6
15:57 7 A. I would need to see the date.
15:57 8
15:57 9 Q. So if you go to two pages over, please, operator. Sorry, go
15:57 10 back one page and at the bottom of the page there is a table with
15:57 11 some date changes; do you see that? Is there another version,
15:57 12 Ms Siegers?
15:57 13
15:57 14 A. I think this is the last one.
15:57 15
15:57 16 Q. Yes. So perhaps whilst we are on this document, for the
15:57 17 Commissioner's benefit, because we've been through the timeline
15:57 18 of enhancements, this legend records the history of this
15:57 19 document, does it not? So it is created in June 2019; do you see
15:57 20 that?
15:57 21
15:57 22 A. Yes.
15:57 23
15:57 24 Q. And then there were enhancements to the risk culture
15:58 25 section and incorporation of references to Crown Sydney on 10
15:58 26 June 2020?
15:58 27
15:58 28 A. Yes.
15:58 29
15:58 30 Q. Then the next set of changes were in April this year, and
15:58 31 according to the document change history, it says, "Reflected
15:58 32 organisational structure changes and added AML risk appetite
15:58 33 threshold"; correct?
15:58 34
15:58 35 A. Yes.
15:58 36
15:58 37 Q. I think you consider the changes in April 2021 were the
15:58 38 plain English, if I could recall them that, change?
15:58 39
15:58 40 A. Yes.
15:58 41
15:58 42 Q. Can you explain to the Commissioner what you meant by
15:58 43 that?
15:58 44
15:58 45 A. If you go to section 7 of that report.
15:58 46
15:58 47 Q. I'm not sure if I can assist the operator with a page number.

- 15:58 1
15:58 2 A. So if you look at that line towards the bottom, "Overarching
15:59 3 Appetite Statement", and you look at that and the paragraph
15:59 4 below, that is the plain English articulation of the appetite, and it
15:59 5 says that our appetite is balanced for taking commercial risks.
15:59 6 But there is - if you look to the next paragraph, there is
15:59 7 a number of areas of the business where Crown does not have
15:59 8 appetite to accept material risks, and there are specifically four
15:59 9 bullet points there that particular areas where we do not have risk
15:59 10 appetite. For risk, for taking specific risk.
15:59 11
15:59 12 Q. So can I ask, if we have a look at paragraph 7.2 ---
15:59 13
15:59 14 A. Yes.
15:59 15
15:59 16 Q. --- and this is the risk appetite table with the reporting
15:59 17 tolerances; is that a fair description of what is set out at 7.2?
15:59 18
15:59 19 A. Yes, it is.
15:59 20
15:59 21 Q. What I was focusing on, when I was putting to you that
15:59 22 there had been no changes, were the words under the heading in
15:59 23 the column, "Qualitative Statement".
16:00 24
16:00 25 A. In those we have made minimal changes, I agree.
16:00 26
16:00 27 Q. That is what I was putting to you, but I think what you are
16:00 28 saying is, and when you are looking at Recommendation 2.1.4,
16:00 29 you don't just look at these words, you have to look at the risk
16:00 30 management strategy more broadly?
16:00 31
16:00 32 A. You have to look at all of section 7 which is the risk
16:00 33 appetite section of the document, yes.
16:00 34
16:00 35 Q. Thank you for clarifying that. So back to that spreadsheet
16:00 36 that you use to monitor the changes, you were saying you might
16:00 37 always show that in a particular colour to demonstrate that it is
16:00 38 a continual enhancement thing, you are always coming back to
16:00 39 that recommendation; that is correct?
16:00 40
16:00 41 A. I think there are two recommendations in that document are
16:00 42 items I should always keep in mind when I do my continuous
16:00 43 enhancement and review of my framework, and that is one of
16:01 44 them, yes.
16:01 45
16:01 46 Q. Perhaps we can finish off the other one.
16:01 47

16:01 1 Operator, can we go back to the spreadsheet, please. If we go to
16:01 2 2.3-a, this is another recommendation shaded white, which is
16:01 3 implemented at a later stage, which I think to your mind,
16:01 4 Ms Siegers, means you are continually coming back to it; is that
16:01 5 the case?

16:01 6
16:01 7 A. Yes. And as you can see in column E of the spreadsheet, it
16:01 8 is a recommendation that requires a long-term consideration,
16:01 9 which is why I'm keeping it open.

16:01 10
16:01 11 Q. And do you say that you have - have made any changes to
16:01 12 the quantitative - do you want me to take you back to 2.3-a?
16:01 13 You might see from the second column that 2.3-a in the Deloitte
16:02 14 report was dealing with the use of quantitative triggers for
16:02 15 reporting; do you remember that?

16:02 16
16:02 17 A. Yes.

16:02 18
16:02 19 Q. And it made recommendations about greater clarity over
16:02 20 those quantitative triggers, including things like where its brand
16:02 21 and reputation has to be sustained, loss of shareholder value,
16:02 22 what does that mean. Does that help refresh your memory about
16:02 23 2.3-a?

16:02 24
16:02 25 A. Yes. 2.3 was around, generally, the reporting, so we asked
16:02 26 Deloitte to look at the reporting framework that we had and they
16:02 27 commented on that. Now, the changes we have made, in terms of
16:02 28 quantitative triggers, that is where we are working on the key risk
16:02 29 indicators and the dashboards and the types of information we
16:02 30 gather from the business, and how we organise the data against
16:03 31 those seven risk categories that we have, and try to provide
16:03 32 information to the Executive and the Board against those seven
16:03 33 risk areas. So that is something that I think we will continuously
16:03 34 be enhancing. The work on key risk indicators is quite a complex
16:03 35 piece of work that requires really ongoing maturity and review.

16:03 36
16:03 37 Q. So is it your evidence you have considered this
16:03 38 recommendation, you've made changes where you think that they
16:03 39 are appropriate and necessary, but otherwise this
16:03 40 recommendation is under constant review?

16:03 41
16:03 42 A. Yes.

16:03 43
16:03 44 Q. The next recommendation shaded in the salmon colour,
16:03 45 2.3-b, you will see from the description in the second column,
16:03 46 was about escalation of risk appetite breaches; do you recall
16:03 47 that?

16:03 1
16:03 2 A. I recall, yes.
16:03 3
16:03 4 Q. Why are you ---
16:03 5
16:03 6 A. I'm smiling because actually this is not the latest document.
16:03 7 The latest version of this document, this is green and it has been
16:04 8 implemented in stages. So we have actually accepted that
16:04 9 recommendation, and in a number of iterations taken it onboard.
16:04 10
16:04 11 Q. Thank you for clarifying. That was the point of my inquiry.
16:04 12 Thank you, Ms Siegers. I don't need to ask you any more
16:04 13 questions about this document.
16:04 14
16:04 15 Thank you, Operator, you can take that down.
16:04 16
16:04 17 Commissioner, I'm about to move to another topic. I just note the
16:04 18 time. Do you want to keep going today? I am not going to finish
16:04 19 with Ms Siegers today, unfortunately.
16:04 20
16:04 21 COMMISSIONER: If you don't finish - I was wondering if we
16:04 22 sit for 15 or 20 minutes, something like that, or that still won't be
16:04 23 done?
16:04 24
16:04 25 MS NESKOVCIN: I'm still not going to finish, I'm happy to
16:04 26 continue with Ms Siegers.
16:04 27
16:04 28 COMMISSIONER: If we have to come back tomorrow we may
16:04 29 as well break off now. I adjourn until 10 o'clock tomorrow
16:04 30 morning, thank you.
16:04 31
16:05 32 Mr Rozen?
16:05 33
16:05 34 MR ROZEN: Can I just enquire, and I may have missed
16:05 35 an email, that is quite possible, but the witnesses after
16:05 36 Ms Siegers, tomorrow, if any?
16:05 37
16:05 38 MS NESKOVCIN: I don't understand there are any further
16:05 39 witnesses tomorrow, Mr Rozen.
16:05 40
16:05 41 MR ROZEN: So we will close with Ms Siegers?
16:05 42
16:05 43 COMMISSIONER: Yes. Okay, we will adjourn now.
16:05 44
16:05 45
16:05 46 **HEARING ADJOURNED AT 4.05 PM UNTIL THURSDAY,**
16:05 47 **10 JUNE 2021 AT 10.00 AM**

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