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Coonan urged Crown to disclose tax

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Crown Resorts executive chairman Helen Coonan says she directed Crown Melbourne CEO Xavier Walsh to disclose the James Packer-backed group's potential underpayment of hundreds of millions of dollars in state gaming taxes as soon as she became aware of the issue – despite the commission never receiving the information.

It comes after a Victorian royal commission into the company on Monday heard for the first time that Ms Coonan was aware of the potential issue, which only became known to both the commission and the state government earlier this month.

It was also heard in Monday the size of the potential underpayment may be \$272m – more than

\$100m larger than previously thought.

News of Ms Coonan's involvement emerged when executive general manager of gaming at Crown Melbourne, Mark Mackay, was recalled to give further evidence on his involvement in determining the size of the potential tax liability, which arose from the casino's practice of deducting the cost of loyalty program benefits from taxable poker machine revenue.

A newly obtained file note of Mr Mackay's recording subjects discussed in a meeting with Mr Walsh on February 24, when Mr Mackay was first briefed on the issue, indicated Ms Coonan had instructed that the issue be reviewed.

The meeting occurred less than a fortnight after Ms Coonan was appointed to the top job following the NSW Bergin inquiry's determination that Crown was not suitable to operate its \$2.2bn Sydney casino, and two days after Victoria announced the royal commission into the company.

"What aspects of the tax issue did Mr Walsh say Ms Coonan was reviewing?" counsel assisting Geoffrey Kozminsky asked Mr

Mackay on Monday.

"I believe he had already spoken to Helen about the bonus jackpots and the concerns of them being deductions from gross gaming revenue. I can't recall much more than those comments," Mr Mackay replied.

In a statement, Ms Coonan said she first heard of the "legacy" issue from Mr Walsh the day prior to the meeting and she asked him to prepare the relevant information for disclosure to the commission.

"On 23 February 2021, Xavier

Walsh raised with me a legacy issue of a potential problem with State Casino tax," Ms Coonan said. "This was the first I had heard of it.

"I directed him to get the information together and give it to the lawyers for advice and disclosure to the commission."

However, it was heard during Mr Mackay's last appearance that neither the state gaming regulator nor the royal commission were informed of the potential underpayment by Crown's lawyers when the commission asked for evidence of current regulatory issues at Crown in March.

On Monday, Mr Kozminsky said the file note branded the potential underpayment a "latent issue", which Mr Mackay attributed to Mr Walsh.

"And when Mr Walsh said there was a latent issue he meant at that point the tax issue that at that point had been concealed?" Mr Kozminsky asked.

"Yes, I believe so," Mr Mackay replied, although he later clarified the word "concealed" was never used.

Mr Kozminsky exclaimed disbelief that Mr Mackay could not remember more about the meeting. "It's the sort of thing in the ordinary course that someone would remember. Don't you agree with me?" he said. Mr Mackay replied: "My evidence is I can't recall it, so I can't recall it."

Mr Mackay's recall to the commission comes after the Victorian



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government extended the probe's reporting date from August 1 to October 15 following the "significant" evidence unearthed during hearings so far, including the potential tax payment.

Hearings are now slated to conclude on July 9, with counsel assisting to give closing submissions on July 19 and all other parties on August 2.

Later, Crown Melbourne group general manager for responsible gaming Sonja Bauer was recalled to give more evidence on the casino's responsible gaming policy. Ms Bauer, who earlier in the month came under fire from counsel assisting over the company's "less than ideal" number of

responsible gaming staff on the floor of Crown Melbourne, was put under further scrutiny over whether Crown's policy of intervening with carded gamblers playing for 12 hours or more captured individuals who used their card once before engaging in card-free gaming.

"The RGA (responsible gaming adviser) will not go and attempt to interact with a customer where there has been no play within a specified period other than one interaction at the beginning and one interaction at the end," counsel assisting Adrian Finanzio put to Ms Bauer, who agreed.

Mr Finanzio also argued the capacity of Crown staff to track gamblers who fell outside of this system was limited.

The commission continues on Tuesday.



Coonan