



NEW SOUTH WALES INDEPENDENT CASINO COMMISSION

**THE INQUIRY INTO THE STAR PTY LTD & THE STAR
ENTERTAINMENT GROUP LIMITED**

**PUBLIC HEARING
DAY 4**

THURSDAY, 18 APRIL 2024

INQUIRY BEFORE MR ADAM BELL SC

COUNSEL ASSISTING:

MR C. CONDE WITH MR D. HABASHY AND MS E. HALL

**MR B. WALKER SC WITH MR I. AHMED SC, MR D. WONG AND MR H.
ATKIN FOR THE STAR PTY LTD AND THE STAR ENTERTAINMENT
GROUP LIMITED**

DR J. RENWICK SC WITH MS J. ROY FOR WITNESS ROBERT COOKE

MR C. STEVENS FOR WITNESS RONALD WAGEMANS

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<THE HEARING IN PUBLIC SESSION RESUMED AT 10.01 AM

MR BELL SC: Yes, Mr Conde.

5 **MR CONDE:** Mr Bell, the next witness is Dr Attracta Lagan.

MR BELL SC: Dr Lagan, can you hear me.

10 **DR LAGAN:** Yes, I can, thank you Mr bell.

MR BELL SC: Do you prefer to take an oath or affirmation?

DR LAGAN: Affirmation please.

15 **<ATTRACTA ANNE MARY LAGAN, AFFIRMED**

MR BELL SC: Thank you, Mr Conde.

20 **<EXAMINATION BY MR CONDE**

MR CONDE: Dr Lagan, may I trouble you, please, to state your full name.

DR LAGAN: It's Attracta Anne Mary Lagan.

25 **MR CONDE:** And are you aware that your address has been made known on your behalf to the solicitors assisting Mr Bell's inquiry?

DR LAGAN: Yes, I am.

30 **MR CONDE:** Dr Lagan, is it correct you have three degrees in social sciences?

DR LAGAN: Yes. Yes, it is.

35 **MR CONDE:** Do you have a BA with Honours in Sociology and do you have a master's degree?

DR LAGAN: I have a Master's in Applied Science, yes, and a PhD.

40 **MR CONDE:** What did your PhD look at?

DR LAGAN: It looked at how people compromise their personal values within the workplace.

45 **MR CONDE:** Is it correct that you were one of the original founding directors at the St James Ethics Centre, which is now known as The Ethics Centre?

DR LAGAN: Yes, I was the founding director of the consulting practice.

MR CONDE: Right. Was that around 1989?

DR LAGAN: Yes, I think so. Yes.

5 **MR CONDE:** Did you work at KPMG heading up their business ethics practice for about seven years?

DR LAGAN: That's correct.

10 **MR CONDE:** And did you later start your own consultancy?

DR LAGAN: Yes, I did. Yes.

15 **MR CONDE:** And is it correct that you did work with Crown Resorts for about three years?

DR LAGAN: So, I worked as part of the Kroll monitorship team for Crown Resorts. I'm still part of that team. We haven't finished that monitorship in New South Wales yet.

20 **MR CONDE:** Right. And who are Kroll?

DR LAGAN: Kroll are a specialist monitorship organisation. They are an international organisation. And this is their core focus, helping organisations to - when they - when they are asked to do a remediation program.

MR CONDE: And when did you start work with -

30 **DR LAGAN:** So I commenced my role with Kroll in - sorry, I just had that written down - May '21.

MR CONDE: Perhaps if I can just ask you as best you can recall, rather than - yes. Would you - so that was shortly after The Honourable Patricia Bergin SC's report?

35 **DR LAGAN:** Yes.

MR CONDE: So, would you agree that you have academic training and study and also professional experience in relation to business concepts such as culture, remediation and transformation?

40 **DR LAGAN:** Yes, I think so. I hope so. I'm a continuous learner so I try to stay up-to-date with all the latest research.

45 **MR CONDE:** Right. Well, then, if I might begin by just exploring some of those concepts. So in a business context, what is culture?

DR LAGAN: Okay. So culture is typically described as the reasons why people do what they do in organisations. It focuses on the relationships between people and the

relationships between the organisational structure and systems and how that impacts on how people behave. So there are typically two cultures in most organisations. There is the formal culture, which is the organisational policies and systems, and then there is the informal culture, which is how people are responding to those policies and systems, if they are adhering to them or if they are developing workarounds to those policies and systems.

MR CONDE: And is it correct that your work involves looking at both?

DR LAGAN: Yes. My focus, though, is - is largely on people and how people are reacting to changes. So in an organisational transformation, you would push two levers. You would push the reforms in the organisational systems and policies, which was mainly what the Special Manager was focused on, and then you would also push the lever on how people at the individual level have to change. That's in terms of both their mindsets and their behavioural patterns, how they actually make sense of what's happening in the organisation and how they have to change themselves.

MR CONDE: And is it correct that good culture would tend to correlate with good performance and vice versa?

DR LAGAN: Yes, there is a business case. There is a lot of evidence to show that an organisation that engages its people and has good culture actually has higher business results, too.

MR CONDE: You have mentioned both formal and informal cultures. Is it possible to have a mix of good and bad cultures within a business, whether in -

DR LAGAN: Yes. Yes, it is. Culture typically emerges in teams. So you can get different cultures in different areas of the business. But multinationals strive very hard to have consistent cultures. Where you have those different cultures emerging, it's because people are operating under their personal values rather than the organisation's stated values.

MR CONDE: And what is the concept of tone at the top?

DR LAGAN: So, tone at the top - so leaders are the loudest message in any organisation. What they do gets replicated. What they reward gets replicated by the middle managers and the other leaders. So it's very important that they role model the stated values of the organisation and that they align their reward and recognition systems to support those stated values.

MR CONDE: And how do you go about measuring or assessing culture?

DR LAGAN: Okay. So, there are several different ways. The way I go about it is I look at how people are making sense of the organisation, what their lived experience - it's called phenomenology. It is what my doctorate was in. So you look at how people are actually experiencing the organisation on a day-to-day basis, how they experience systems. Typically, are they enabling. Do they enable the employee

to perform to the best of their abilities? Or are they creating barriers to them performing as best as they can to their abilities? Is it a barrier to them enjoying their working life? I mean, culture determines whether they actually get to enjoy their working life.

5

MR CONDE: And is it - to get that sort of information in, do you do interviews?

DR LAGAN: Yes. Typically I would - typically what one would do is you would measure the gap between what the organisation says it values and what people - what the staff actually say they experience. In that gap is usually all the dysfunctional behaviour.

10

MR CONDE: And just to focus on how the information comes in, would interviews - do you conduct face-to-face interviews or focus groups or -

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DR LAGAN: No, typically, it would be at three levels. You would do face-to-face with the senior leaders. You would do focus groups with the middle managers. And in an organisation of the size of Star, you would do an electronic survey where every employee has an opportunity to answer a set of questions. And those questions would be around how do they experience the leadership team, how do they experience the organisational system, is there - do they feel trusted? Do they feel it's safe, psychosocial - do they feel it's safe to raise issues of concern? There is a lot of evidence-based science around the sort of questions you have to ask now in cultural service.

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25

MR CONDE: And is it similar questions being asked at the different levels? Or what are the questions in the -

DR LAGAN: No, there is much more accountability required at the senior levels. So the - so what one would be looking for there is have the organisation designed a culture to enable an enabling environment to emerge? Because culture emerges every day. When you get new people in your organisation, they are either challenging, changing or re-enforcing the status quo.

30

MR CONDE: So in terms of - I think there are some surveys referred to as Peakon surveys. Is that the sort of surveys you were referring to of staff?

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DR LAGAN: No, the Peakon Survey is more designed to measure employee engagement, but I'm not even sure it measures that. For example, it doesn't ask any questions about the leaders and people's experience of how the leaders are setting the table, basically, for the people. So it's more around frontline observations, yes. No, I wouldn't say it's a cultural survey. I'd say it's more a temperature check on the frontline employees.

40

MR CONDE: Right. So you would expect - well, just generally speaking - I appreciate we are not yet into specifics, but you would expect to see some sort of separate anonymous - sorry, separate survey raising the questions you mentioned earlier?

45

DR LAGAN: Yes. Any - if culture is the length and shadow of the people at the top, which is what the science tells us, then you have to be measuring the impact of the people at the top.

5

MR CONDE: Yes. I was also wondering about anonymity. Is that important for the surveys?

DR LAGAN: Yes. Yes. One - especially at the frontline, yes, I would say so. When you conduct the survey, you promise most people that they - that their - that they will be - that it will be anonymous.

10

MR CONDE: Right. And I assume participation is important for those surveys.

DR LAGAN: Yes, yes.

15

MR CONDE: And how does one - how does an organisation go about encouraging -

DR LAGAN: Yes. Participation - usually, if you have got more than 20 per cent, you can classify it as representative. But for an organisation going through a transformation, you really want probably over 50 per cent to get a good feel on what's actually happening in the organisation. So, for example, other organisations where I have worked where we have done remediations, they were getting about 50 per cent return on their surveys. I think the - the Peakon surveys have around 23 or 25 26 per cent participation.

20

25

MR CONDE: Right.

DR LAGAN: The Peakon surveys also happen every month, which is not best practice. Best practice is to have it annually. So there is a lot of fatigue around those Peakon surveys especially because the free text - the issues that people were raising in those Peakon surveys didn't seem to be addressed. So a lot of the feedback that I ran in the Peakon surveys was, "What's the point in saying anything when I never hear back?"

30

35

MR CONDE: I see. Are you referring there to some specific surveys conducted by Star?

DR LAGAN: The Peakon surveys by Star. Yes, yes.

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MR CONDE: If I can just still be asking more in general, when you send out surveys for any organisation and all the responses come in, is it correct that they will all come in a sort of big Excel file and some other file, and it's all in a bit of a jumble?

45

DR LAGAN: Yes.

MR CONDE: Does your work involve or someone in your team going through all of those responses and trying to sort of discern any themes?

5 **DR LAGAN:** So the Peakon surveys weren't actually provided to us. The first Peakon survey I got was in November '23, and then I got both the Peakon surveys for the safer gaming area that focused on that, and the Peakon survey for the - basically, diversity area, yes.

10 **MR CONDE:** I'm sorry, Dr Lagan, I was asking more about in general. I mean, for any organisation, if you come in and do a survey -

DR LAGAN: Yes.

15 **MR CONDE:** - and all the responses come in, is it correct that you or someone in your team would work through all the responses and then try to discern some themes?

DR LAGAN: Yes, yes.

20 **MR CONDE:** And depending on the participation, that could be a small or very large amount of work, and depending on the size of the organisation.

DR LAGAN: Yes, that's correct.

25 **MR CONDE:** I see. And then you generate out of that some kind of either report or other analysis -

DR LAGAN: Yes.

30 **MR CONDE:** - that you can take to whomever you are working with.

35 **DR LAGAN:** You look for general themes but always within a context. So the context, for example, within Star was that it was a relatively low participation rate. That people actually were a bit jaundiced because they were being surveyed every month and they were being pushed by their managers to complete the survey. So it wasn't necessarily voluntary. So I had to take that context into it too, yes.

40 **MR CONDE:** I see. I will ask you about those but if I can ask that INQ.5002.0001.0001 be brought up, please. And has a document come up for you entitled 2023 Organisational Culture and Ethics Report by - it says co-authored by Richard Chambers and Cynthia Cooper.

DR LAGAN: Yes, yes.

45 **MR CONDE:** If we can go, please, to page 0003, do you see under Introduction, it says:

"For too many years now, we have witnessed untold numbers of self-inflicted failures at organisations around the world. Enron, WorldCom, Volkswagen, Carillion, WireCard, Theranos, FTX - the list goes on."

5 Do you see that?

DR LAGAN: Yes, I do.

10 **MR CONDE:** And then it identifies in the second paragraph what it calls a critical common denominator:

"A troubled culture that lacks the tone at the top and a constructive environment ..."

15 Do you see that?

DR LAGAN: I see that, yes.

20 **MR CONDE:** And would you agree with that observation about the critical common denominator, based on your experience?

DR LAGAN: Yes, definitely.

25 **MR CONDE:** Then in the last paragraph on this page, do you see in the second sentence it says:

"To fully grasp and measure culture, an organisation must (1) monitor culture over time creating trend lines, and (2) take point-in-time data-based snapshots ..."

30 **DR LAGAN:** Yes.

MR CONDE:

35 "... report cards if you will - on different elements of culture, compare them to widely accepted best practices, and identify the corresponding challenges, risks and opportunities."

Do you see that?

40 **DR LAGAN:** Yes, I do.

MR CONDE: And is it correct that this is the sort of data to which you were referring that you would seek to bring in and generate?

45 **DR LAGAN:** Yes, yes. And so, for example, when I joined the Special Manager's team in January, I looked at all the various surveys that had already been done. They'd had a McKinsey plan, they'd had a PwC diagnostic of the risk culture, they had had an internal audit one, they had a NED. I read all those reviews and I think in about February or March, I presented a gap analysis between what those reports were

saying and what I was experiencing, what I was finding in the organisation. I think I did three pulse checks to the Special Manager that - within those first six months.

5 **MR CONDE:** Right. And when you say -

MR BELL SC: Mr Conde, it would help me to understand, before we get into the specifics, what Dr Lagan's role was at Crown and what her role has been at Star.

10 **MR CONDE:** Yes. Yes. I will go straight to that, Dr Lagan. You mentioned earlier that you were involved with Crown Resorts for about three years.

DR LAGAN: Yes.

15 **MR CONDE:** Was that a full-time assignment?

DR LAGAN: It was almost full-time, yes. Yes, it was almost full-time. So what I was doing there was I was, first of all, when we went in, we helped the organisation reset the remediation plan. So it was called the Amended Remediation Plan. So my focus area was on the organisational culture and the safer gaming culture.

20 **MR CONDE:** And did you work with subject matter experts to develop and revise policies?

25 **DR LAGAN:** I worked with subject matter experts as they designed and developed policies. So it was - we walked alongside the subject matter experts that Crown had in the organisation and we either agreed or disagreed and then we would come up with a final recommendation of what should go in the Amended Remediation Plan.

30 **MR CONDE:** Right. And were you - well, you were using things like the interviews, focus groups and survey results that you have mentioned already?

35 **DR LAGAN:** Yes, we were going into the organisation and interviewing the employees, how they were experiencing the ongoing changes, the new policy uplifts, yes.

MR CONDE: And did you - what did you encounter?

40 **DR LAGAN:** Well, first of all, when I first went in, Deloitte had already undertaken a major cultural review so I was going through their findings. And it was pretty much the same situation as when I started at Star. You know, it was an organisation where there hadn't been a lot of investment in developing the competencies of the staff. So they were in their positions through tenure rather than having the actual competencies for the roles. So there was an overriding cultural imperative to make it on the bottom line, and that could come at the expense of both the employee and the patron.

45 **MR CONDE:** Did Crown Resorts have a concept of new Crown?

DR LAGAN: Yes, very much. Very much from the beginning. They were re-imagining how the organisation would have to be. They were telling people, their people, "Look, we have been found not to be fit-for-purpose. We have to rebuild an organisation that is fit-for-purpose." They were head-hunting subject matter experts to come in in executive roles to lead that cultural change, because you actually have leaders that actually have some experience in major transformations. So it was a very different orientation.

MR CONDE: And was the orientation focused on transformation?

DR LAGAN: Transformation, that's right. They - it was both transformation, but transformation in the sense of also ensuring that there was a one Crown culture. So they were what I call designing culture. Culture now has a whole behaviour science, toolbox behind it. Leaders can design the cultures they want, and that's what Crown was doing. It was using that toolbox to design a new culture.

MR CONDE: And when you say "one culture", is that across their -

DR LAGAN: Across their three properties, yes. The Melbourne, Perth and New South Wales.

MR CONDE: I see. And is it correct that, as best you can recall, Crown had a CEO of the whole organisation and then CEOs for each of those properties?

DR LAGAN: That's correct, yes.

MR CONDE: I jumped over earlier just the concept of remediation and transformation. May I ask you, please, to speak to those?

DR LAGAN: Okay. So for me - so the remediation is the - I think the bare minimum that the regulator expects a regulated entity to adhere to. So both Star and Crown were found not to meet that minimum standard. Some of it is legal compliance; some of it is just professional management. So a remediation plan takes you up to that standard, whereas a transformation plan actually re-imagines how people think, feel and act in an organisation. It's about creating a vision of what's possible in a different context where you are responding to what's expected to by society and regulators.

MR CONDE: To focus on your work at Star, is it correct that you started work with respect to Star in January 2023?

DR LAGAN: That's right, yes.

MR CONDE: I think you have alluded to it earlier but what were your first impressions on Star?

DR LAGAN: Well, my first impression was they have had so many reports already; why haven't they moved on them? So in an organisational transformation, you have to push two levers. One, you have got to push the organisational systems and

processes and uplift those, and they had started on that journey. But the second one is you have actually got to push the lever of dealing with people, developing a change story, reassuring them about what needed to change and what was good about the culture, what they could keep. So bringing people along with you.

5

When I first got into Star they - they hadn't really brought the people along. There was no internal story. They hadn't moved on many of those diagnostic reports that they had already received. So one could identify immediately what needed to be done in the cultural space in telling that new story and bringing people along and challenging the mindsets and removing the barriers, but no-one had actually moved on that.

10

MR CONDE: And how - what - how could you - how did you form that opinion, Dr Lagan?

15

DR LAGAN: I read all the reports that actually identified what the barriers were and what the mindsets were, and then I compared that to best practice, and I presented that to the board, I think, in about February. And I emphasised that they were only pushing one lever and it wasn't going to work unless they started to address the second area, which was the cultural reform.

20

MR CONDE: And did those reports contain the sort of survey results and so on that we have been discussing earlier?

25

DR LAGAN: Yes, I had done - I had done a - my own interviews with those people. With the leaders, yes, and Star, yes.

MR CONDE: And so - sorry, you had done interviews at what levels of seniority in the management?

30

DR LAGAN: With the board and the GLT team at the time.

MR CONDE: Right. And when did you run the first survey of any kind?

35

DR LAGAN: No, I never did any survey. Because The Star had commissioned The Ethics Centre.

MR CONDE: Yes.

40

DR LAGAN: And they were in the middle of doing a cultural review. So I couldn't go in - they had just interviewed, I think, about 300 people so I couldn't start, "Well, I'll do a cultural survey." So I just did my own qualitative rather than a quantitative one. Because, basically, I was just looking at how the leaders were setting the table for the people. So I interviewed the board and the GLT team.

45

MR CONDE: And was your work, from the time you commenced - who was that with?

DR LAGAN: Sorry, with respect to the Special Manager's team? Yes.

MR CONDE: So you worked with the Special Manager's team?

5 **DR LAGAN:** Yes, with the Special Manager's team, yes.

MR CONDE: Is it correct that for the first six months or so of 2023, you also worked directly with Mr Cooke?

10 **DR LAGAN:** Well, yes. So, Mr Cooke asked Nick, the Special Manager, if it was possible for me to work directly with him.

MR CONDE: Right.

15 **DR LAGAN:** And - and Nick said yes, it was possible. Again, from the moment I went into the organisation, I was flagging to the board and the CEO that they needed to bring in an organisational development specialist who had experience in major organisational transformations. They needed to recruit that position that it was obvious to me it was missing, and the cultural change program wasn't going to
20 happen without them.

And the CEO had agreed to do that. I had sourced job descriptions. I had put forward a couple of candidates who had banking experience of the same transformation that had just gone through in the banking industry, and, again, I mentioned that to the
25 board as well. And I was assured it was going to happen, but it never happened.

MR CONDE: And do you recall when you made these suggestions?

DR LAGAN: I think I first made it in February, but at every board presentation, I
30 mentioned it. At every GLT presentation, I mentioned it. I was always talking about the two levers. Because unless you are a social scientist, often people don't understand that you are actually dealing with people and you have actually got to take people on a journey. You can't just put - push policies down and expect that people are going to change because you have changed the policy. You have got to
35 help people make meaning around that and that just wasn't happening.

MR CONDE: What is the role of Chief Transformation Officer? Is that not the sort of organisational development specialist?

40 **DR LAGAN:** No. The Transformational Officer is just basically coordinating all the changes that are happening in the various functional areas, and they would also coordinate whatever is happening in the cultural change area. The culture - the head of the Transformation Office, I actually had a conversation with her and I said that, "You don't actually have the experience to do this. Let's bring someone in who has
45 been through it before and we can leverage off that experience", but, again, that didn't - that wasn't acted upon.

MR CONDE: Now, through this time, is it correct that - well, Star was working on a remediation plan. Were you aware of that?

5 **DR LAGAN:** I was helping them. So what - because they didn't have an organisational development manager, the NICC were really concerned about their jobs. You know, there is three and a half thousand people employed in that time. So they looked at - Phil Crawford said, "Look, you have been able to work constructively with Crown. Can you go into Star and try and motivate people to start working on the cultural change program? Because that's an essential part of the remediation."
10

So in - at that stage they were designing their remediation plan, so I was giving them all the information on what's best practice. Here is the gap analysis. This is what you have got to put into the design phase. This is what you have got to put in to
15 implement it. Then this is what you have got to put into the embed stage. So there are three stages of the remediation plan. You design it first of all, then you implement it and then you embed it. And at each of those stages you have to have a feedback loop.

20 How is it landing? How are people experiencing it? And if people aren't experiencing the changes you expect, then you recalibrate. So one of the issues that was consistent in Star was they had no feedback loop. They weren't listening to what the people were saying in the Peakon surveys. They weren't listening and acting on what people were saying in workshops.

25 **MR CONDE:** So is it correct that, as Star was developing its remediation plan, you were providing advice both in relation to - in relation to design, implementation and embedding as reflected in the remediation plan?

30 **DR LAGAN:** Yes, yes.

MR CONDE: And, in particular, I think you said as to ensuring or monitoring feedback and how it is landing, I think you said.

35 **DR LAGAN:** That has always been my focus. That's basically what culture is. It's how people are experiencing the organisation. So if you want to change how people are experiencing it, you have got to listen to them. You have got to seek their feedback, yes.

40 **MR CONDE:** Is it correct that, to your observation, in early 2023, Mr Cooke was just extremely busy with multiple matters and he was -

45 **DR LAGAN:** He was so busy. He worked so hard. You know, he worked so hard on the business for that first six months that I was there, January to July, and I would say to him, "You are so busy with the IPOs", or "the capital raising", sorry. Bring in an OD - organisational development person. You can't do this alone. It is a whole skill set these days. It's a science. You can't do it - bring in this person." But I could never understand why he wouldn't. There was so much money spent on external consultants. They had Deloitte, PwC, all these different consultants, and I was

always saying, "Build the organisational capacity. That's the only thing that will give you a sustainable organisation. Otherwise, once those consultants leave, you are left with the same staff that don't have the skills to do this." But that wasn't acted upon.

5 **MR CONDE:** So you gave advice to bring someone in to manage that issue of cultural change.

DR LAGAN: Yes.

10 **MR CONDE:** Was that for both an initial stage and then after, I think you said?

DR LAGAN: That was from when I first went in. The whole program, they would need to oversee the whole program, both the design stage, the implement and the embed stage. But the critical thing is the design stage. Then - that's when you
15 actually have to ask the frontline people what's the best way of designing this so that you can implement it?

MR CONDE: And you would have expected that would then have allowed
20 Mr Cooke to focus on other matters.

DR LAGAN: Exactly. It just made sense, didn't it? It made sense. It was also - if he was worried about the bottom line, I had said, "It is actually going to be cheaper to bring these people with the skills into the organisation than rely on Deloitte and PwC to do the work".

25 **MR CONDE:** Did Mr Cooke ever explain to you, as best you can recall -

DR LAGAN: No, no, no. I - I was always - I was always just flabbergasted. I had this discussion with him. I had it with the Special Manager. I had it with the GLT and
30 the board. I flagged, "You are not building the internal capacity. You won't have a sustainable organisation."

MR CONDE: How would you describe your reactions with Mr Cooke in that first
35 half of 2023?

DR LAGAN: They were very positive. I was sending Robbie information every day, every weekend. As I said, he is a very industrious worker. He saved the business, I'm sure, with those capital raisings, but it came at the cost of the cultural reform
40 program.

MR CONDE: And why do you say that?

DR LAGAN: Because it never got started until about July. So we lost six months. And, again, if you go back to the evidence in a cultural transformation, the first six
45 months are critical. That's when you have your burning platform. That's when you bring in - that's when you have your internal story, "We are not fit for purpose. We have got to rebuild our own organisation. Here is what is good about the organisation. We are going to keep this. Here is what's not working. We are going to

change this. And we are going to have a new star arising, like a new phoenix from the ashes."

5 It is possible. The banks have been in the same situation. They have managed to rebuild. Crown was in the same situation. It's managed to rebuild. But that benchmark was never made. That internal story was never there. So instead, a new internal story emerged, which was the regulator doesn't like us and they don't like gambling. The Special Manager is too demanding. So we became the other, so it was us and them, sort of thing.

10 But that started - I started to pick that up in about July. When Deloitte came in, then I stepped back. Then they were developing the purpose and value statement and working with the - with the internal people team. It was a very different orientation to Crown, where we were always part of the discussion and we were working with the co-design of the SMEs in what was appropriate.

MR CONDE: And, Dr Lagan, I think you referred to "a new star" but with a lowercase S. Was there ever "a new Star" with a capital S, as best you can recall?

20 **DR LAGAN:** No, no. There was no - there was no vision that people could move towards. The one that - the purpose statement that Deloitte came up with was too far from the status quo. So that you had this gap. People were experiencing an organisation that was under pressure, under-resourced. They didn't have the skills. They were fighting for survival. And the purpose statement was just too far away for them. There was a gap between what they were experiencing and what they were supposed to be experiencing, yes.

MR CONDE: Is it correct that the quality of your relationship and interactions with Mr Cooke declined in the second half of 2023?

30 **DR LAGAN:** No, no, they didn't decline. He just stopped talking to me. Just stopped completely talking to me, yes.

MR CONDE: Right. So not the quality but certainly the quantity.

35 **DR LAGAN:** No, no, no.

MR CONDE: And do you have - do you know why?

40 **DR LAGAN:** Well, I think at that stage - so then Deloitte was working with him. He had brought in several external consultants. So they were then helping him or helping his team put the remediation plan together.

45 **MR CONDE:** So where were you physically? Because if you were doing work with Mr Cooke and then you weren't as involved any more, where did you work?

DR LAGAN: So, I was always working from my office in Manly, and then I would go into Star for those meetings.

MR CONDE: I see.

5 **DR LAGAN:** Yes, so I never really had an office in the Star itself until about October, when we started to look at the design of the remediation plan. Then I moved into Nick's offices.

10 **MR CONDE:** Before getting to that, you did mention The Ethics Centre report. If that could be brought up, please. It is STA.5002.0029.1473, and in particular at page 1476. If we have time, I might bring you back to this document.

DR LAGAN: That's okay.

15 **MR CONDE:** Has the cover page of the "Culture Review" come up?

DR LAGAN: Yes, it has.

MR CONDE: Do you recall reading this document, Dr -

20 **DR LAGAN:** Yes. Yes, I did.

MR CONDE: What were your - do you recall your reactions to this document?

25 **DR LAGAN:** I thought they had - had captured the institutional barriers to cultural change, the need for a reform of the organisational structure and its systems. I would have - and they had some focus on values, but that wasn't acted on. So they had come up with pretty good recommendations of how the organisation could start to promote a new culture.

30 **MR CONDE:** And do you recall that The Ethics Centre identified five shadow values at Star?

DR LAGAN: Yes, yes.

35 **MR CONDE:** I will bring those up. That's at page 1547 and 1548. Sorry, 1547 and 1548, I believe. Have the two pages come up for you, Dr Lagan?

DR LAGAN: Yes, they have, thank you.

40 **MR CONDE:** First of all, to have this identification of shadow values, may I just ask you to comment on that, please.

45 **DR LAGAN:** So that's the informal culture. That is the mindset in which people make decisions, basically, out of that mindset. And so - yes.

MR CONDE: May I ask you, then, to speak to them.

DR LAGAN: So "profit matters most" - yes, that was definitely a shadow value. It probably still exists because it hasn't been challenged. So that's still there. "Just get it done". Yes, it was a shadow value and, unfortunately, that still exists too because - just those circumstances. People were under pressure to get things done very quickly. "Play politics to stay alive and thrive". I think that's changed. I think new people have come into the organisation with the appropriate skills, and they are putting in the right systems and asking for the right accountabilities of people.

10 "Stay in your swim lane". That's - the GLT workshop in November '23 showed that that was still what the GLT were experiencing, so that's still there. And "Do more with less". Well, of course, that's still there, because, unfortunately, the organisation has dropped 500 people and the remaining people have had to pick up their work. And so they are asked to do their job and then there are other people's jobs. So they are doing more with less. Under-resourcing is a big issue, yes.

15 **MR CONDE:** I see. You mentioned in "Stay in your swim lane" to a November 2023 GLT workshop.

20 **DR LAGAN:** Yes.

MR CONDE: That's something that you attended?

25 **DR LAGAN:** No, I read the record of attendance. That was conducted by Star itself. They were trying to - they had done an internal - an internal assessment of how change was being experienced in the different properties and they had also done some research into how the GLT were experiencing the PVP - the new PVP and change. And so that was the findings that were reported.

30 **MR CONDE:** And what do you recall was reported?

35 **DR LAGAN:** That the GLT still felt that it was very much a case of stay in your own swim lane. That the GLT were not acting as a collective. Everybody was basically flat out, I have to say, absolutely flat out in their own areas. So because of the under-resourcing, they probably didn't have time. But there was a desire to learn more about the business. So they said that. They actually wanted to learn more about how it all hung together.

40 **MR CONDE:** Did you have and have you had interactions with the GLT throughout -

DR LAGAN: Yes, yes. I think I presented to them and I have presented to the new Risk Management people - sorry, the Risk Management team and I also had one-to-ones with the CEO in the Gold Coast, yes.

45 **MR CONDE:** And when you presented - sorry, have you - have you attended meetings and sat in on the meetings? Or have your attendances been to present and then leave?

DR LAGAN: No, no, mine has been to present, yes.

MR CONDE: And when you have presented to the GLT, do you recall questions being asked of you and interactions?

5

DR LAGAN: Yes, yes. The presentation was, again, something similar to what I had done with the board, explaining that change happens on two levels, both the organisational level and at the individual level, and that in changing in their areas, each of their functional areas, they had to look at the second lever. They had to make sure that people understood what was being asked of them and that they were taking people with them.

10

MR CONDE: I see. In around June 2023, were you surprised that The Ethics Centre had identified these five shadow values?

15

DR LAGAN: No. They had been identified when I first came in on the other reports. No. No.

MR CONDE: From a cultural point of view, what do you do to try to address an issue of shadow values that have been hanging around?

20

DR LAGAN: So, first of all, you identify the gap. So the organisation has a set of stated values, and then you do a cultural diagnostic and you find out that, actually, these are the values that are shaping how people behave. So then you develop an action plan to close that gap, and that action plan will include surfacing all the mindsets. Challenging people who believe that profit matters first. So what do we have to do to change that mindset?

25

Challenging just get it done. What are the reasons why you think that? So they may say it's, "I haven't got role clarity" or they may say, "I haven't got resources". So then you address that. You try and fix that, to remove that barrier. "Stay in your own swim lane" - then you would start to develop awareness of the organisation as a system, how it all hangs together, how everything is interdependent. So at the end of the day, culture is something that emerges from the interdependencies of all those streams. So they have to be integrated, yes.

30

35

MR CONDE: So, for example, in "Stay in your swim lane", if you could increase people's awareness of what's going on in the organisation -

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DR LAGAN: Yes.

MR CONDE: - you would - that that would feed into -

DR LAGAN: Yes, and maybe empower people to make decisions, have conversations around the undiscussables. The undiscussables, for example, in Star is that people are so frightened. They are frightened for their jobs. They don't know what's happening. The undiscussable was there is so much power concentrated in the hands of the CEO and he wasn't information-sharing. The undiscussable is that the

45

change was being led by a communications campaign rather than actually changing behaviour. So it's a very directive form of change.

5 So, for example, the organisation continues to put out policy uplifts and they will put them into library hubs. So they are online so people can access them. But the feedback from the people tells us that people haven't got time to access those library hubs. They are so busy doing several jobs. So that's not working. So you have got to work on that, removing those barriers.

10 **MR CONDE:** You mentioned earlier, Dr Lagan, that to your observation, an "us and them" mentality developed.

DR LAGAN: Yes, yes.

15 **MR CONDE:** Who were the -

DR LAGAN: I picked that up in the focus groups. People were telling stories about how the regulator was totally unreasonable, hated gambling, just wanted to shut us down. I would challenge people and say, "No regulator wants three and a half
20 thousand people to lose their jobs" and, "Look at Crown." But, you see, that internal story was never there. Again I was always asking Robbie, "Will you please bring the outside world in? Will you tell them how Crown is doing and how Crown has survived and they too will survive this?"

25 So it was very unfortunate. They could - so it's a very closed culture. People don't understand what's happening outside it. That this accountability for customer care is being asked from the banks, from the telecommunication industry, from insurance companies. That it's not something that is just the casino industries being asked to step up to; it's a universal demand now that customers are protected.

30

MR CONDE: And to your observation, was Mr Weeks and his team regarded as the "us" or the "them"?

DR LAGAN: They were the them, yes. They were the them, yes. Which was so
35 unfortunate. Because although I joined Nick's team later, Nick was always at pains to say, "This organisation is going through such hard change. Do everything gently. Try and tell them what they don't know, show them best practice." So we were taking an approach of being cooperative - at least I thought that. Being cooperative. And not just saying, "You have got to do this" but, "Here is what it looks like."

40

MR CONDE: And just when you mentioned earlier that Mr - to your observation, Mr Weeks and his team was regarded as the "them" -

DR LAGAN: Yes.

45

MR CONDE: - what makes you say that?

DR LAGAN: So I was part of the "them" then too. So nothing would be shared voluntarily with us. I would have to always follow up and ask for things. Can I have a copy of the GLT meeting - the notes that were taken from it? Can I see the Peakon surveys? Can I see the questions behind them? So there wasn't that spontaneous sharing of progression.

MR CONDE: And is that part of - I think you used the expression before "closed culture".

DR LAGAN: Yes, it's closed culture, yes. And - yes.

MR CONDE: Sorry, Dr Lagan, you continue.

DR LAGAN: It's a closed culture and I think a fear culture. Because that story is not there, that the regulator wants you to get your licence back. We want to make sure people have a job. We are - you know, the Special Manager's team is there to help you get to that remediation point. That story was never told to the people.

MR CONDE: And I will ask you later about more general comparisons with Crown but - your time at Crown, but on this specific issue of things being shared voluntarily or not, how did that compare with your experience at Crown?

DR LAGAN: It was very different. With Crown, we walked alongside them in every detail, so we knew what was happening. As I said, we would do regular pulse checks. We would go in and we would see how policies were landing. And if we thought they weren't landing properly, that people didn't understand them, then they would recalibrate. So we were working in tandem cooperatively to get to the standard that the regulator wanted.

MR CONDE: Still roughly in the second half of 2023, were you seeing evidence to suggest a mindset at Star of needing to transform?

DR LAGAN: No, no. So, in the second half of '23, there were lots of consultants being employed by Star to produce the cultural change remediation plan, to design that state of the plan. And so it was - it was sort of outsourced, that capability was outsourced to consultants. And at all the meetings that I attended I would say, "Where is the internal expertise? Who have you consulted with?" So I was still focusing on, "Are you building the internal capacity to be self-sustaining?" Because once those consultants walk away, then you are left with the same staff again.

MR CONDE: Yes. Dr Lagan, are you aware of what's been described as the TICO fraud event?

DR LAGAN: Yes, I am.

MR CONDE: And I wanted to ask you about one part of it, because there is a cultural element. If STA.8000.0013.0001 could be brought up, please. Has an Investigations Report come up for you, Dr Lagan?

DR LAGAN: Yes, it has.

5 **MR CONDE:** If we can go to page 0005. There should, in the third paragraph, be a summary of this issue. Do you see that it says -

DR LAGAN: Yes, I do, yes.

10 **MR CONDE:** And I might just ask you to read that to familiarise yourself with the event.

DR LAGAN: Yes.

15 **MR CONDE:** On the question of failures that prevented this from being identified and mitigated, if we can go, please, to page 0010, please. Do you see the first paragraph underneath the bullet points begins "The combination"?

DR LAGAN: Yes.

20 **MR CONDE:**

"The combination of multiple indicators being overlooked, or perhaps ignored, and a lack of ownership to review and take control of the anomaly demonstrates a culture of complacency and a disconnect between staff of varying levels within The Cage."

25

And:

30 "Additionally, the less than comprehensive processes in place to ensure sufficient training, availability of reference material and ongoing support and guidance is readily available to Cashiers, of all levels has contributed to this issue not being detected earlier."

Do you see that?

35 **DR LAGAN:** Yes, I do.

MR CONDE: What, if any, comment do you have to those paragraphs in particular to the reference there of the "culture of complacency"?

40 **DR LAGAN:** I'm trying to think is that fair? Because for most people, they come to work to do a good job. That's the natural thing. And if the organisation doesn't train them properly and provide the resources and gives them too much work so they don't have time, then workarounds develop. So I don't know if I would say "complacency", but I would say there was a lack of accountability. That's the way I would have
45 described it. So a culture of low accountability. Yes.

The complacency - I mean, Star's a complex organisation, because most people have been there for 20, 25 years. They are very loyal to the organisation. They look at its

past history and they say - this is what they say in focus groups, "We were always doing the best we could. It was the leaders that were doing things that they weren't supposed to do." So this is an organisation that - I mean, these people really are loyal to the organisation, and they are probably not skilled in the positions that they have
5 been put in. That's what I would say, yes.

MR CONDE: And I think you used the word "workaround" a moment ago.

DR LAGAN: Yes, workaround, yes. That is what happens when you are time
10 pressured or resource pressured or you haven't got role clarity. You find a way to do it, you know, it's - supposed to just do it. You just find a way to do it.

MR CONDE: Yes. And does that - I think I took you earlier to the shadow value
15 "Just get it done".

DR LAGAN: Yes, yes. That would be it. And -

MR CONDE: And - sorry, Dr Lagan.

DR LAGAN: One would think, you know, that this would have been audited on a
20 regular basis by the internal audit and it would have been picked up. So the systems aren't there either to support the people. It's that two-way feedback again. It's - the policies by themselves really just signal intent. It's what people do that drives action. So you have got to have them engaged and understanding what it is they are meant to
25 be doing.

MR CONDE: If I can show you a document on a different topic.
MGR.0001.0001.7341. There is just a delay with that coming up.

DR LAGAN: That's okay.

MR CONDE: I will read it out again. It is MGR.0001.0001.7341. Mr Bell, I'm told
it is in the Hearing Book. I can come back to that.

MR BELL SC: Thank you.

MR CONDE: Dr Lagan, are you aware of what's been called Operation Falskur
which relates to guest support - sorry, the document has now come up. Do you see
40 about halfway down the page there is an email from Terri Hamilton dated 3
November 2023 at 1.40 pm which says:

"Disappointing participation rate for the SG survey below."

DR LAGAN: Yes.
45

MR CONDE: Then your reply is above. Do you see that?

DR LAGAN: Yes.

MR CONDE: If we go to what is being referred to at page 7342, please. And if we can enlarge the table, please, in particular the one at the top. You were referring to participation rates earlier, Dr Lagan.

5

DR LAGAN: Yes.

MR CONDE: Can you see the table which has different figures -

10 **DR LAGAN:** Yes.

MR CONDE: - with "Latest" highlighted?

15

DR LAGAN: Yes.

MR CONDE: Can I just ask you what, if any, comment you have on those?

20

DR LAGAN: Sorry, Mr Conde, are these related to the survey or to - to what are these related? In what context?

MR CONDE: It says "Participation" but perhaps if we can bring 7341 up again, please, for Dr Lagan.

25

DR LAGAN: Okay, thank you. Yes, I see. So it's related to this, yes.

MR CONDE: And Terri Hamilton's email says, "Disappointing participation". It is the column highlighted in yellow.

30

DR LAGAN: Yes, I see.

MR CONDE: So if we can go back to that table, please.

MR BELL SC: Just before we do, what is this, Mr Conde?

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MR CONDE: An email -

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DR LAGAN: This was, I think, a special Peakon survey that focused on the safer gaming area. So, previously, Peakon reports did not have any questions around safer gaming, which was one of the other things that wasn't being measured. So we tried to get a baseline on where they were starting from.

MR BELL SC: So this is a special Peakon survey on safer gaming.

45

DR LAGAN: Yes.

MR BELL SC: Not their normal monthly survey.

DR LAGAN: That's right, not the normal one. Yes.

MR BELL SC: I understand. Thanks Mr Conde.

5 **MR CONDE:** And if we could show Dr Lagan, please, page 7342 and the table that we were looking at a moment ago. Yes, do you see that, Dr Lagan?

DR LAGAN: Yes, I do, thank you. Yes.

10 **MR CONDE:** Do you have any comment on that?

DR LAGAN: Well, the latest, the low participation rates. So that was my experience, that people were over-surveyed and they were frustrated that when they did participate in the surveys, their feedback wasn't acted on. So getting a low participation rate in a survey would be what I would expect. However, I would also like to say that the surveys have to be read very quickly - very carefully. Because the questions being asked don't always speak to the culture.

15 So, for example, the question might be, "Are you aware of the speak up line?" Whereas the culture might be, "Do you feel safe to use the speak up line." So you have to look at both the questions that are being asked and also the results at the same time.

20 **MR CONDE:** Right. I mentioned earlier about Operation Falskur relating to Guest Support Officers. Are you aware of that?

25 **DR LAGAN:** Yes, vaguely. I didn't participate in it, but I have heard of it, yes.

MR CONDE: So if I summarise it as an issue of Guest Support Officers putting in false entries to Star's system to suggest that a patron had been checked on after three hours of continuous play when they, in fact, hadn't, is that a summary you are happy to take?

DR LAGAN: Yes.

35 **MR CONDE:** Do you have any comments on that from a culture perspective?

DR LAGAN: I actually flagged this issue to, I think, the Special Manager. The November Peakon, this survey for the safer gaming area, when you looked at the free texts - so there is the standard questions that they form the statistics on and then there is free text. People can say whatever issues they have. And a consistent thing coming out of that survey was that they didn't have confidence in those - those Safer Gaming officers.

40 That they felt they weren't supportive of the Star staff and they felt that they were also rude to the patrons. So when I discovered what was happening, I wasn't surprised. Because that was the feedback in that survey. Had someone acted upon it earlier in November, we might have found out about that earlier.

MR CONDE: There are some February 2024 Peakon survey results. I think this is an Excel file, so I - I will read it out. It's STA.8000.0042.0107. Has a -

DR LAGAN: Yes, it has.

5

MR CONDE: - file come up for you? And so this is the sort of format in which these survey results come to you.

DR LAGAN: Yes, it is.

10

MR CONDE: And you work through reading it all; is that correct?

DR LAGAN: Sorry, what was that?

15

MR CONDE: And you worked through reading it all?

DR LAGAN: No, I had nothing to do with the survey. By that stage, I was hands off. I wasn't participating, yes.

20

MR CONDE: I'm sorry. For earlier survey results, it would come in in an Excel file and you would read it.

DR LAGAN: Yes, exactly like this. Yes.

25

MR CONDE: But you don't have any awareness of this February one?

DR LAGAN: No.

MR CONDE: What about the Peakon heat map. Do you know what that is?

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DR LAGAN: Yes, I have no confidence in it. Yes. Again, because of the nature of the questions. I don't think it is a well-designed survey. It is a survey more around engagement rather than cultural - the things that shape culture, which are leaders' behaviour and employee awareness of change.

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MR CONDE: I will just ask that INQ.5001.0003.0001 be brought up. While that is coming up, Dr Lagan, what is your understanding of the Peakon heat map?

40

DR LAGAN: I think that heat map is about employee engagement, if I remember right. Employee engagement with the organisation. This is again just the frontline. So in Star there are two cultures. There is the corporate office, and then there is the frontline, which is the properties. And this Peakon survey was more to do with the properties, the frontline staff.

45

MR CONDE: Yes. Is this a form of document with which you are familiar?

DR LAGAN: No, I have never seen it.

MR CONDE: That can come down then, thank you. Dr Lagan, in general terms, I mean, since you started your work with Star in January 2023, what has been the journey of culture at Star, to your observation?

5 **DR LAGAN:** So, it was a very slow start. So, despite having commissioned four or five surveys, they were not acted upon. And despite the work that I was doing, too, to highlight the gap between what the survey was showing and the organisation was doing, that wasn't acted upon. So nothing got moving until about July, when they brought in Deloitte to basically design it, the new values and aspirational culture.

10 So they identified a set of values and a set of behaviours that Star would need to move to if they were to develop a new culture. And then - so from - and from that time then, from July to today, the corporate office staff have been very focused on policy uplifts and systems uplifts and they have brought some new subject matter
15 experts into the Risk area, the Money Laundering area. So in the areas - the safer gaming area - where they have brought in new people, I can see changes happening. It is becoming a much more professional organisation.

In the areas of People and Culture, unfortunately, they still don't have an
20 organisational development person or expertise there. They are relying on external consultants like Deloitte and PwC, and the policies are just being pushed down to the frontline and then they are being told - they use a self-service model. They have been told, "Log into this library hub" or, "Log in to this policy". So the training is not there. So change hasn't really happened at the individual level. It's still - we are still
25 just working with one side of the coin, which is policy uplifts. We haven't actually brought people on the journey.

And, in fact, we have probably pushed them back further because now they have a
30 second inquiry. These people were always trying to do the best job they could given the circumstances they have; it's just they never had the right leadership in place.

MR CONDE: You mentioned, Dr Lagan, that there were areas where there were new people and there was change.

35 **DR LAGAN:** Yes, yes.

MR CONDE: Are there particular people that you had in mind with that comment?

40 **DR LAGAN:** Yes, Scott Saunders, I think, does a very good job. He sets a good example. His whole area, he has brought in a really good team. Tim Banning in the Learning and Development area, he is starting to build that up with the appropriate subject matter expert. It is again from the banks that I have been recommending from way back in February last year, bring in people who have done it before and you can leverage off that experience. So those areas, those functional areas. But those were
45 functional areas.

There is a couple - there is two good change agents now working in the cultural area, but they are not high enough. They are sort of middle management level. They are not the leaders.

5 **MR CONDE:** And who are they?

DR LAGAN: One is called Deborah Moriceau, I think, and Mikayla was another one. They seem to have experience of change management, what's needed. So they are now facilitators. They facilitated that workshop at the properties to see how the properties were experiencing the corporate policies, and they also facilitated the GLT workshop in November.

MR CONDE: What is your assessment of Star's current progress towards cultural remediation and transformation?

15 **DR LAGAN:** Okay. So on the culture remediation and transformation, I think it's uplifted its policies like the Code of Conduct. It's tried to align its performance management system to the new values and behaviours with the help of Deloitte. So in terms of policies and systems, there has been change and improvement, but in terms of taking the people with them, it's - it hasn't started.

MR CONDE: And just to - is it correct that complying with a remediation plan does not necessarily mean transformation?

25 **DR LAGAN:** Correct, yes, yes.

MR CONDE: It might help though, of course.

DR LAGAN: Of course it will help. But the danger is - so at the moment the organisation has all these external consultants developing the policies and remediation plans, but if you don't change the mindsets of the people, what happens when those consultants walk away is that it can slip back. You can have a snapback to the way it was before. And in the focus groups that we did in February, we were getting some inclination that people were thinking, "Remediation is something we have got to get through, and once we've got through it we can go back to the way it was."

They will never go back to the way it was because the world has changed. So they needed to be told that story. Close the door on the past. We are building a new organisation. That story isn't there.

MR CONDE: One of the things Mr Weeks had flagged in October 2023 was what he called a "material execution risk" for implementing Star's remediation plan.

45 **DR LAGAN:** Yes.

MR CONDE: Did you consider that there is a material execution risk?

DR LAGAN: Yes. I think the internal capability is not there. My major concern which we haven't discussed is that it's often the middle managers that actually shape culture, and those people haven't been included in any way substantially. I mean they have started to be included because I'm always flagging, "You have got to include
5 people" but, you know, when I go back to what we did at Crown, we focused on the middle managers, and they had a lot of training on what it meant to lead a team.

A lot of training on surfacing their mindsets, about what mattered, what the priorities were: Was it the bottom line or was it a paradigm shift into safer gaming? And, yes,
10 you have to accept that you will probably lose, you know, on the bottom line, but what you will be losing are the addicted players. You can still be a profitable business even with time limits and safer gaming.

That discussion hasn't taken place yet. So people have a lot of fear. And we're not
15 discussing that fear. Because the fear is that because of the time limits and because so many patrons have been excluded, the business is no longer viable. I think that discussion hasn't been had yet.

MR CONDE: When you say "the capability isn't there", are you -
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DR LAGAN: So that's the organisational change capabilities, cultural capabilities, yes. Team leadership capabilities. Anything to do with people and leading people.

MR CONDE: Does it bear on your analysis that Star is in the present position of
25 lacking a permanent CEO, a new - they need a new CFO, new Chief Legal Officer, new Transformation Officer, new Chief Customer and Product Officer?

DR LAGAN: I think they are great opportunities to actually bring in the right
30 experience now. It wasn't brought in before. And they do have a CEO in Sydney, at the Sydney property. They have a CEO in Brisbane, up in Brisbane, and they have a CEO on the Gold Coast. So if we just got the right person as the top CEO, we could bring about change in six months. Someone like Steve McCann at Crown, he covered tremendous ground in six months.

MR CONDE: I said before I would ask you to compare your experience with
35 Crown. How would you compare your experiences of the approach to the remediation and transformation at Crown Resorts with that at Star?

DR LAGAN: So, at Crown Resorts, the Kroll monitorship team were welcomed into
40 every meeting, into every CEO office. We were allowed to interview the staff, report back. It was a very cooperative relationship. They recognised the rights of the monitor, and they recognised the rights of the regulator to have a say in how the organisation and the business was run.

45 In Star, I get the impression, both at the board level and from the CEO, Mr Cooke, that they didn't recognise the rights of the regulator, that they were operating in a regulated environment, which is very different from a free market environment. You

know, this was a regulated environment, and so they didn't recognise its rights, and so there was, I felt, resentment sometimes at the directions that we were giving.

5 **MR CONDE:** To your observation, was there a difference in terms of financial resources being -

10 **DR LAGAN:** Definitely. Definitely. So Crown, especially after the Blackstone takeover, had a lot of money and could throw a lot of money at bringing in the appropriate subject matter experts. But to counteract that, I recognise that Star didn't have the same resources. So I had suggested a strategy, a cultural change strategy, about harnessing the key people within the organisation that people already trusted. It is called the key influencers.

15 So you set up a team of change agents based on people already in the business that people trusted, and you use - you co-design with them change policies that can be implemented that people will actually engage with. So that was the strategy that was a low-cost strategy that could have been implemented. I think - so I suggested in about February, and in November it started - they started to put that together, but not in the way best practice would say that you put it together.

20 So that the key influence weren't sitting down with the GLT and co-designing policies so that they were fit-for-purpose. Policies were still coming out of corporate office with not much consultation and then they were sort of being run past the influencers just at a very high level, yes. There are always more than one way to actually get the achievement that you want in cultural change. That would have been a good strategy, had it been executed effectively.

25 **MR CONDE:** I think you said earlier, Dr Lagan, that there hasn't really been a taking of people with them, if I can use that language.

30 **DR LAGAN:** No. So in an organisational transformation, you have to really have an internal narrative that explains to people why the change is necessary, and then that motivates people to step up to re-examining their mindsets and re-examining their behaviour patterns. Painting a picture of what's possible, so what's that vision that people can move towards? That has not happened, yes.

MR CONDE: And so who is responsible, in your view, for setting that internal narrative?

40 **DR LAGAN:** The CEO. The CEO and the board. The board appoints the CEO so both of them.

MR CONDE: So to the extent that an internal narrative has not been set, would you regard that as a failure of the CEO and the board?

45 **DR LAGAN:** I would, yes. There is an internal narrative that they have developed but it is very much along the lines of, "This is what's going to happen. This is what we have to do. This is what we want to do." It's not an inclusive message. I have tried

to say you have got to spell out the benefits of change for people to get people to sign on. Those benefits still haven't been spelt out. You have got to remove the barriers. You have got to deal with the fear that people have. That hasn't been dealt with.

5 **MR CONDE:** I had a document up earlier. I will just ask that it be brought up again. INQ.5002.0001.0001, and if we can go - it is just one page - to page 0013. This was the organisational culture and ethics report. You might recall I asked a few questions about. There should be a heading that says Most Important Drivers of Organisational Culture. Then there's:

10

"Tone at the top (priorities/focus, values, behaviour).

Communication (effectiveness/frequency).

15 Employee empowerment and engagement."

All of these matters seem to be very consistent with what you have been saying today, but I just wanted to invite you, if you have any comments.

20 **DR LAGAN:** Yes, I agree. That's exactly - and "Tone at the top" involves engaging the middle managers because they are very important, yes. They are the main levers. The other lever would be removing the existing barriers which are all those mindsets. Yes, I agree. They would be the top three.

25 **MR CONDE:** And, Dr Lagan, do you have any other comments that you wish to make that you feel -

DR LAGAN: I suppose I would just like to reiterate that, for the majority of the employees, they are full of good intent. They are very loyal to the organisation. They will do whatever is necessary to help the organisation. That was a tremendous leverage that could have been exploited to bring the people along on the journey. And it would be sad if there was a reflection that the people - the people at Star were somehow to blame for the situation, because they weren't. They were always full of good intent and did their best - the best that they could in very trying circumstances.

35

MR CONDE: Mr Bell, I don't have any further questions.

MR BELL SC: Dr Lagan, you are aware, I take it, that the manager provided two reports to the NICC about Star, one on 3 October 2023 and one on 24 November 2023. Is that right?

40

DR LAGAN: Yes, I am.

MR BELL SC: And you are aware, are you, that they were provided by the NICC to Star Entertainment on or about 29 November 2023?

45

DR LAGAN: Yes, I am.

MR BELL SC: Is it the case that, after that time, it was put to you that there was a complaint about you and about creating a psychologically unsafe environment or something to that effect?

5 **DR LAGAN:** Yes, I had that.

MR BELL SC: I would like to have your comments on that, please.

10 **DR LAGAN:** So, as I've tried to say, my focus has always been on how change is being experienced by the employees, and often when I would go to the remediation committee meetings, the staff - the people would present to me, "This is the plan going forward" and I would say - and I would ask, "Have you consulted - who have you consulted with and have you removed the existing barriers? Because this design is not going to work unless you actually do that." And that was never really
15 appreciated, I have to say.

So it was nothing personal with anyone but that was best practice. And so often I would not accept the design because the adequate consultation was not there.

20 **MR BELL SC:** Right. Now, you are aware that Star Entertainment, by Mr Foster and Mr Cooke, provided a response to the NICC in, I think, January 2024?

DR LAGAN: Yes, I am, yes.

25 **MR BELL SC:** And in that response Mr Foster and Mr Cooke made reference to a report that Elizabeth Arzadon had made to the Victoria Royal Commission. I take it you are aware of Ms Arzadon's report?

DR LAGAN: Yes.

30 **MR BELL SC:** And in that report she was asked this question:

"How long does it take to effect cultural change?"

35 And she said:

"For immediate change in the cause of problem behaviour, less than six months. For embedding a culture that is self-sustaining, three to five years."

40 Now, in the Star's response to the manager's reports - and I'm paraphrasing -

DR LAGAN: Yes.

45 **MR BELL SC:** - they said to the effect, "You haven't given us enough time. Ms Arzadon said it takes three to five years".

DR LAGAN: Yes.

MR BELL SC: What's your comment on that?

DR LAGAN: I think they were cherry-picking. They didn't actually disclose that the first six months are critical in getting that burning platform, in getting
5 people - everyone engaged and on the train and heading in the same direction. So I agree with Elizabeth's observations. Yes, it will take three to five years to actually embed that, but the first six months are critical.

MR BELL SC: And you were involved at Crown Melbourne, as well as the other
10 properties that Crown have.

DR LAGAN: Yes.

MR BELL SC: And you are aware, I'm sure, that the Victorian Royal Commission
15 said that it had to return to suitability within two years?

DR LAGAN: Yes.

MR BELL SC: That the Special Manager provided a final report at the end of 2023,
20 and recently last month, the Victorian regulator concluded that the organisation was suitable but that there was, nevertheless, a need to continue to monitor the way that they embedded certain behaviours. Do you have any comment on that?

DR LAGAN: Yes, I would agree with that. The difference with Crown - Crown has
25 built internal capacity. It now has a competency culture at the leadership level and that is critical to be self-correcting. So, yes, as long as you have a monitor there ensuring that it continues, they are able to self-correct. That internal competency has not been built within Star yet.

MR BELL SC: Yes. Now, a little earlier in your evidence you said - these are my
30 notes, anyway - that a:

"Troubled culture lacks the tone at the top."

MR BELL SC: And then at a later point you said there were effectively two cultures at Star, the
35 corporate office and the frontline properties. Would you say that the culture of the corporate office is a troubled culture?

DR LAGAN: Yes, very troubled. So, a corporate office - a corporate office culture,
40 they make the policies and the business decisions and then they impose them on the properties, and there is a lot of new people now in the corporate office. At the properties, there is - they talk about The Star family. And it is a family culture because these people have been working together for 20 years. Often they are married to each other, and they operate on strong loyalties to each other and the
45 organisation.

So they get a lot of their self - a lot of their satisfaction from the jobs they do because of the communities in which they are situated in those properties. They are a

community. In corporate office, it is more political. It's a fight for resources. It's a fight for attention. It's a very different scene.

5 **MR BELL SC:** Yes, thank you Dr Lagan. Mr Walker, do you have any questions? I'm sorry, I think you are on mute, Mr Walker. I think the problem might be solved now. Mr Walker, do you have any questions?

<EXAMINATION BY MR WALKER SC

10 **MR WALKER SC:** Yes, I do. Thank you for solving the problem.

The Organisational Development Officer, of whose absence you have spoken a lot, is that something that you would envisage being part of what is called the GLT?

15 **DR LAGAN:** Yes. It would be a member, yes.

20 **MR WALKER SC:** And in terms of the shared intelligence and appreciation of all the different functions at the GLT level, are there existing positions in the GLT with whom that Organisational Development Officer you would envisage should have a special or more frequent or deeper relationship?

DR LAGAN: Probably with the CEO and with the Risk Officer. Because although culture is the main backdrop, risk culture would be a subset of the major culture.

25 **MR WALKER SC:** And what about the - one would hope in a perfect world temporary remediation committee? Is that a group or an activity in which the Organisational Development Officer would be an important member?

30 **DR LAGAN:** Yes. Yes.

MR WALKER SC: A member or a report?

DR LAGAN: They would be overseeing it. They would have carriage of that, yes.

35 **MR WALKER SC:** So that committee would be reporting, in effect, to that -

DR LAGAN: That's right. Yes.

40 **MR WALKER SC:** So that would be a new functional layer of the corporation being able continuously to recalibrate. Is that right?

45 **DR LAGAN:** Yes, yes. Usually the P&P would report into the organisational development person. So People and Performance is more of a HR function, and that usually is a subset of the organisational development portfolio.

MR WALKER SC: You used recently the expression - and I think you mentioned it several times earlier - of your views as to deficient internal competency, in particular

so as to permit the self-correction that you think is a necessary attribute of a sustaining change.

DR LAGAN: Yes.

5

MR WALKER SC: Should Mr Bell understand that the Organisational Development Officer is, in your view, a critical and an important part of acquiring such internal competency?

10 **DR LAGAN:** An Organisational Development Officer would ensure that there is an effective two-way communication system so that the organisation was learning very early on where it was going wrong, what wasn't working. So they would be developing that channel. That channel is not there in Star at the moment, yes.

15 **MR WALKER SC:** Now, you have used frequently the expression "barriers" -

DR LAGAN: Yes.

20 **MR WALKER SC:** - as one of the phenomena that you have observed. Could you, as briefly as is sensible, describe to Mr Bell, with respect to Star, what the barriers are?

25 **DR LAGAN:** Okay. So if I could just also flag that Star itself did a report in November identifying nine barriers. So the barriers are lack of role clarity, poor organisational structure, poor tone from the top, often -

MR WALKER SC: It is not meant to be a memory test, I'm sorry, but it is those nine that have been identified.

30 **DR LAGAN:** Yes, they have been, yes.

MR WALKER SC: And are you in a position, from what you have observed and thought about, to make any commentary on the state of affairs with respect to any of them now?

35

DR LAGAN: Well, they could all be removed. They have to be removed to enable an effective remediation or an effective transformation. They are the barriers to change. So uplifting policies and systems isn't going to get Star where it needs to be in terms of remediation. They have actually got to remove these barriers also.

40

MR WALKER SC: And are you able to comment on whether there has been any steps, useful steps, in your view, towards addressing that?

45 **DR LAGAN:** In some of the functional areas. So, for example, the L&D person, the new Learning and Development person who started in November '23, he has designed a new program to raise awareness of what risk looks like for all staff. So that will be an enterprise-wide training program. That's a start. In the Risk areas, there has been quite a lot of training helping people understand what are risk

accountabilities, what are the red flags. So it is skilling people, giving people the skills they need.

5 If people are going to be held accountable, they have to be trained to have the skills to be able to step up to accountability. So one of the new values, for example, in Star is "own it". You can only own it if you actually understand what's being expected of you and you have been trained to actually be able to deliver what your role accountabilities are.

10 **MR WALKER SC:** And have you observed any steps towards improving that position?

DR LAGAN: In the functional areas, yes. Not so much in the cultural area.

15 **MR BELL SC:** Mr Walker, I don't mean to cut you off at all, but if you are going to be much longer I might take the morning adjournment.

MR WALKER SC: That would be convenient, Mr Bell.

20 **MR BELL SC:** Yes. In those circumstance, I will return at five to 12, 11.55. Thank you.

MR WALKER SC: Thank you.

25 **<THE HEARING ADJOURNED AT 11.38 AM**

<THE HEARING RESUMED AT 11.56 AM

MR BELL SC: Yes, Mr Walker.

30

MR WALKER SC: I have no further questions. Thank you.

MR BELL SC: Dr Renwick, do you seek leave to ask any questions?

35 **DR RENWICK SC:** No, thank you, Commissioner.

MR BELL SC: Dr Lagan, thank you very much for attending today and thank you very much for your evidence. It is unlikely we will need to ask you to come back, but the formal order I will make is your examination is adjourned. If, in the unlikely event you are required again, the solicitors assisting me will be in touch with you.

40

DR LAGAN: Thank you, Mr Bell.

<THE WITNESS WAS RELEASED

45

MR BELL SC: Mr Conde, who is the next witness.

MR CONDE: First of all, Mr Bell, I need to tender Part C of the Hearing Book. And then the next witness is Mr Wagemans. And, again, I think before each witness we need to have a short adjournment.

5 **MR BELL SC:** Yes. I accept the tender for Part C. I will now adjourn for a short period until Mr Wagemans is ready to proceed.

<THE HEARING ADJOURNED AT 11.57 AM

10 **<THE HEARING RESUMED AT 12.05 PM**

MR BELL SC: Yes, Mr Conde.

MR CONDE: I call the next witness, Mr Wagemans.

15

MR BELL SC: Yes. Mr Wagemans, can you hear me?

MR WAGEMANS: Yes, I can, Mr Conde.

20 **MR BELL SC:** Do you have a legal representative here today.

MR WAGEMANS: Yes, I have.

MR BELL SC: Is that you, Mr Stevens?

25

MR STEVENS: Yes, it is.

MR BELL SC: Yes, thank you. Mr Wagemans, would you prefer to take an oath or an affirmation?

30

MR WAGEMANS: I will take an oath, thank you.

<RONALD WAGEMANS, SWORN

35 **MR BELL SC:** Yes, Mr Conde.

<EXAMINATION BY MR CONDE

MR CONDE: Mr Wagemans, can you hear me?

40

MR WAGEMANS: Yes, loud and clear.

MR CONDE: May I ask you, please, to state your full name, please.

45 **MR WAGEMANS:** My name is Ronald Wagemans.

MR CONDE: Are you aware that your address has been made known on your behalf to the solicitors assisting Mr Bell's inquiry?

MR WAGEMANS: Yes, it is.

5 **MR CONDE:** Is it correct that you are the Patron Liaison Manager for The Star, Sydney?

MR WAGEMANS: Correct.

10 **MR CONDE:** And what are your duties in that role?

MR WAGEMANS: Basically, my duties as a Patron Liaison Manager is to maintain and be responsible for the Safer Gambling program at The Star.

15 **MR CONDE:** Is it correct that you report to the Group Manager Responsible Gambling?

MR WAGEMANS: Correct.

20 **MR CONDE:** And was that previously a man named Junior Toleafoa?

MR WAGEMANS: That's correct.

MR CONDE: And since this year, is that now Anerike Bothma?

25 **MR WAGEMANS:** That's correct.

MR CONDE: And since - when was there that change?

30 **MR WAGEMANS:** It would have been in the beginning of this year, around January.

MR CONDE: Right. Is it correct that you have - do you have a number of direct reports?

35 **MR WAGEMANS:** Yes, I do.

MR CONDE: And do they comprise Guest Support Managers and Guest Support Officers?

40 **MR WAGEMANS:** Yes, that's correct.

MR CONDE: If I can bring up STA.8000.0029.2862 and we go to page 2867. Has a slide come up, Mr Wagemans, that says Group Risk Responsible Gambling?

45 **MR WAGEMANS:** Yes, it is. It's a little small to see, but yes, it has come up.

MR CONDE: I see. If we could enlarge the page, please. While that is happening, you can take it from me that this document is from - I believe it is August 2023. So

can you see at the top it says "Group Manager Responsible Gambling" and Mr Toleafoa's name is there. So since January or thereabouts of this year, that should now be Anerike Bothma.

5 **MR WAGEMANS:** Correct.

MR CONDE: Do you see for TSS, you are then listed as Patron Liaison Manager?

MR WAGEMANS: Right.

10

MR CONDE: And as you said early, there are Guest Support Managers and Guest Support Officers reporting into you.

MR WAGEMANS: Correct.

15

MR CONDE: Now, I appreciate the names of those Guest Support Managers and Officers might have changed but approximately how many of those do you have reporting to you now?

20 **MR WAGEMANS:** Currently - well, they are no longer reporting to me any longer because I have resigned.

MR CONDE: I see.

25 **MR WAGEMANS:** But before my resignation, yes, I had 17 Guest Support Officers and 11 Guest Support Managers reporting to me.

MR CONDE: When did you resign, Mr Wagemans?

30 **MR WAGEMANS:** I resigned on Monday.

MR CONDE: I see. So just to be precise, 15 April 2024?

MR WAGEMANS: Correct.

35

MR CONDE: And do you know who is fulfilling the role of Patron Liaison Manager at the moment?

MR WAGEMANS: I'm not aware.

40

MR CONDE: I see. I'm Mr Wagemans, so if I -

MR BELL SC: Just while Mr Conde is waiting, Mr Wagemans, is there some way you can increase the volume of what you're saying? I'm finding it a little bit hard to hear you.

45

MR WAGEMANS: Right.

MR CONDE: I see. I was just checking your answer, Mr Wagemans. So before -

MR BELL SC: Just a moment, Mr Conde. Can I hear you a little bit more clearly if I increase the volume or something?

5

MR WAGEMANS: Yes, I'm trying my best here. Let me have a look.

MR BELL SC: Just try and speak up, then, if you can, in your answers.

10 **MR WAGEMANS:** Okay. Is that better, Mr Bell?

MR BELL SC: Yes. I'm sure we will manage. If you could just speak up with your answers. Yes, Mr Conde.

15 **MR CONDE:** I'm sorry. So, just to confirm Mr Wagemans, before your resignation on 15 April, you had 17 Guest Support Officers and 11 Guest Support Managers reporting to you. Is that correct?

20 **MR WAGEMANS:** That was at the date when I was appointed to Junior Toleafoa, correct.

MR CONDE: I'm sorry, earlier this week or before your resignation on Monday -

25 **MR WAGEMANS:** Yes.

MR CONDE: - do you know how many Guest Support Officers and managers reported to you at that time?

30 **MR WAGEMANS:** Yes, that would be 11 Guest Support Managers and it would have been - I believe it's seven Guest Support Officers.

MR CONDE: Seven.

35 **MR WAGEMANS:** Yes, but they were - we were recruiting a lot of people so people were coming and going, to be honest.

MR CONDE: I see. When you were in your role as Patron Liaison Manager, I take it you were aware of ICM13 titled Responsible Gambling and Exclusions?

40 **MR WAGEMANS:** Yes, I am.

MR CONDE: If I could bring up STA.8105.0002.0608. If we can then go, please, to page 0678. That should be within ICM13. Yes. Do you see on this page, Mr Wagemans, there is a heading ICM13 up the top?

45

MR WAGEMANS: Yes, I can see it.

MR CONDE: And are you aware - I'm not wanting it to be a memory test. If I can ask you to look at paragraph 12.

MR WAGEMANS: Yes.

5

MR CONDE: Are you aware that one of the requirements under ICM13 concerns interventions or interactions with customers who gamble for continuous periods of time?

10 **MR WAGEMANS:** Correct.

MR CONDE: And do the amounts of time in paragraph 12 accord with your recollection?

15 **MR WAGEMANS:** Yes, that's the ICM we are working under. Correct.

MR CONDE: Yes. If I can - I'm sorry, the intervention - there must be an intervention at three hours. Is that correct?

20 **MR WAGEMANS:** Interaction at three hours, yes.

MR CONDE: An interaction, quite. If I can now take you to a document - a different document, STA.8100.0052.5239.

25 **MR BELL SC:** Operator, can we please move into private hearing mode for a moment, please.

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 12.15 PM

30 **<THE HEARING IN PUBLIC SESSION RESUMED AT 12.17 PM**

MR BELL SC: Yes, Mr Conde.

35 **MR CONDE:** Mr Wagemans, do you still have up on your screen a page from ICM13 with paragraph 12?

MR WAGEMANS: Yes, I have. A little bit small to see but it's there, yes.

40 **MR CONDE:** If we can enlarge paragraph 12, please, for Mr Wagemans. Do you see, Mr Wagemans, there is a requirement not to allow a customer to play on a gaming machine for more than 3 hours without a 15-minute break?

MR WAGEMANS: Yes.

45 **MR CONDE:** And does that accord with your recollection of the relevant requirement that would be imposed by you and your team?

MR WAGEMANS: That's correct.

MR CONDE: If I could also ask you to look at (b), not to:

5 ".. allow a customer play a gaming machine or ETG for more than 3 ... hours without
interacting with the customer to determine whether ..."

Intervention was required?

10 **MR WAGEMANS:** Yes.

MR CONDE: Again, does that accord with your recollection?

MR WAGEMANS: Absolutely.

15 **MR BELL SC:** Mr Wagemans, is an ETG an electronic table game?

MR WAGEMANS: Yes, it is, Mr Bell.

20 **MR BELL SC:** Thank you.

MR CONDE: Likewise, the next paragraph, do you see the requirement:

25 "The Casino Operator must ... not allow a customer to play a Table Game for more
than 6 ... hours without interacting ..."

As provided for there? Does that accord with your recollection of the requirement for
you and your team at that time.

30 **MR WAGEMANS:** Yes, it does.

MR CONDE: And there is also a requirement not to allow a customer to gamble for
more than 12 hours in any 24-hour period and, indeed, to remove them as soon as
they have gambled at the casino for 12 hours in any 24-hour period. Again, does that
35 accord with your recollection of the rules that you and your team would be
enforcing?

MR WAGEMANS: Yes, it does.

40 **MR CONDE:** You see, there is also a requirement to prevent anyone from
re-entering for 24 hours after they have been removed for gambling for more than 12
hours, and then not allowing a customer to gamble for more than 48 hours in a week.
And then there are some removal and prevention requirements in (h) and (i). Does all
of that accord with your recollection of the limitations that you and your team would
be enforcing?

45 **MR WAGEMANS:** Correct.

MR CONDE: And if we can now go, please, to STA.8100.0052.4239 at page 4241. Do you see up the top, Mr Wagemans, the document says:

5 "Annexure to approved ICMs for The Star (effective 1 July 2023) - transitional provisions for certain internal controls."

MR WAGEMANS: Yes.

10 **MR CONDE:** And then the relevant control in the second row, there is a provision there for 12(a):

"The Casino Operator must ... not allow a customer to play on a gaming machine for more than 3 continuous hours without taking a 15-minute break."

15 Do you see that?

MR WAGEMANS: Yes.

20 **MR CONDE:** And there is a transition provision to the effect that:

"The control only applies to customers using a player card."

Do you see that?

25 **MR WAGEMANS:** Yes, I can.

MR CONDE: And if I could just ask you to read the rest of that box. It's the second substantive row down and third across.

30 **MR WAGEMANS:** Starting from "1 July"?

MR CONDE: Yes.

35 **MR WAGEMANS:**

"From 1 July ..."

MR CONDE: Sorry, Mr Wagemans, to read to yourself.

40 **MR WAGEMANS:** Sorry. Yes, Mr Conde.

MR CONDE: And do you see the expiry period provided for over on the right of 18 August 2024?

45 **MR WAGEMANS:** Correct.

MR CONDE: So would you agree that since 1 July 2023, for both carded and uncarded guests, The Star has been required to ensure all guests took a 15-minute break after three hours of continuous gaming?

5 **MR WAGEMANS:** That's correct.

MR CONDE: And do you agree that that - I won't take you to it, but are you familiar with the Standard Operating Procedures?

10 **MR WAGEMANS:** Yes, I am.

MR CONDE: And would you agree that that requirement is supported by a Standard Operating Procedure which came in in December 2023?

15 **MR WAGEMANS:** Correct.

MR CONDE: Yes. Just for - in fact, I will bring it up but I won't ask that it be referred to or read from. It is STA.8105.0001.7647. Is it your understanding, Mr Wagemans, that the Standard Operating Procedure details how Star meets its requirements under the ICM13?

MR WAGEMANS: Yes.

MR CONDE: If we can go to page 7651, please. Again, I won't read from it.

25 **MR WAGEMANS:** Can we make it a bit bigger, please, because I can't read it.

MR CONDE: If we can enlarge, please, the column on the right, please, where there is a number 5. If that side of the page could be enlarged, please. Has that been enlarged for you, Mr Wagemans?

30 **MR WAGEMANS:** Yes, it has been. Thank you.

MR CONDE: Have you had an opportunity to read it?

35 **MR WAGEMANS:** I'm getting there. Yes, thank you, Mr Conde.

MR CONDE: Yes. As I said, I won't read from it, but do you agree that the Standard Operating Procedure in general terms identifies some procedures for carded and uncarded guests?

MR WAGEMANS: That's correct.

MR CONDE: If we can now go, please, to page 7663. Thank you. If we can enlarge, please, the first two - sorry, from the top of the page and then the first two rows. Thank you. Again, Mr Wagemans, if I can trouble you to review that.

MR BELL SC: Operator, can you briefly take us back to private hearing mode, please?

<THE HEARING IN PUBLIC SESSION ADJOURNED AT 12.27 PM

5

<THE HEARING IN PUBLIC SESSION RESUMED AT 12.29 PM

MR BELL SC: Yes, Mr Conde.

10 **MR CONDE:** Mr Wagemans, just by way of explanation, these are confidential. That's why I'm not reading them aloud, and obviously I would ask you not to either. But may I ask you, please, to read that enlarged text that's up on the screen for you.

MR BELL SC: To yourself.

15

MR CONDE: Yes.

MR WAGEMANS: Yes, Mr Conde.

20 **MR CONDE:** If we can now enlarge - if that box could be taken away. Yes, if we can go, please, to 7664, there should be - 7663 that were you just looking at, Mr Wagemans, relates to carded play. On 7764, there are some things in relation to uncarded play. If I could ask that the same - the heading and then the first two rows be enlarged for Mr Wagemans, please.

25

MR WAGEMANS: Yes, Mr Conde.

MR CONDE: So having read the particular controls, may I ask if you agree with this high-level summary which will not include any particular times, but would you agree that there are at least the following three steps. First of all, you have an alert being generated at a particular time for the Safer Gambling team. You then have a review by a Guest Support Officer of the relevant report. There needs to be an interaction with the customer at three hours, that they request - that they take a 15-minute break, and then the interaction is recorded in a system called TrackVia.

35

MR WAGEMANS: Correct.

MR CONDE: Do you agree with that as a high-level summary?

40 **MR WAGEMANS:** Absolutely.

MR CONDE: And so the results of all that is that you have the customer engaged with after or at three hours, by three hours, and you have evidence that this interaction has taken place. Would you agree?

45

MR WAGEMANS: Yes, we have.

MR CONDE: And would you agree that one of the very important purposes of requirements of this kind is to protect individuals and families from harm?

MR WAGEMANS: Correct.

5

MR CONDE: If I can now take you - if I can now call up, please, STA.8102.0069.8381. If we can go, please, to - I will wait for that to come up first. If we can go, please, to page 8383. Do you see an email from Francis Amputch to you dated 19 January 2024 at 6.24 am?

10

MR WAGEMANS: It's a little bit small. Can it be made bigger, please.

MR CONDE: If that email can be enlarged. Do you see that, Mr Wagemans?

15

MR WAGEMANS: I can see that now, I will read it.

MR CONDE: Is Francis Amputch a Guest Support Manager who reported to you?

MR WAGEMANS: Yes, he is.

20

MR CONDE: Do you see it said there that on 18 January 2024, a - sorry, in the second paragraph, a patron - I won't name them - played for three hours and 41 minutes without an interaction being conducted by the Safer Gambling Team?

25

MR WAGEMANS: Yes.

MR CONDE: And do you see it said "TrackVia case #237918" was generated for this patron at 10.55 pm?

30

MR WAGEMANS: Yes.

MR CONDE: And by a TrackVia case being generated, is that referring to an alert in the system that the patron is approaching that three-hour mark?

35

MR WAGEMANS: Correct.

MR CONDE: And if you can please go two paragraphs down, do you see that it says the case was closed by a Guest Support Officer, who located the patron but did not interact with him?

40

MR WAGEMANS: That's correct.

MR CONDE: Before receiving this email on 19 January 2024, had you heard about or observed Guest Support Officers or Guest Support Managers engaging in conduct of this kind?

45

MR WAGEMANS: Not at all. This was the first time that this came to my knowledge.

MR CONDE: And so far as you were aware, is it correct that this issue was first brought to the attention of The Star by L&G New South Wales inspectors?

5 **MR WAGEMANS:** Yes, I believe it has.

MR CONDE: And if we can reduce the enlargement on this page of 8383, please, it will be in small text, but right at the top of the page it should say "Fyi".

10 **MR WAGEMANS:** Yes, it does.

MR CONDE: Do you see that?

MR WAGEMANS: Yes.

15

MR CONDE: Then, if we can go to 8382, please, to the bottom of that, to see -

MR WAGEMANS: It is very small. It's hard to read, to be honest.

20 **MR CONDE:** Yes. If we could just enlarge at the bottom the text recording "From". Perfect. Do you see, Mr Wagemans, it says from you to Mr Toleafoa and it's January 18 at 11 am?

MR WAGEMANS: Is this the top one?

25

MR CONDE: I'm sorry. You can take it from me that this is the top of that email where it said "Fyi".

MR WAGEMANS: Right.

30

MR CONDE: And you forwarded the earlier email to Mr Toleafoa.

MR WAGEMANS: Right.

35 **MR CONDE:** Now, you weren't copied, but do you see there is an email further up there from where Mr Toleafoa forwarded that to Ms Townsend on 19 January at 7.12 am?

MR WAGEMANS: Yes, that's correct.

40

MR CONDE: And in the third paragraph it says:

"Ron will investigate this to see what further detail we can unearth."

45 Do you see that?

MR WAGEMANS: Yes.

MR CONDE: And what steps did you take on or after 18 January 2024 to investigate this issue?

5 **MR WAGEMANS:** From memory, I - I requested an audit on TrackVia entries and from that audit we determined that this wasn't just an isolated incident.

MR BELL SC: Mr Wagemans, if you can try and speak up a bit, please.

10 **MR WAGEMANS:** I'm sorry, Mr Bell.

MR BELL SC: Thank you.

MR WAGEMANS: I will get a little bit closer. Is that better?

15 **MR BELL SC:** Yes, thank you.

MR CONDE: I think you said, Mr Wagemans, that you requested an audit.

20 **MR WAGEMANS:** Yes, a review of TrackVia entries, as well as surveillance footage.

MR CONDE: And do you recall who you requested that by?

25 **MR WAGEMANS:** I would have put in a request - a surveillance request so I'm not really sure who did it.

MR CONDE: But when you say "put in a surveillance request", what is that, Mr Wagemans?

30 **MR WAGEMANS:** So you put in a request by IT. Put in a request saying you are interested in seeing some footage of this date around for this person.

MR CONDE: I see. And do you know who that request goes to or which team that request goes to?

35 **MR WAGEMANS:** I believe it goes to the Surveillance Department who would actually do the footage review.

40 **MR CONDE:** I see. And what do you recall - sorry, do you recall - I'm sorry, I think you - I just want to go back to your answer. Yes. You said you determined that this wasn't just an isolated incident. If I could ask you to elaborate on that, please.

45 **MR WAGEMANS:** Yes, I got the result back from the review and I could see there were other cases that had been identified where the same lack of approach occurred while it still said that he interacted with the customer, with the guest, which actually didn't happen.

MR CONDE: What was your reaction?

MR WAGEMANS: Disappointment.

5 **MR CONDE:** Would you agree it's a pretty serious thing to have been doing?

MR WAGEMANS: Absolutely. Hence my surprise.

10 **MR CONDE:** If I can show you a document titled Investigations Report. It's STA.8000.0046.0004. Has the front page of a document which says Investigations Report come up for you, Mr Wagemans?

MR WAGEMANS: Yes, it has, Mr Conde.

15 **MR CONDE:** Have you seen this document before?

MR WAGEMANS: Yes, I believe I have.

MR CONDE: Did you have involvement in this report?

20 **MR WAGEMANS:** I had no involvement in this report, no. Apart from reading it.

MR CONDE: I see. Did you have involvement in the investigation that led to the report?

25 **MR WAGEMANS:** No.

30 **MR CONDE:** I see. If we can go, please, to page 0006, and if we could enlarge about halfway down the page, there is a heading Control. And if we could enlarge, please, that paragraph that follows. Do you see, Mr Wagemans, from the end of that first line it says:

".. Play-break guest interventions are not checked by anyone and it is a trust process in respect to him actually conducting the conversations with guests."

35 **MR WAGEMANS:** You're correct. Essentially, that's correct. Maybe not right now, but in that time, yes, it was correct.

MR CONDE: When you say "essentially", what do you mean?

40 **MR WAGEMANS:** It is correct at the time or at this time. We didn't actually go out and actively check whether these conversations were actually happening or not.

45 **MR CONDE:** You assumed that people would do - were doing what they said they were doing in the entries. Is that correct?

MR WAGEMANS: Yes.

MR CONDE: And do you see in the third line, the second sentence:

"Investigations concede that it is difficult for a manager to check each TrackVia case action for legitimacy due to the quantity of cases Guest Support receives. It is noted that ..."

5

And then there is a name:

".. himself actioned 66 cases during his night shift on 18 January ..."

10 Pausing there, how long would a night shift normally be, Mr Wagemans?

MR WAGEMANS: Night shift runs from 10 o'clock at night to 6 o'clock in the morning.

15 **MR BELL SC:** And, Mr Wagemans, the person who is named in this paragraph, is he a Guest Support Officer or a Guest Support Manager? He or she?

MR WAGEMANS: He is a Guest Support Officer.

20 **MR BELL SC:** Thank you.

MR CONDE: And do you consider 66 interactions in a night shift to be manageable?

25 **MR WAGEMANS:** Yes, I believe that's manageable.

MR CONDE: If we can go, please, to page 0004. I'm sorry, on the page 0006 that we were on, it was underneath. There were some recommendations. I'm sorry. Do you see, if we could enlarge the next part after what we were looking at before. It said "I recommend the following" and then there were some bullet points. Do you see, Mr Wagemans, it says "I recommend the following" and then in the first bullet point is that:

35 "The Star Surveillance Investigation Analytics team to complete a full review of the 66 cases actioned by ..."

That Guest Support Officer on 18 January?

40 **MR WAGEMANS:** Yes.

MR CONDE: And there is consideration being given as to undertaking a more expansive review of potential non-actioning of cases.

45 **MR WAGEMANS:** Yes.

MR CONDE: Do you see that? And then there is a recommendation that guest interactions - this is in the third bullet point:

".. be conducted in pairs whereby another team member may assist in ensuring cases are actioned appropriately and conversations are corroborated."

And it says:

5

"This would lower the risk of misconduct as having two team members involved would reduce the ability of a team member to engage in creating false entries as such conduct would be directly witnessed."

10 Do you see that, Mr Wagemans?

MR WAGEMANS: Yes, I can.

MR CONDE: Then it's acknowledged that the implementation:

15

".. would obviously have considerable resources implications on the Safer Gambling Team so a decision would be required as to whether this one-off example of misconduct warrants the introduction of a model whereby the conversations are conducted in pairs."

20

And so - do you see that, Mr Wagemans?

MR WAGEMANS: Yes, I can.

25 **MR CONDE:** So at this stage, it was thought to be a one-off incident in respect of that Guest Support Officer; is that correct?

MR WAGEMANS: That's correct.

30 **MR CONDE:** And so far as you were aware, what other investigations have been taken to determine whether other staff had engaged in similar conduct?

MR WAGEMANS: This is after this incident?

35 **MR CONDE:** Yes. After this investigation.

MR WAGEMANS: Yes. So we have conducted numerous investigations in relation to all the Guest Support Officers, as well as some of the Guest Support Managers.

40 **MR BELL SC:** Just before we go on, should I understand, Mr Wagemans, that this investigation determined that this particular Guest Support Officer had recorded 66 interventions at the three-hour period on a particular date and that the investigation had determined that none of those interventions had, in fact, occurred?

45 **MR WAGEMANS:** That's not correct, Mr Bell.

MR BELL SC: What is the position?

MR WAGEMANS: There were 66 cases that he activated and, of those, some were found not to be correct, not all 66.

MR BELL SC: How many?

5

MR WAGEMANS: From memory, I believe it is eight, Mr Bell.

MR BELL SC: Yes. Thank you. Yes, Mr Conde.

10 **MR CONDE:** If we can leave this enlarged text up but also bring up text from the following page, please, which I believe is page 0007. Page 4 is the document. Yes. And if we could enlarge, please, the top text on page on 0007 so that the enlarged text can all run. Thank you. Mr Wagemans, do you see the - it should be the fourth bullet point in the top box:

15

"Surveillance, or another equally equipped business unit ..."

This is a recommendation - should periodically conduct what is called:

20 ".. a 'dip-sample' CCTV review of TrackVia cases to proactively identify future incidents, akin to what occurred in this incident by NSWL&G. Such a 'dip-sample' should be commenced in the short-term to determine if this type of conduct is not isolated and provide justification for or against implementing the recommendation regarding conversations being undertaken in pairs."

25

There is also another recommendation that:

"Conversations are recorded, whether contemporaneously such as brief notes written in a notebook or otherwise recorded electronically."

30

Do you see all of that?

MR WAGEMANS: Yes, I can, Mr Conde.

35 **MR CONDE:** Is it correct that neither of those things were taking place at this time, so far as you are aware?

MR WAGEMANS: No, we only started doing dip-samples in February as well as March.

40

MR CONDE: So before February 2024, was there any mechanism to oversee The Star's compliance with the time-play management rules?

MR WAGEMANS: Not really.

45

MR CONDE: If I could take you to another investigation report. It's STA.8000.0105.0241. And I think it may well be in big enough text, Mr Wagemans. Do you see Operation Falskur 2?

MR WAGEMENS: Yes.

MR CONDE: At the bottom of page 0241. If we could go, please, to page 0242.
5 And if we could enlarge the two paragraphs under Background. Do you see it says:

"Operation Falskur 2 was commenced by the Investigations Team of The Star
Entertainment Group ... on 4 March 2024 following a review undertaken by
Surveillance Team in regard to the actioning of TrackVia time-play rule alerts by
10 Guest Support Officers ..."

Or GSOs:

"The review was initiated in response to a recommendation made by the
15 Investigations Team on 24 January 2024 following an investigation into identical
conduct involving then staff member ..."

And the person is named. And it is reported that that person was terminated for
falsifying TrackVia entries on 1 February 2024. Is it correct - first of all, do you see
20 that, Mr Wagemans?

MR WAGEMANS: Yes, I can see that.

MR CONDE: I appreciate this is not your document. Do you agree with - so far as
25 you are aware, is that summary correct?

MR WAGEMANS: It's correct.

MR CONDE: And so far as you are aware, is it correct that over the course of this
30 investigation, it was identified that a number of employees had engaged in similar
conduct to the conduct explored in Falskur 1?

MR WAGEMANS: Yes, that's correct.

MR CONDE: And when I say a number of employees, roughly how many, so far as
35 you are aware?

MR WAGEMANS: I'm not 100 per cent sure, Mr Conde, because the investigation
is still ongoing but, yeah, some GSOs, Guest Support Officers, were terminated.
40

MR CONDE: Approximately, though, Mr Wagemans, are we talking five, 10, more,
less?

MR WAGEMANS: I believe altogether, seven.
45

MR CONDE: Seven. If I show you an email. This is INQ.5001.0002.0114. Do you
see up the top - it will be in small text, but there is an email from Adrian Borchok to
Pedro Garcia dated 19 March 2024 at 10.12 pm?

MR WAGEMANS: Yes. It is very small but I can see it, yes.

5 **MR CONDE:** And if we could enlarge the text of the email, please. Do you see under Guest Support Officers, there is a - it says:

"Of the original tranche of 11 GSOs reviewed, here is where we stand:
- Eight interviewed and allegations put to them - five terminated and right of reply meeting for one concludes tomorrow. Two are subject to further inquiry based on
10 their responses at interview.
- Two on leave."

Do you see all of that?

15 **MR WAGEMANS:** Yes.

MR CONDE: Mr Bell, I was going to go to another document but I just saw the time.

20 **MR BELL SC:** Yes, I will adjourn now until 2 pm.

<THE HEARING ADJOURNED AT 12.59 PM

<THE HEARING RESUMED AT 2.01 PM

25 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: Thank you. If we could have STA.8000.0105.0595 brought up, please. Mr Wagemans, do you see there is an email up the top. It says "Strictly
30 confidential." It's from Mr Borchok to an address at Liquor & Gaming dated 5 April 2024 and 5.47 pm.

MR WAGEMANS: That's correct.

35 **MR CONDE:** Do you see under the heading Summary of Employees Under Investigation, it says:

"As of 5 April, the status of 22 RG Team Members under investigation as part of
40 Falskur 2 is as follows."

And it says seven have been terminated, one was cleared, three are awaiting their right of reply, four have been interviewed, one has resigned post-interview, five are yet to be interviewed and one is on long-term sick leave. Do you see all that,
Mr Wagemans?

45 **MR WAGEMANS:** Yes, I can.

MR CONDE: Now, you don't appear to have been included in this email, but is it correct that you were aware of the status of this investigation?

MR WAGEMANS: I was made aware of it, yes, correct.

5

MR CONDE: And was that roughly around the time of this email of 5 April 2024, as best you can recall?

MR WAGEMANS: Yes, around that time.

10

MR CONDE: And by this point, would you agree that this misconduct could be described as endemic or entrenched in the Safer Gambling Team?

MR WAGEMANS: Not really sure, Mr Conde. I was having a lot more than I was hoping to find. Let's put it this way.

15

MR CONDE: Well, there was sufficient facts, it would appear, for seven people to have been terminated.

MR WAGEMANS: Yes.

20

MR CONDE: And there is one resignation, five yet to be interviewed and another one on long-term sick leave.

MR WAGEMANS: Yes.

25

MR CONDE: Well, I would suggest to you that this is an endemic problem.

MR WAGEMANS: Yes, possibly.

30

MR CONDE: Can I take you then to STA.8000.0101.0036. This is an investigation report for one particular person. Can you see down the bottom it says "Operation Falskur 2" and then there is a name?

MR WAGEMANS: Yes, I can see that, Mr Conde.

35

MR CONDE: I won't read the name, yes, but it is dated 14 March 2024. Do you see that?

MR WAGEMANS: Yes, correct.

40

MR CONDE: And if we can go, please, to page 0040. Thank you. I'd like, if we could enlarge, please, in the middle of the page, there is a section under a heading Training for Guest Support Officer. I'm not sure, Mr Wagemans, in fact, if you are able to read that now. It has been enlarged now.

45

MR WAGEMANS: Yes.

MR CONDE: Do you see it says - there is the name of the person. It says:

".. advised that she received no training in respect to the time-play alerts ..."

5 And there is a quote attributed to her:

"Training? No, no training, we were just on the floor and just told to just approach them and let them know. There was no training. In the beginning, when, as a Guest Support Officer, we were given a training note of the completions."

10

Do you see that?

MR WAGEMANS: Yes.

15 **MR CONDE:** If I could take you to the heading under Guidance from Management. If we could take away that enlarged text, please. And in the next section there is a heading in that box in the middle, Guidance from Management. And, again, there is the name, which I won't read.

20 ".. was asked whether she receives much assistance or guidance from the Guest Support Managers to which she explained that they don't as the managers are busy with their own job responsibilities."

And then there is a quote attributed to her:

25

"Not really, they can't really help us much because they are busy with their jobs..."

And do you see that?

30 **MR WAGEMANS:** Yes, I do.

MR CONDE: If I could take you over the page, please, to 0042 - sorry, 0042. This is 0041. Thank you. Do you see at the very top of this page there is a quote - it says "further explained" and then there is a quote:

35

"Well, to be honest, at that time, three hour wasn't that important. We want to concentrate on six hours, 11 hours and 12 hours."

MR WAGEMANS: Yes, I can see that, Mr Conde.

40

MR CONDE: Would you agree, Mr Wagemans, that's really just not good enough?

MR WAGEMANS: It is not. Correct.

45 **MR CONDE:** Yes. And what -

MR BELL SC: Sorry, Mr Wagemans, are you agreeing with Counsel Assisting or disagreeing with him?

MR WAGEMANS: I'm agreeing with him because it wasn't just a six-hour, 11 or 12. It is three hours, six hours, 11, 12, 45 and 48.

5 **MR CONDE:** Yes, thank you. And do you agree that whether more resources or training or whatever might be required, you just can't have a situation with people gaming for three hours without an intervention in accordance with the ICM.

MR WAGEMANS: That's what it states in the ICM. That's correct.

10

MR CONDE: If I could take you to another investigation report now. That is, STA.8000.0101.0025. Again, do you see an investigations report. It says down the bottom "Operation Falskur". There is a name, then a number and it is dated 11 March 2024?

15

MR WAGEMANS: Yes, I can see that, Mr Conde.

MR CONDE: And if we could go to page 0028, please. And do you see under - there is a heading Training for Guest Support Officer and there is a quote commencing the third line attributed to the interviewee. He said:

20

"The instruction for the work we do was not that clear since the start... When we start, I can say the training system was not systematic, you do one, two, three and after that we go. Basically we start working and we get learning through the journey..."

25

Do you see that?

MR WAGEMANS: Yes, I can.

30

MR CONDE: I take it you accept, Mr Wagemans, that learning through the journey is not good enough?

MR WAGEMANS: It's not correct.

35

MR CONDE: Just to clarify, I think when you say "not correct", you mean it's not desirable. It's not good.

MR WAGEMANS: No, what I'm trying to say, they were provided the training.

40

MR CONDE: I'm sorry.

MR WAGEMANS: They were providing the training, training that we developed. It is called GSO Training Objectives, which we went through TrackVia training as well as other training required for the jobs to observe patrons to minimise harm across the board.

45

MR CONDE: And were you aware of that fact - sorry, how are you aware that they were provided with that training when they are telling an interviewer that they weren't?

5 **MR WAGEMANS:** So, what we actually did at the time, we handed out the training to all the GSOs as well as the GSMs, and we were advised that the training must be presented to Liquor & Gaming for approval. But we still continued using the training, even though it wasn't approved just yet but there was definitely training.

10 **MR CONDE:** Do you personally recall training this individual, Mr Wagemans? I can take you back to the front page so you can see this person's name.

MR WAGEMANS: I'm aware of the person's name. I - I didn't do the training personally. That would have been done by the Guest Support Manager.

15

MR CONDE: Right. So in circumstances where this person is saying in an interview that they didn't receive the training, how can you say that they did?

20 **MR WAGEMANS:** Well, if I'm looking back at his case files, at this person's case files, a lot of the case files, he did 100 per cent. He did it perfectly. So if he hadn't received enough training, why would he do all the other interactions as required?

MR BELL SC: Mr Wagemans, you said earlier that you handed out the training. What form did the training take?

25

MR WAGEMANS: There was a print-out, a booklet print-out and it was, like I said, the GSO Training Objectives. It was around 12 to 13 pages.

MR BELL SC: So they were given a booklet and expected to read it; is that right?

30

MR WAGEMANS: Correct, yes. While they were on shift as well to assist them with their job as a GSO.

35 **MR BELL SC:** So how can you - what's your explanation for this person, according to this investigation, made nine entries on the TrackVia system stating he conducted the three-hour time-play rule conversation with nine different patrons, and it was alleged he didn't undertake any of those and knowingly made false entries in TrackVia.

40 **MR WAGEMANS:** When I had a meeting with this person, he basically told me that he didn't think the three-hour was important and he wanted to concentrate on the six, 11, 12 and subsequent 45 and 48. He thought they were more important.

MR BELL SC: Yes, Mr Conde.

45

MR CONDE: Well, just taking that, Mr Wagemans, this employee was required to intervene at three hours, was he not?

MR WAGEMANS: Absolutely.

MR CONDE: Do you agree it represents a failure that he had an attitude that three hours was not important?

5

MR WAGEMANS: It appears that way.

MR CONDE: And whether or not that's a failure of training or of expectations or whatever else, the fact is it's a failure. Would you agree?

10

MR WAGEMANS: I'm not disagreeing, Mr Conde.

MR CONDE: Okay. If we go over the page to 0029, do you see in the middle of the page there is an italicised and underlined heading Staffing Issues, Workload and Personal Injury?

15

MR WAGEMANS: Yes, I can see that, Mr Conde.

MR CONDE: And do you see there is a quote from the employee - sorry, a quote attributed to the employee:

20

"We are short-staffed since day one. So, the amount of the machine in The Star, we have certain amount of people to cover it. So if you have two person working only for whole of the casino to cover all these machine and you give me two person only to finish that and you question why you didn't finish later on in the shift or something like that, I believe it is not reasonable."

25

Do you see that?

MR WAGEMANS: Yes.

30

MR CONDE: Now, I want to suggest a few things to you, Mr Wagemans. The first is, there is no excuse for falsifying records. Do you agree with that?

MR WAGEMANS: Absolutely.

35

MR CONDE: But do you also agree that if people don't have the resources they need, they are going to struggle to comply with the ICM?

MR WAGEMANS: I agree.

40

MR CONDE: And would you also agree that the result of that, if the ICM is not being complied with, is that that then compromises the responsible service of gaming?

45

MR WAGEMANS: Correct, I agree.

MR CONDE: And people in a situation such as this officer, the risk is that they develop a workaround. Do you agree with that?

MR WAGEMANS: Yes.

5

MR CONDE: If I can take you to another document, please, STA.8000.0101.0015.

MR BELL SC: While we are going to that, Mr Wagemans, how many electronic gaming machines are at The Star Sydney?

10

MR WAGEMANS: 1600, Mr Bell.

MR BELL SC: Thank you.

15

MR WAGEMANS: That doesn't includes EGT, so electronic gaming tables.

MR BELL SC: How many of those are there?

MR WAGEMANS: I'm not 100 per cent sure, Mr Bell.

20

MR BELL SC: Yes, thank you.

MR CONDE: Mr Wagemans, has another report come up with - it says down the bottom, it is dated 18 March 2024 and there is a name given - which, again, I won't read - and a number, 529241.

25

MR WAGEMANS: Yes, I can see that.

MR CONDE: If we can go, please, to page 0020. Towards the top of the page in the middle, can you see there is a heading in bold italicised and underlined, General Overall Response to False Entries into TrackVia?

30

MR WAGEMANS: Yes, I can see that.

35

MR CONDE: And do you see the reference in the third sentence - sorry, do you see the first paragraph:

"During the interview, the recurring reason from ..."

40

And then the name is given:

".. was that she only entered three-hour conversations when she had not completed them due to high workload and her inability to be able to physically complete the checks as required. She stated a number of times that Guest Support Management were aware of the inability of Guest Support Officers to physically complete a high workload of checks."

45

Do you see that?

MR WAGEMANS: Yes, I can.

5 **MR CONDE:** And do you accept that there was insufficient training to the Safer Gambling Team about the implementation of the time-play management rules?

10 **MR WAGEMANS:** I don't agree. There was training. We - we instructed the team on how to do welfare checks - on how to do interactions with our guests and monitor it in TrackVia. Again, my point would be if they didn't know how to do it, how come they did all the other cases correctly?

MR BELL SC: Just to be clear, Mr Wagemans, the training to which you refer is handing out a booklet to them; is that right.

15 **MR WAGEMANS:** That's correct, a booklet as well as on-the-job training, correct.

MR BELL SC: On-the-job training. Well, what's your explanation for why all of these false entries was made? What's your explanation?

20 **MR WAGEMANS:** Look, Mr Bell, I would just be guessing but I do think there was definitely a high workload. There is no doubt about it. Also, some of the high workload may have contributed to people taking shortcuts and maybe a little bit of laziness here as well.

25 **MR BELL SC:** Yes, Mr Conde.

MR CONDE: In that regard, Mr Wagemans, would you accept there were insufficient resources in the Safer Gambling Team in terms of having enough people to do the checks required by the ICM?

30 **MR WAGEMANS:** I would agree with that.

MR CONDE: If we can return to this report on the page, do you see - I'm sorry, Mr Wagemans, I just need to check a reference.

35 **MR WAGEMANS:** That's okay.

MR CONDE: Thank you. Sorry, Mr Wagemans, do you see in the third paragraph the person's name is given and it says:

40 **".. indicated throughout the interview that GSOs had been instructed by Guest Support Managers that 3-hour checks were not a priority and it was an impossibility to keep up with those checks along with the 6, 11 and 12-hour checks, especially on a busy shift with minimal staff and to 'just get them done'."**

45 Do you see that, Mr Wagemans?

MR WAGEMANS: Yes, I can see that, yes.

MR CONDE: And the next paragraph, an example is given from New Year's Eve 2023 and it says there:

5 ".. whereby she worked the evening shift with only one other Guest Support Officer. She stated that around 600 checks were completed throughout that evening between two of them, the majority of those being 3-hour conversion checks. She stated it would have been physically impossible to conduct this vast number of checks with two GSOs and that managers would have realised this."

10

Do you see that?

MR WAGEMANS: Yes, I do.

15 **MR CONDE:** Again, Mr Wagemans, there is no excuse for faking records but do you agree that what this reveals - there is a fundamental problem in terms of the resourcing here.

MR WAGEMANS: I agree.

20

MR CONDE: And it's a problem going to the responsible service of gaming in The Star Sydney casino; correct?

MR WAGEMANS: Correct.

25

MR CONDE: Can I take you to another report, STA.8000.0101.0068. And, again, do you see an Investigations Report? It says lower down "Operation Falskur". A name is given. Number 519891, and it is dated 8 March 2024.

30 **MR WAGEMANS:** Yes, I can see that.

MR CONDE: If we can go, please, over to page 0073. If I could refer you to the heading up the top, it says Response to TrackVia Data. Do you see that heading?

35 **MR WAGEMANS:** Yes, I can.

MR CONDE: And it says that:

40 "Upon viewing the TrackVia data for his 3-hour time-alert cases for 16 December 2023 ..."

Then the name of the person:

45 ".. stated that he remembered the shift and he made the following comment."

And this is a quote attributed to him:

5 "I remember this day. It was only myself and Christine at that time working. I asked my manager at that time, I think it was Danny, I asked Danny can I close the case without attending because it's so many, and the reason I close this case I put as 'other' and unable to locate because due to... I can't recall but I asked my manager approval if I could close the case without attending because at that time it got very hectic. I try my best but I'm working by myself..."

10 In this case, Mr Wagemans, the officer says he asked his manager and that he was trying his best but he can't do it. Again, do you agree that this is a real problem in terms of resources and here, at least, of supervision?

MR WAGEMANS: Yes, correct. We had a problem with resources.

15 **MR CONDE:** And would you agree supervision here as well?

MR WAGEMANS: It goes hand in hand, absolutely.

20 **MR CONDE:** And then the next heading, 8 December 2023, do you see the person: "... was asked specifically what his manager had approved in respect of how he could close the cases without attending, to which ..."

The person:

25 "... explained he had sent a message ... on 8 December 2023 asking if he could close a case without attending and action them as 'other' while providing a reason as 'Unable to locate due to unexpected demand' ..."

30 Now, do you see that, Mr Wagemans?

MR WAGEMANS: Yes. Yes, I can.

35 **MR CONDE:** If we can now go over the page, two pages, to 0075, and do you see under the heading toward the top Response to the Nine Incidents, the person is named and it says:

"... explained the entirety of the cases as such ..."

40 And there is a quote attributed to him:

45 "With the first eight, if we go through the videos and I wasn't there, it's because I think if I close the case I got approval from my manager, and with the action taken, if I put '3-hour conversation' or 'unable to locate' or 'other', that because I got manager approval then whatever the reason I put then same outcome."

Now, do you see also, in that, under Response to the Nine Incidents, the second paragraph, just at the final sentence there is a quote attributed to the officer:

"My thought process at that time was that I got approval from my manager."

Do you see that, Mr Wagemans?

5 **MR WAGEMANS:** Yes, I can.

MR CONDE: And what was your knowledge of this? Were you aware that conduct of this kind was taking place first with Guest Support Officers putting in entries of interventions that had not occurred?

10

MR WAGEMANS: No, I wasn't aware.

MR CONDE: Was the first time you were aware when you received that email which I took you to, I think, right at the beginning?

15

MR WAGEMANS: Correct. That's the first it came to my knowledge.

MR CONDE: Were you aware of any suggestion that Guest Support Managers had themselves - or at least one had been aware and approved it?

20

MR WAGEMANS: No, I'm not aware of it. I did subsequently become aware of it through the investigation.

MR CONDE: Right.

25

MR WAGEMANS: But before that, no, I wasn't aware.

MR CONDE: Is it correct that the investigation is ongoing?

30 **MR WAGEMANS:** It's ongoing, I believe. It's still not finalised.

MR CONDE: I should say, so far as you are aware, at least at the time of your resignation on 15 April, the investigation was ongoing, to your awareness?

35 **MR WAGEMANS:** Absolutely.

MR CONDE: In the - again, you can take this question being for 15 April. What, if any, changes had been made, to your awareness, to stop this conduct occurring?

40 **MR WAGEMANS:** So, I know that a lot of training has been uplifted. We have engaged several people from PwC, I believe that are assisting us uplifting the training, in particular the GSO Training Objectives as well as the TPM workshop. I know that has been uplifted. I haven't seen the final product because obviously I've left since but, yes, there was definitely an uplift in the training.

45

MR CONDE: I guess there have also been some terminations and inquiries. Is that correct?

MR WAGEMANS: That's correct.

MR CONDE: So far as you are aware, is there a commitment for further resources?

5 **MR WAGEMANS:** Yes, there is. I know this because I have been involved in the
recruiting of new staff, in particular, GSOs as well as GSMs. I know that the
response of the company has been very positive. That there is a need for us to get
additional staff resources to tackle this problem, and they have started that. They
10 have started by interviewing lots and lots of people, and I believe we have got at least
20 people starting - have started already and about to start in the next few weeks.

MR CONDE: Does the uplift in training not suggest to you, Mr Wagemans, that the
previous training was inadequate?

15 **MR WAGEMANS:** Well, it was identified by the staff that it was inadequate, so
obviously we have responded accordingly.

MR CONDE: If we can go back to STA.8105.0002.0608. If you could go then to
0676. While that is loading, Mr Wagemans, is there some kind of temporal limit to
20 how far back these investigations can go? Is there a limit of time to how far back you
can go with the investigations?

MR WAGEMANS: Yes.

25 **MR CONDE:** And what is that limit, to your understanding?

MR WAGEMANS: It's three months.

MR CONDE: Is that because of the CCTV footage not being available before that
30 time?

MR WAGEMANS: Correct.

MR CONDE: Are you concerned that that might mean that misconduct of this kind
35 could have taken place but will not be able to be detected because it occurred more
than three months ago?

MR WAGEMANS: I think that would be a fair assumption, yes.

40 **MR CONDE:** So far as you are aware, was this investigation and misconduct
escalated to the most senior levels of management and, indeed, the board?

MR WAGEMANS: I believe it has been, yes.

45 **MR CONDE:** And so far as you are aware, when was that?

MR WAGEMANS: Look, I'm not 100 per cent sure. I - I escalated it, obviously, to
the group manager and she has escalated it to the Chief Controls Officer.

MR CONDE: Right. I think this page has now come up. I won't read from it as it's there in blue, but it is uncontroversial. It is ICM13. Do you see that?

5 **MR WAGEMANS:** Yes.

MR CONDE: And are you aware - if we could then go, please, to page 0677. Are you aware that one of the requirements under ICM13 concerns minimum staffing requirements?

10

MR WAGEMANS: Correct.

MR CONDE: If I could ask you, please, to read to yourself numbered paragraph 6 on that page.

15

MR WAGEMANS: Yes. I know it well.

MR CONDE: Would you agree that there has not been the relevant - well, would you agree that there has not been a reasonable number of dedicated staff?

20

MR WAGEMANS: I would agree with that but I believe there is also an explanation for that.

MR CONDE: And what is the explanation?

25

MR WAGEMANS: It's the investigation that endured. Because of the investigation, obviously, a lot of people left the business, which left us so much more shorter than we normally would have been.

30

MR CONDE: I see. Perhaps if I can ask at different points of time. So, you would agree that there is not a reasonable number of dedicated responsible gambling staff now because of the investigation and people have left. Is that correct?

MR WAGEMANS: That's correct.

35

MR CONDE: Before the investigation, do you agree that at that time there was not a reasonable number of dedicated responsible gambling staff?

MR WAGEMANS: Look, I always would have liked to have used a few more staff, but we were able to manage the roster on having two Guest Support Officers and two Guest Support Managers on 24/7.

40

MR CONDE: Well, it's not really managing things if you have got people falsifying records as a workaround, is it, Mr Wagemans?

45

MR WAGEMANS: No, absolutely. I totally agree. But I wasn't suggesting there was a workaround.

MR CONDE: So would you agree that if you had had more people, the risk of this misconduct arising would have been reduced?

5 **MR WAGEMANS:** Absolutely, I agree.

MR CONDE: And a lot of the concerns and quotes attributed to people that I have taken you through would have been addressed if you had had more people. Do you agree with that?

10 **MR WAGEMANS:** We would have been able to better address it, correct.

MR CONDE: Are you aware that a number of breach reports have been submitted by The Star in relation to failures to comply with minimum staffing requirements?

15 **MR WAGEMANS:** Yes, I am aware. I have written quite a few myself.

MR CONDE: If I could take you to INQ.5000.0006.0053, please. Do you see up the top there it is a document dated 26 March 2024 and it's recorded as The Star Entities' Response to Request for Information No. 6 dated 18 March 2024?

20 **MR WAGEMANS:** I'm sorry, Mr Conde. Could you tell me where you were?

MR CONDE: I'm sorry, the heading to the document right up the top, The Star Entities' Response to Request for Information No.6.

25 **MR WAGEMANS:** Sorry, yes, I can see it.

MR CONDE: You can take it from me the request for information is from this Inquiry and the response is obviously from Star. If we can then go to page 0059, please. Do you see there is a table of breach reports?

30 **MR WAGEMANS:** Yes.

MR CONDE: And there is the earliest or the first one there is 7 August 2023.

35 **MR WAGEMANS:** Correct.

MR CONDE: And then if we can scroll through, do you see there is a summary of all these breach reports?

40 **MR WAGEMANS:** Correct.

MR CONDE: And if we can keep going, please, 0061 and there should be - yes, there is one at the bottom there, 22 January 2024. Do you see that?

45 **MR WAGEMANS:** Yes.

MR CONDE: Okay. Could I take you to an email now. It's - I'm sorry, if we go to INQ.5001.0002.0039. See an email, it says up the top:

"RE: STRICTLY CONFIDENTIAL: Patron Liaison Manager Investigation".

5

With an email from Adrian Borchok to Liquor & Gaming dated 12 March 2024 at 5.15 pm.

MR WAGEMANS: Yes.

10

MR CONDE: And you don't appear to have been copied to this email. Do you see it relates to the investigation of Falskur?

MR WAGEMANS: Yes.

15

MR CONDE: And it says in the second paragraph and second sentence:

"The plan today was to interview an additional GSO but this has been postponed until tomorrow as the RG Team would have been left with no GSOs."

20

What, if any, comment do you have on that fact?

MR WAGEMANS: Well, I'm not aware of the actual - this isolated incident but, look, it was not unusual for staff to be on sick leave or not able to come to work, and I do believe that some of the staff were under a lot of pressure because of this investigation and - yeah.

25

MR CONDE: And the fact that an interview was unable to take place because that GSO was the only one there -

30

MR WAGEMANS: Would have been left without GSOs on the floor, correct.

MR CONDE: So, obviously, if people are found to have falsified records, chances are, subject to any mitigating circumstances, they may need to be moved on. Do you agree, though, that terminating staff creates a new problem because resourcing is then even lower?

35

MR WAGEMANS: That's correct.

MR CONDE: And I asked you earlier about what had been done in the interim and you said, so far as were you aware, recruitment steps were underway. Is that correct?

40

MR WAGEMANS: That's correct. They're still ongoing right now.

MR CONDE: If I could now show you INQ.5001.0002.0005. Sorry, do you see this is a notice to produce dated 5 February 2024?

45

MR WAGEMANS: Yes, I can.

MR CONDE: And if we can go, please, to page 0007. Do you see items 1 and 2 request - sorry, in the first 1 and 2, request information about the manual monitoring of continuous play on gaming machines through The Star's GuestConnect.

5

MR WAGEMANS: Yes.

MR CONDE: And if I could now go to The Star's response. This is INQ.5001.0002.0011, then page 0013. Do you see the response to question 1 refers to, in the second paragraph:

10

"GuestConnect allows for the strategic allocation of Guest Support resources through the utilisation of a weekly 'heatmap' report which allows uncarded EGM and ETG play within the casino."

15

MR WAGEMANS: Correct.

MR CONDE: Into then the response to question 2 on that same page, there is a - it refers to, in the first paragraph, a:

20

".. positional allocation of resources for any given week dependent on the weekly 'heatmap' report generated by GuestConnect."

Do you see that, Mr Wagemans?

25

MR WAGEMANS: Yes, I can see that.

MR CONDE: Is it correct that you assisted with the 26 February 2024 response by providing information?

30

MR WAGEMANS: I'm not sure of the actual date, but I'm sure I would have provided some response.

MR CONDE: Do you recall providing the information regarding the use of the heatmap to monitor continuous play by uncarded guests?

35

MR WAGEMANS: Yes, we have been supplied with heatmaps where it allocates where people potentially could be playing uncarded and also the use of GuestConnect as well. The only problem is, Mr Conde, if we don't have enough staff to monitor carded play, it would be very difficult to monitor uncarded play.

40

MR CONDE: Yes. But if I could just ask you to focus on my question. Is it correct that you provided the information regarding the use of the heatmap to monitor continuous play by uncarded guests?

45

MR WAGEMANS: Yes. I don't design the heat maps but, yes, we have supplied the team with occasional heat maps, correct.

MR CONDE: But is it correct that you provided the information that went into this response?

5 **MR WAGEMANS:** Yes, I could have. I'm not totally au fait with it but I could have, absolutely, because I have been asked to respond to a lot of section 21s.

MR CONDE: I see. Do you recall reviewing the 26 February 2024 response before it was issued?

10 **MR WAGEMANS:** No. Not that I can remember, Mr Conde.

MR CONDE: If I can also take you to a document submitted to this inquiry, INQ.5000.0001.0006. And if we can go, please, to pages 0047 and 0048. Do you see on 0047, the last bullet point, it says "Uncarded guests" and there is a reference in the last sentence on that page:

"The SOP outlines that we will generate a weekly report ..."

20 And then in brackets "(uncarded play heatmap)". This is on the top of page 0048.

MR WAGEMANS: Yes, I can see it.

MR CONDE: And is this the same reporting referred to in the earlier document I took you to?

25 **MR WAGEMANS:** Yes, heatmaps are the same. That reports on uncarded play across the gaming floor.

MR CONDE: Right. If you go, then, to INQ.5001.0002.0020, do you see a letter to Liquor & Gaming dated 14 March 2024?

MR WAGEMANS: Yes.

MR CONDE: And about halfway down the page:

35 "As foreshadowed, The Star has identified that some of the information provided on 26 February in response to the NTP may be incomplete and/or incorrect."

MR WAGEMANS: Yes.

40 **MR CONDE:** Then if we can go, please, to page 0022, do you see there is a mark-up with an amended response? I will ask you to be careful not to read out any text in blue. In fact, if we then go over to page 0023 and the last sentence in this answer to question 1 is:

45 "The Star has further determined that the control relating to utilisation of the uncarded play heatmap has not been performed as required."

Do you see that?

MR WAGEMANS: Yes, I have. I can see that, yes.

5 **MR CONDE:** If I can take you to STA.8000.0127.0055. Do you see that this is a breach report, ID 1939352.

MR WAGEMANS: Yes.

10 **MR CONDE:** Do you see it says on page 0055 that it was reported on 4 March 2024 at 2 pm?

MR WAGEMANS: Yes.

15 **MR CONDE:** Under the heading Why did the Breach Occur, it says a weekly report has not been generated.

MR WAGEMANS: Where does it say that, sorry.

20 **MR CONDE:** Sorry, under the blue text, the paragraph under the blue text that is not in blue, it says:

"It is understood a weekly report has not been generated."

25 **MR WAGEMANS:** I'm just reading it, Mr Conde.

MR CONDE: Sorry. And the last sentence is:

30 "A Power BI dashboard capturing uncarded play data is available however it is unclear if this is being used to inform resource allocation as intended."

Do you see that?

MR WAGEMANS: Yes.

35

MR CONDE: When did you first become aware of this issue?

MR WAGEMANS: Which issue is this, Mr Conde?

40 **MR CONDE:** That the Power BI dashboard capturing uncarded play data is available however it is unclear if this is being used to inform resource allocation as intended?

45 **MR WAGEMANS:** I wasn't aware of Power BI doing that. I was aware of GuestConnect doing that.

MR CONDE: I see. When did you first become aware of GuestConnect doing that?

MR WAGEMANS: GuestConnect was a really handy tool we have been using for quite a long time. I couldn't really tell you how long, Mr Conde, but we have been using it, especially to locate people that might play uncarded.

5 **MR CONDE:** And when did you first become aware of that issue?

MR WAGEMANS: That we couldn't use the Power BI? Is that what you are referring to?

10 **MR CONDE:** It being:

".. unclear if this is used being used to inform resource allocation as intended."

15 **MR WAGEMANS:** I don't think it had been used for resource allocation because we didn't have the resources to look after uncarded play at that time.

MR BELL SC: Mr Wagemans, I take it it's harder to monitor the three-hour time limit for uncarded play than it is to monitor the three-hour limit for carded play?

20 **MR WAGEMANS:** It's a lot easier, carded play, correct.

MR BELL SC: And you didn't believe you had sufficient resources to monitor the three-hour limit for carded play. Is that correct?

25 **MR WAGEMANS:** Correct, and as a result -

MR BELL SC: So it would necessary follow, would it, that there were plainly not enough resources in your team to monitor uncarded play.

30 **MR WAGEMANS:** That's what I have been saying. Correct.

MR BELL SC: Yes, Mr Conde.

35 **MR CONDE:** Mr Wagemans, you mentioned earlier that you resigned on 15 April. Are you presently serving out any notice period?

MR WAGEMANS: Yes, I believe I'm on gardening leave at the moment.

40 **MR CONDE:** And how long will that go for?

MR WAGEMANS: I believe till 15 July.

MR CONDE: I see. Is that by agreement or in accordance with your contract?

45 **MR WAGEMANS:** That's - I had to give them three months notice, as per the contract, yes.

MR CONDE: Right. And what were the reasons for your resignation?

MR WAGEMANS: There was a few. Six months ago, I already decided that I wanted to retire at some stage. And as I have been coming closer to that, I will be honest, I wasn't enjoying my job any more. There is so much going on in the company at the moment. It really wasn't a joy coming to work, I will be honest, which has made my decision a lot easier to resign.

MR CONDE: So is it correct that the first time you - sorry, six months ago, taking us back to October, did you - were you considering resigning from that point or had you, in your mind, committed to going?

MR WAGEMANS: I was still thinking about it. I wasn't 100 per cent sure. I had some good days and I had some bad days, but it started ending up more bad days than the good days, really.

MR CONDE: Between October last year and 15 April 2024, do you recall having any discussions with anyone about your intention to resign?

MR WAGEMANS: Yes.

MR CONDE: Who was that and when?

MR WAGEMANS: I've spoken to P&P at some time. I couldn't tell you the exact dates, Mr Conde, but it was probably around a month ago where I explained that I was thinking - seriously considering leaving.

MR CONDE: If I might just have a moment.

MR BELL SC: When were you notified that you were required to give evidence at the public hearings of this Inquiry, Mr Wagemans?

MR WAGEMANS: That would have been last week.

MR BELL SC: Right. And is there any connection between that notice and your decision to resign on Monday this week?

MR WAGEMANS: Absolutely not.

MR BELL SC: Absolutely not. Have you been put under any pressure by Star Entertainment to resign?

MR WAGEMANS: Absolutely not.

MR BELL SC: So why were you so unhappy with your work?

MR WAGEMANS: It's not that I was unhappy with my work. I was just unhappy with the whole situation I found myself in. I had a large team. A lot of them have

resigned or left. Morale of the team is quite low. I felt that I was quite close to my team and it was just not a pleasant working relationship anymore.

5 **MR BELL SC:** Was part of that because you didn't feel you had sufficient resources to do your job properly?

MR WAGEMANS: Absolutely, all of the above. Correct.

10 **MR BELL SC:** Thank you, Mr Wagemans. Yes, Mr Conde?

MR CONDE: I don't have any further questions, Mr Bell.

MR BELL SC: Mr Walker, do you have any questions?

15 **MR WALKER SC:** No, Mr Bell.

MR BELL SC: Dr Renwick, are you seeking leave to ask any questions?

20 **DR RENWICK SC:** No thank you, Commissioner.

MR BELL SC: Mr Wagemans, thank you for attending today and thank you for your evidence. The formal order I will make is that your examination be adjourned, which means you may potentially be required to come back, but that won't happen unless you hear from the solicitors assisting the Inquiry.

25 **MR WAGEMANS:** Thank you, Mr Bell.

<THE WITNESS WAS RELEASED

30 **MR BELL:** Mr Conde, who is the next witness?

MR CONDE: Ms Eileen Vuong. We need to take a short adjournment consistently with the change of witness.

35 **MR BELL SC:** Yes, I will adjourn for a short period.

<THE HEARING ADJOURNED AT 2.58 PM

40 **<THE HEARING RESUMED AT 3.11 PM**

MR BELL SC: Yes, Mr Conde.

MR CONDE: Mr Bell, the next witness is Ms Eileen Vuong.

45 **MR BELL SC:** Ms Vuong, can you hear me?

MS VUONG: Yes, I can Mr Bell.

MR BELL SC: Would you prefer to take an oath or affirmation?

MS VUONG: An affirmation, please.

5 **<WITNESS EILEEN VUONG, AFFIRMED**

MR BELL SC: Yes, Mr Conde.

10 **MR WALKER SC:** Just before my friend starts, as I hope is clear, we don't appear for Ms Vuong, but she is an employee who has been summonsed to your Inquiry. The position of section 17 of the Royal Commissions Act has been explained to her, and I think it's clear that it applies in her favour.

15 **MR BELL SC:** Yes, thank you, Mr Walker. Yes, Mr Conde.

<EXAMINATION BY MR CONDE

MR CONDE: Ms Vuong, may I ask you to state your full name please.

20 **MS VUONG:** Yes, it's Eileen Vuong.

MR CONDE: Are you aware that your address has been known on your behalf to the solicitors assisting Mr Bell's inquiry?

25 **MS VUONG:** Yes.

MR CONDE: Is it correct that you are Head of Risk at The Star, Sydney?

30 **MS VUONG:** Yes.

MR CONDE: And have you been in that role since 31 May 2023?

35 **MS VUONG:** Not officially. I started at The Star on 31 May 2023, but officially I was appointed to this role some time in mid-August last year.

MR CONDE: And what was your role before that time?

40 **MS VUONG:** I joined the Group Risk Team. Officially, my title was General Manager for Data Risk and Insights.

MR CONDE: Is it perhaps General Manager Risk Analytics and Solutions?

MS VUONG: Yes, it was something like that. I'm sorry, yes.

45 **MR CONDE:** So you were in that role from 31 May 2023 to mid-August 2023 and then you have been the Head of Risk at The Star Sydney since August 2023; is that correct?

MS VUONG: Correct.

MR CONDE: And is it correct you have legal training?

5 **MS VUONG:** I did study law at university and I was admitted to the Supreme Court, but I have never actually practised law.

MR CONDE: Are you also a CPA?

10 **MS VUONG:** Yes, I haven't kept my certification active. So - but I did do the CPA program back in - I think it was 2009.

MR CONDE: And what work did you do before you were the General Manager Risk Analytics and Solutions at Star?

15 **MS VUONG:** Most immediately, I was the financial crimes director or the money laundering reporting officer for a buy now, pay later firm called Affirm. And prior to that, I had been at Westpac in their Financial Crime Team. And prior to that I was at Deutsche Bank in their New York office in, again, their anti-financial crime division.
20 Should I keep going back or is that -

MR CONDE: If you want to.

25 **MS VUONG:** Yes, so that goes back to 2015, when I joined Deutsche Bank. Prior to that, I was at Macquarie, and in that company I was in the Financial Crime Compliance team as well as looking after the Common Reporting Standard program.

MR CONDE: Is it correct then - would you agree, then, from what you have said, you have quite extensive experience in relation to financial crime?

30 **MS VUONG:** Yes.

MR CONDE: In your role as Head of Risk at The Star Sydney do you sit on the Group Leadership Team or GLT?

35 **MS VUONG:** No, I don't.

MR CONDE: Who do you report to?

40 **MS VUONG:** I report in to Scott Saunders, the Chief Risk Officer.

MR CONDE: Yes. Do you ever attend GLT meetings as an observer?

45 **MS VUONG:** No, I do not.

MR CONDE: Have you attended any board meetings as an observer?

MS VUONG: The overall board? Or there is a subsidiary board meeting. So I have attended the subsidiary board meeting but not The Star Entertainment Group board meetings.

5 **MR CONDE:** Okay. And in relation to - I will call it The Star Pty Ltd board.

MS VUONG: Yes.

10 **MR CONDE:** Do you attend those meetings regularly or as an occasional invitee?

MS VUONG: I recall attending one in around December, but I don't think they occur frequently either. So I don't know if that's one out of many or just the one since I have started in this role.

15 **MR BELL SC:** So, Ms Vuong, in the time you have been with Star since 31 May 2023, up until this Inquiry was announced in February 2024, how many times, to your knowledge, did the board of The Star Pty Ltd meet, that is, the board of the company that operates or used to operate The Star Casino in Sydney?

20 **MS VUONG:** If I recall correctly, it would be once in December and once in February this year, sorry. So December 2023 and February 2024.

MR BELL SC: Did you attend both of those meetings?

25 **MS VUONG:** Did I attend, sorry -

MR BELL SC: You said there was only two meetings of the board of The Star Pty Ltd in that time. Did you attend them both?

30 **MS VUONG:** Yes.

MR BELL SC: Yes, thank you. Yes, Mr Conde.

35 **MR CONDE:** And, Ms Vuong, if there were to be more meetings in The Star Pty Ltd board, would your expectation be that you would attend those meetings?

MS VUONG: Yes.

40 **MR CONDE:** What about the relevant Compliance Committee for The Star Sydney?

MS VUONG: So, yes, I would attend - I would attend them as well. The expectation would be to attend them in future, and I believe I attended one - actually, I might have mis-remembered. I think the December 2023 meeting was actually the Compliance Committee, not the board meeting. Sorry.

45

MR BELL SC: Just going back to my question then, Ms Vuong, does that mean, in the time that you have been with The Star up until the commencement of this inquiry, as you understand it, the board of The Star Pty Ltd has only met once?

MS VUONG: I believe so, yes.

MR BELL SC: Yes, Mr Conde.

5

MR CONDE: Ms Vuong, are you aware that one of the recommendations from Mr Bell's first inquiry was that the senior management of the operator of The Star Casino include a risk officer whose role and responsibility would be focused exclusively on risk management for The Star Casino in Sydney?

10

MS VUONG: Yes.

MR CONDE: And to your understanding, that's the role that you have?

15

MS VUONG: Yes.

MR CONDE: And if - and when they are established, is it your expectation that you would engage with regular meetings of The Star Pty Ltd board and The Star Pty Ltd Compliance Committee?

20

MS VUONG: Yes.

MR CONDE: And your focus is entirely on risk of The Star Casino in Sydney; is that correct?

25

MS VUONG: Yes.

MR CONDE: Is it correct that - you have mentioned your direct reporting line is to Mr Saunders. Do you also have a dotted reporting line to the CEO?

30

MS VUONG: That is the intention but our - the Sydney CEO is still awaiting her licensing to be approved.

MR CONDE: Right.

35

MS VUONG: So - and that role had been vacant in the time that I have been at The Star. I mainly have been working for the business - the - Mr Peter Humphreys, who is the interim COO for The Star Sydney.

40

MR BELL SC: So let me make sure I understand this, Ms Vuong. When you started in May 2023, there was no person occupying the position of CEO at The Star Sydney?

MS VUONG: No.

45

MR BELL SC: And Mr Humphreys is the Acting COO. He has been the most senior executive at The Star Sydney; is that correct?

MS VUONG: Yes.

MR BELL SC: And there is now someone who is going to take over the position of Star CEO Sydney?

5

MS VUONG: Yes.

MR BELL SC: And is that Ms Campbell?

10 **MS VUONG:** That's right, yes.

MR BELL SC: And she is awaiting probity approval; is that right?

MS VUONG: Correct.

15

MR BELL SC: So who is acting or who is the most senior executive at the moment, pending her approval. Is it still Mr Humphreys?

MS VUONG: Yes.

20

MR BELL SC: Yes, thank you Mr Conde.

MR CONDE: Ms Vuong, is it correct that, as you understand it, the objectives of your role are to drive risk management enhancements at The Star Sydney and embed the culture of risk awareness in the two areas of financial crime and safer gambling?

25

MS VUONG: Yes.

MR CONDE: If we can bring up, please, STA.8000.0022.0128. Do you see a document that has on the top left:

30

"Head of Risk, The Star Sydney, Objectives and KPIs"?

35 **MS VUONG:** Yes.

MR CONDE: And if I could - do you see - sorry, in the first box where it says "Objectives 2023-24", do you see there are four numbered paragraphs?

40 **MS VUONG:** Yes.

MR CONDE: And have you seen this document, Ms Vuong?

MS VUONG: Yes, I have.

45

MR CONDE: To your understanding, what is it?

MS VUONG: It's - it describes the objectives and key performance indicators for my role.

5 **MR CONDE:** And who has set this?

MS VUONG: My manager, Scott Saunders.

10 **MR CONDE:** Right. And do you - was this - when do you recall first seeing this document?

MS VUONG: It would have been around August 2023.

15 **MR CONDE:** I see. So when you came into the role of Chief Risk Officer at The Star Sydney?

MS VUONG: Yes.

MR CONDE: Is that correct?

20 **MS VUONG:** Yes.

MR CONDE: Yes. Is it correct that you have one direct report?

25 **MR VUONG:** Yes, I do.

MR CONDE: And is that - that person has the role of risk adviser?

MS VUONG: Yes.

30 **MR CONDE:** When was that person appointed to the role?

MS VUONG: Around October 2023.

35 **MR CONDE:** And is, to your - is it your opinion that having one person reporting to you is sufficient to help you discharge your duties as Head of Risk?

MS VUONG: Yes.

40 **MR CONDE:** Okay. If I show you the Charter of The Star Entertainment Board Risk and Compliance Committee. It's STA.8000.0029.0022. Has the document come up for you, Ms Vuong, that says Risk & Compliance Committee Charter?

MS VUONG: Yes, it has.

45 **MR CONDE:** If we can go, please, to page 0026. And do you see paragraph 5.7 identifies people who have - recorded as having a standing invitation to committee meetings?

MS VUONG: Yes.

MR CONDE: And that list includes the Chief Risk Officer, Mr Saunders.

5 **MS VUONG:** Yes.

MR CONDE: But neither you nor your - it would be your role. Your role is not included on that list; do you agree?

10 **MS VUONG:** Yes, that's right.

MR CONDE: Do you have any comment on that?

15 **MS VUONG:** No, because - no, I don't have any comments.

MR CONDE: Are you comfortable with Mr Saunders attending and being able to represent any views or concerns or whatever else that you may wish to communicate in respect of the Sydney property?

20 **MS VUONG:** Yes.

MR CONDE: If I can show you the Charter of the Compliance Committee for Star Sydney. This is STA.5013.0001.0001. Do you see up the top it says "The Star Pty Limited"?

25 **MS VUONG:** Yes.

MR CONDE: And "Compliance Committee Charter"?

30 **MS VUONG:** Yes.

MR CONDE: If we can then go, please, to page 0003.

35 **MR BELL SC:** Just before we do, Ms Vuong, this is the charter for the Sydney Compliance Committee; correct?

MS VUONG: Yes.

40 **MR BELL SC:** Since you have been an employee on 31 May, have you attended all the meetings of the Sydney Compliance Committee?

MS VUONG: This is the committee that I believe met in December. So I attended the December meeting.

45 **MR BELL SC:** So you have attended one meeting?

MS VUONG: Yes, that's right.

MR BELL SC: And do you have a standing invitation to attend all meetings of the Sydney Compliance Committee?

5 **MS VUONG:** I don't - like, there isn't a meeting series, but I would expect to be invited to, yes, any Compliance Committee meetings.

MR BELL SC: Thus far you have only attended one; is that right?

10 **MS VUONG:** Yes.

MR BELL SC: Just looking at the responsibilities here, it says:

"The Committee is responsible ..."

15 Can I direct your attention to paragraph 3.1.2:

"Reporting to The Star Board ..."

20 And that's the board of The Star Entertainment, isn't it? "Star Board", as referred to there?

MS VUONG: Yes. Actually, I don't know for sure but I would think that would refer to The Star - sorry, when you say "The Star board" do you mean The Star Sydney - for the subsidiary or the group?

25 **MR BELL SC:** Let's go back a step. Do you see at paragraph 1.2, The Star Entertainment Group Limited is defined as "The Star"?

30 **MS VUONG:** Yes.

MR BELL SC: Do you see in the same subparagraph, "The Star Sydney" - do you see how it's defined as "The Star Sydney"?

35 **MS VUONG:** Yes, I do.

MR BELL SC: Then going back to 3.1.2, it says that the responsibility of The Star Pty Ltd Compliance Committee is to report to "The Star Board"?

40 **MS VUONG:** Yes, I do.

MR BELL SC: That would necessarily mean the board of Star Entertainment, would it not, if those definitions are being complied consistently?

45 **MS VUONG:** Yes, that's right.

MR BELL SC: It also has a responsibility at 3.1.3 to report to the New South Wales Independent Casino Commission in certain circumstances. Do you see that?

MS VUONG: Yes, I do.

5 **MR BELL SC:** So as I would read this, the Compliance Committee for The Star Pty Ltd has a reporting line to the board of Star Entertainment, rather than to the board of The Star Pty Ltd; is that correct?

MS VUONG: Yes.

10 **MR BELL SC:** Have you familiarised yourself with the terms of my 2022 report?

MS VUONG: When you say "the terms", do you mean the recommendations?

MR BELL SC: I do. I do.

15 **MS VUONG:** Yes.

MR BELL SC: You are aware that what I recommended was that there be a Compliance Committee for The Star Pty Ltd which reported to the board of The Star Pty Ltd.

20 **MS VUONG:** Yes.

MR BELL SC: That doesn't seem to be the structure according to this document. Do you agree?

25 **MS VUONG:** Yes.

MR BELL SC: Do you know why that is?

30 **MS VUONG:** No, I don't, Mr Bell.

MR BELL SC: Is that a convenient time, Mr Conde?

35 **MR CONDE:** Yes, Mr Bell.

MR BELL SC: I will adjourn until 3.45.

<THE HEARING ADJOURNED AT 3.30 PM

40 **<THE HEARING RESUMED AT 3.46 PM**

MR BELL SC: Yes, Mr Conde.

45 **MR CONDE:** The document has come down. If we could bring back up, please, STA.5013.0001.0001. Has that come up for you, Ms Vuong?

MS VUONG: Yes, it has.

MR CONDE: If we could move now to page 0003. And if you see paragraph 5.10 records the:

"The following people have a standing invitation to Committee meetings:"?

5

MS VUONG: Correct.

MR CONDE: Is it correct that you are not in that list?

10 **MS VUONG:** That's right, Mr Conde.

MR CONDE: And I think you said earlier your expectation is that you would be invited and expect to be invited to meetings of this committee.

15 **MS VUONG:** Yes. Going forward. That was the context of the previous question, Mr Conde.

MR CONDE: Well, if we can go back, please, to page 0001, this is the Compliance Committee for Star Sydney.

20

MS VUONG: Yes.

MR CONDE: So "The Star Pty Limited" - do you see that up the top?

25 **MS VUONG:** Yes, I do, Mr Conde.

MR CONDE: So would you agree that the Chief Risk Officer for The Star Sydney should be invited to - should have a standing invitation to meetings of the Compliance Committee for The Star Pty Ltd?

30

MS VUONG: Yes, I do.

MR CONDE: If - is it correct that in your role as Head of Risk for Star Sydney, you have prepared Risk Committee papers?

35

MS VUONG: Yes, that's correct, Mr Conde.

MR CONDE: And do those - are those prepared monthly?

40 **MS VUONG:** Yes.

MR CONDE: If I can show you one. It is STA.8000.0035.0128. Has a document styled "The Star Sydney Risk Committee Paper" dated 11 August 2023 from you come up on your screen, Ms Vuong?

45

MS VUONG: Yes, it has, Mr Conde.

MR CONDE: And if we can go - if I could refer you, please, to numbered paragraph 2, do you see the heading "Ticket In Cash Out ... machines"?

MS VUONG: Yes, I do Mr Conde.

5

MR BELL SC: Just before we get to that, the paper doesn't say to whom it is addressed. Who receives these reports?

MS VUONG: It goes to The Star Sydney Risk Committee, Mr Bell.

10

MR BELL SC: The Star Sydney Risk Committee. Not the Compliance Committee.

MS VUONG: No, that's right, the Risk Committee.

15

MR BELL SC: Tell me about The Star Sydney Risk Committee.

MS VUONG: So that's chaired by, at the moment, Mr Peter Humphreys, and it's attended by the Sydney leadership team, as well as myself as the Head of Risk. We also have representation from the Controls team and the Compliance colleague is also in attendance, yes. Was there any particular parts of the Risk Committee that you wanted to know about, Mr Bell?

20

MR BELL SC: Yes. I understand that it is an executive committee or a management committee, perhaps more accurately?

25

MS VUONG: Yes, that's right, Mr Bell.

MR BELL SC: And do these Risk Committee papers go to the Compliance Committee, the Sydney Compliance Committee?

30

MS VUONG: No, they do not.

MR BELL SC: Do you know why that is?

35

MS VUONG: No, I don't know why. But these - the Risk Committee meets monthly and we do escalate appropriate or material matters, but, like, I don't send these monthly reports to the Compliance Committee, no.

MR BELL SC: So your regular monthly reporting is to a management committee called the Sydney Risk Committee or something like that; is that correct?

40

MS VUONG: Yes.

MR BELL SC: Thank you. Yes, Mr Conde.

45

MR CONDE: And Ms Vuong, do you see the entry, item number 2:

"Ticket In Cash Out (TICO) machines issue"?

MS VUONG: Yes, I do.

MR CONDE: May I ask you to state your understanding of that issue?

5

MS VUONG: That around 24 or 25 July, it was identified that our TICO machines had a glitch, I suppose, that enabled - a fault that enabled people to, I guess, submit two tickets, but because of the technical glitch, what would happen is the machine would pay out both tickets but actually reject one of the tickets, thereby enabling people to redeem the total amount of the two tickets but being able to keep one ticket and then redeem that again.

10

MR CONDE: I see. And what was your involvement in the investigation and rectification of that issue?

15

MS VUONG: So, the investigation was carried out by our Investigation team, and I believe there was also police involvement. And in terms of the rectification, there was a lot of decisions that were made in terms of, for example, took the machines out of circulation for a period of time. There were conversations that the business then had with the vendor as well to try and correct that fault. Yes, but in terms of my involvement, I didn't have a direct involvement - like, I didn't have a conversation with the vendors, for example.

20

MR CONDE: Right. What, if any, comment do you have on that fact in that your role is the Head of Risk Star Sydney and there was this event and you were not involved in the investigation or rectification of the issue?

25

MS VUONG: Well, we have an investigation function that carries out investigations, especially when it is sensitive matters like this. I'm not necessarily part of the investigation, unless I'm involved, of course, with the - unless, I'm under investigation. But the Investigations team does report back to the various stakeholders, including myself, on their findings and any actions that have been taken.

30

MR BELL SC: Ms Vuong, are you intending to undertake some risk assessment of this incident to determine where the risks have exceeded the appetite and what can be done to ensure that it doesn't occur again?

35

MS VUONG: Sorry, Mr Bell, I missed the beginning of your question.

40

MR BELL SC: Have you undertaken any risk assessment in relation to these events to determine whether the events which occurred were outside of risk appetite and steps that can be taken to ensure that it doesn't recur.

45

MS VUONG: No, I didn't - I didn't undertake a risk assessment in particular to - in relation to this particular incident.

MR BELL SC: It would seem to be a fairly serious incident; would you agree?

MS VUONG: Yes.

5 **MR BELL SC:** Does it appear to you to involve the breach of Internal Control Manuals in relation to the Cage and possibly anti-money laundering?

MS VUONG: Yes.

10 **MR BELL SC:** So why wouldn't the Head of Risk Sydney have some role in reviewing the situation to ensure that it doesn't recur?

15 **MS VUONG:** I was having conversations with the business, but there were, I guess, various colleagues who were involved from the so-called Group Risk team. So I was across all the decisions that were - the key decisions that were being made at the time.

MR BELL SC: This would appear to be an incident that peculiarly and singularly related to the Sydney property; correct?

20 **MS VUONG:** Yes, Mr Bell.

MR BELL SC: Why wouldn't you, as the Head of Risk for Sydney, have some involvement in investigating this and/or ensuring that it doesn't recur?

25 **MS VUONG:** Well, it was being managed by the Investigations team to first understand exactly what happened but - but my manager, Scott Saunders, Mr Scott Saunders, was also involved with this at the time.

30 **MR BELL SC:** Do you think it would be desirable for you to look into it in the future, given that you haven't done so yet?

MS VUONG: Yes.

35 **MR BELL SC:** Yes, Mr Conde.

40 **MR CONDE:** Ms Vuong, I think you said earlier about this matter that decisions were made. Is it correct that those decisions were made by Mr Saunders? Or perhaps if I take a step back, what decisions were you referring to and then who were they made by?

45 **MS VUONG:** So, the initial decisions to take the machines out of circulation or out of operation and then the reintroduction of these machines subsequently. So, my understanding of the decisions that were being made were - it would have been made by the Sydney leadership team, so led by Mr Humphreys at the time, but that would have been in consultation with - with my manager as well as the GLT members.

MR CONDE: So - right. Does this event give rise to concerns for you in relation to organisational structure and accountabilities?

MS VUONG: Yes, I believe that was one of the findings from the Investigation Report, that even though we had controls, it wasn't clear where some of the ownership of the controls lay. And so when this machine started presenting that fault where it was paying out both tickets but rejecting one of them, even though some of the anomalies were found, it wasn't escalated as urgently or as appropriately as it could have been to, I guess, stop the bleeding sooner rather than later.

MR CONDE: Do you recall - having concerns about organisational structures and accountabilities at the time of learning about this event?

MS VUONG: I'm sorry, I don't understand your question, Mr Conde.

MR CONDE: I asked you earlier about concerns about organisational structures and accountabilities. Do you still have those concerns today?

MS VUONG: Yes, we are still evolving in terms of the risk management framework that the organisation is trying to implement and in terms of the organisation structure. I mean, we have just had some key departures of our GLT members and even when I joined last year, I think, there was some key roles that were vacant. So in that sense, yes, the org structure hasn't been stable in the time that I have been at The Star.

MR CONDE: I think you mentioned issues around controls. Do you still have concerns about controls today?

MS VUONG: Do you mean in relation to the TICO machines, Mr Conde, or just generally speaking?

MR CONDE: Of the kind revealed by the TICO event where things went undetected for a period of time and resulted in a large amount of money going out the door. Those sorts of concerns.

MS VUONG: Yes, I think the intensity of the change that the organisation is going through - so we are implementing a lot of controls, and as well as that, we have obviously got our transformation program along with a remediation plan, and we have also got some key strategic projects like the Casino 2.0 program to deliver our cashless strategy. So there's a lot that is happening across the organisation. And like any organisation that goes through a lot of change, I think there is always the risk that certain controls or new processes, you know, need to smooth out over time.

MR CONDE: Is it correct, in light of what you were saying earlier about reporting lines and the current status of the licensee board and Compliance Committee, that if were you to have a concern today about the adequacy or effectiveness of controls in place at The Star Sydney and the relevant risks arising, the only course you would have is to raise that with Mr Saunders?

MS VUONG: Yes, I would raise with Mr Saunders but I'd raise it with Mr Humphreys as well.

MR CONDE: I see. Right. Those would be your two points of contact for canvassing any risks that you considered to be material?

5 **MS VUONG:** That's right, Mr Conde.

MR CONDE: If we can - staying on this page but also showing page 0129, I will then ask you about point 3 in this paper. Do you see it says:

10 "Re-introduction of complimentary alcohol in Private Gaming Rooms ..."

Now, this paper is dated August 2023. What was the position in relation to this issue as at August 2023, as best you can recall? And, by all means, please read what's there to refamiliarise yourself but if you could provide a summary.

15

MS VUONG: Sure, I will just quickly read through it, Mr Conde. Okay. So, sorry, Mr Conde, your question was what was the position at the time?

MR CONDE: Yes, yes.

20

MS VUONG: Okay. So The Star Sydney had sought approval from the NICC - the NICC, sorry - about reintroducing complementary alcohol in our private gaming rooms. So the property leadership team understood some of the risks, especially some of the findings from Mr Bell's first report, so we had carried out - or the business had conducted a pretty comprehensive risk assessment on the risks that were presented from the reintroduction of complimentary alcohol. And we were

25

looking at how our controls would address those risks and whether they would adequately mitigate our risks to ensure we could safely reintroduce complimentary alcohol.

30

MR CONDE: And where was the status, as at August 2023?

MS VUONG: We were still - I mean I don't recall it exactly but just from this update, there was a lengthy risk assessment and we did collate feedback over many rounds of feedback and discussions with various stakeholders.

35

MR CONDE: And what was your involvement in this issue?

MS VUONG: So, I was working - so I'm in Line 2, and so the Line 2 Risk team, which provides that independent oversight of risks, we were reviewing the business or Line 1's risk assessment and providing feedback to make sure that what the business was proposing was within appetite and obviously in compliance with any particular obligations we might have.

40

MR CONDE: And do you recall when - you mentioned a comprehensive risk assessment. Do you recall when that was done?

45

MS VUONG: So in terms of this particular report, the first draft, I think, was first completed around June or maybe even July but then, as I mentioned, we did revise that draft subsequently.

5 **MR CONDE:** So, what is your understanding of how this matter has since progressed, since August 2023?

10 **MS VUONG:** So, eventually we did reintroduce complimentary alcohol in our two main gaming rooms, the Sovereign Room and the Chairman's Room in November 2023. And then we were monitoring any incidents relating to the reintroduction, and in December we then extended the service of complimentary alcohol to the Oasis private gaming room. And, sorry, I should have mentioned we did that after lengthy discussions with the business, including the Controls team, and we did revise some of our policies and procedures, and we introduced some new controls as well as part
15 of the reintroduction of complimentary alcohol.

MR CONDE: And - actually, no, rather than asking that I will just go - if we can go, please, to MGR.0001.0001.6517. Do you see this is another Risk Committee Paper prepared by you, this time dated 8 September 2023?
20

MS VUONG: Yes, I do, Mr Conde.

MR CONDE: If we go please to page 6519. First of all, do you see under - toward the top of the page there is a heading Reintroduction of Complimentary Alcohol in PGRs?
25

MS VUONG: Yes, I do, Mr Conde.

MR CONDE: Can I ask you to read the paragraph after that and then the one under that. I will just ask you some questions after.
30

MS VUONG: Okay, Mr Conde.

MR CONDE: Yes. So, is it correct that, as best you can recall and having familiarised yourself with what's recorded here in this document, your role at this point is one of sort of noting the issue. Is it correct that you weren't actively involved in any particular decisions at this time?
35

MS VUONG: No, I was involved with the reintroduction of complimentary alcohol in that the business needed - well, first we sought approval from the NICC and they came back - I think it was in early June that it was up to us to determine what controls and how we safely reintroduced complimentary alcohol. So then I was working with the business in terms of, you know, making sure we address all the risks that we had identified in relation to reintroducing complimentary alcohol.
40
45

But no, the business - sorry, the decision to reintroduce complimentary alcohol, though, is ultimately Line 1 or the business's decision, as part of our three lines of

accountability model. But my role is to advise the business and make sure that what they plan to do is within our risk appetite.

5 **MR CONDE:** And as best you can recall, who were the particular Line 1 people for this particular issue who made that decision?

10 **MS VUONG:** It would have been the business. So Line 1 would have been Mr Peter Humphreys. There was input from the Food and Beverage team, the Asset Protection team, the Controls team and Marketing was also involved.

MR CONDE: And so far as you are aware, did Mr Humphreys make that decision with any interactions with the GLT or the Group level people? Or is that something of which you are unaware?

15 **MS VUONG:** Yes, so we - it would have been escalated to the GLT. In fact, that first sentence there about -

MR CONDE: Yes.

20 **MS VUONG:** About it being - yes, it was actually escalated to the - I forget exactly which meeting it was, whether it was a GLT meeting or GLT Risk Committee meeting, but there was an update or presentation to that.

25 **MR CONDE:** And then do you see, still on this page, under "7. Emerging risks" there is an entry there for TICO machines?

MS VUONG: Yes.

30 **MR CONDE:** If I could ask you just to read that paragraph first.

MS VUONG: Yes. Yes, Mr Conde, I have read it.

35 **MR CONDE:** Do you recall in terms of the request of a heightened attention on TICO machines and a risk of perhaps known associates coming in, why would that have been a concern?

40 **MS VUONG:** So if I recall correctly, we had been advised by the police that when they - what's the word. When they looked into one of the persons of interest's phone, there was a text message sent to that person about whether they were still trying to exploit the machines. So on account of that, the police had advised us to just note that and be on high alert for it.

45 **MR CONDE:** If the machines had been fixed, though, that wouldn't be a risk, would it?

MS VUONG: It wouldn't - I wouldn't expect it to be, but at the same time, I think it's prudent to advise police - that the police advised us to be on high alert and so it's as much about communicating that concern from the police.

MR CONDE: I'm sorry, Ms Vuong, I don't mean any criticism of your including this in the emerging risk section.

5 **MS VUONG:** Right.

MR CONDE: But I was keen to understand how that could be a risk if - well, it could only be a risk if there was a concern that the machines might not have been fixed. Isn't that right?

10

MS VUONG: Yes.

MR CONDE: And if we go back to 6517 - so this is mid-September 2023.

15 **MS VUONG:** Yes.

MR CONDE: So this issue was at least two months old, wasn't it?

20 **MS VUONG:** Actually, so the meeting date, Mr Conde, was on 8 September. So that paper is dated for that. But the way our paper submissions work within the company is we submit our papers a week ahead of the meeting.

MR CONDE: I see.

25 **MS VUONG:** So this paper would have been submitted around the 1st, or thereabouts, of September. But yes, the TICO issue had been known for a number of weeks by then.

MR CONDE: Right. If we could now go to STA.8000.0004.0253.

30

MR BELL SC: Just before we go that. Mr Vuong, you mentioned earlier how complimentary alcohol was reintroduced - I think you said the Sovereign Room and Chairman's room in November 2023; is that correct?

35 **MS VUONG:** That's right, Mr Bell.

MR BELL SC: And the Oasis room in December 2023; is that correct?

MS VUONG: That's right, Mr Bell.

40

MR BELL SC: Are they the only three private gaming areas at The Star Sydney?

MS VUONG: Yes.

45 **MR BELL SC:** And does admission to those gaming areas depend upon the level of patron spending in the casino?

MS VUONG: I don't know the details of, like, how the membership tiers work, but it's not just spending on the casino. It's - the membership program involves spending enough on food and beverage outlets, as well as hotels and, of course, casino, yes.

5 **MR BELL SC:** And subject to the responsible service of alcohol laws, are there any limits on the number of complimentary drinks that a patron in these private gaming rooms can consume?

10 **MS VUONG:** Yes. So when we decided to reintroduce complimentary alcohol back in November, we - one of the new controls we brought in was that each patron would only be allowed a maximum of three complimentary drinks per 25-hour - sorry, 24-hour period, and being mindful that, you know, people might visit the casino after dinner or whatever, say, at 8 or 9 o'clock and they might stay until, say, past
15 midnight, we - that particular control was deliberately set up so that it would reset at 5 am rather than the usual calendar day. So it would stop people from going for a night out and then waiting for midnight to tick over to get an additional complimentary drinks.

20 **MR BELL SC:** Is it the case that the reintroduction of complimentary alcohol recommenced firstly on a trial basis?

MS VUONG: Yes, like, we were closely monitoring - I think we had a fortnightly meeting set up after complimentary alcohol recommenced to monitor any RSA as well as any Safer Gambling incidents.

25 **MR BELL SC:** Is that still continuing on a trial basis or has it now been introduced on a full-time basis, if I can put it that way?

30 **MS VUONG:** Yes, so we concluded those fortnightly meetings - I can't remember the exact date but it would have been around January this year. And yes, so we - yes, complimentary alcohol is still being served in those private gaming rooms.

MR BELL SC: Yes, thank you Ms Vuong. Yes, Mr Conde.

35 **MR CONDE:** Ms Vuong, do you have an email that's come up for you from Mr David Satti dated Monday, 28 August 2023 at 5.33 pm.

MS VUONG: Yes, I can see that, Mr Conde.

40 **MR CONDE:** And is it correct that David Satti is a Senior Legal Counsel?

MS VUONG: Yes, Mr Conde.

45 **MR CONDE:** Within - sorry, I should have said, within The Star.

MS VUONG: Yes, I don't know his exact title. It might be Senior Lawyer rather than Senior Counsel but, yes, Mr Satti is in the Legal team.

MR CONDE: Do you recall being aware in late August 2023 that the Legal team within Star was not supportive of the recommencement of complimentary liquor in the manner that had been proposed as the Legal team did not consider it adequately addressed risks identified in the Bell Report and the NICC's correspondence?

5

MS VUONG: Yes. As you can see, I wasn't on this email, so I don't recall exactly, like, whether it was late August or early September but it became known to me.

MR CONDE: Right, shortly - at or around this time you became aware of this opinion.

10

MS VUONG: That's right, Mr Conde.

MR CONDE: And what was your reaction to that in your capacity as Head of Risk Star Sydney?

15

MS VUONG: I was surprised initially, and I think part of that was I hadn't actually engaged with the Legal team when we started on the risk assessment, and that was mainly because risk - sorry, Legal and Compliance used to be one team, and as part of the restructure, we had before I joined, Compliance was a separate team. So I was working quite closely with our Compliance colleagues, and, in that sense, I had thought that that encompassed the - like, Legal's view, I suppose, or the Compliance's position - Compliance position on whether complimentary alcohol were going to be non-compliant.

20

And on top of that we had had correspondence, yes, around early June from the NICC that had led me to believe that complimentary alcohol per se was not non-compliant. Sorry, was not in compliance - was not not in compliance with the CCA or RSA.

25

MR CONDE: I appreciate you expressed that had in a double negative. But is it correct that they hadn't given their approval but they had not dissuaded Star from proceeding either; is that correct?

MS VUONG: The NICC, Mr Conde?

30

MR CONDE: Yes.

MS VUONG: Yes, that's right.

35

MR CONDE: That was your understanding at least.

MS VUONG: That's right, yes.

MR BELL SC: Ms Vuong, in the private gaming rooms now that complimentary alcohol has been reintroduced, is it available at the bar in those rooms or is the liquor brought to the gaming tables where patrons are playing?

40

45

MS VUONG: My understanding it's available both at the table or at the bar but when it's at the table, we do have food and beverage attendants who would take the order from the patron, and part of the uplifting of the controls is, when taking the order from the patron, the team member is supposed to obviously check for
5 RSA - any RSA concerns as well as flagging any potential Safer Gaming indicators as well.

MR BELL SC: Yes, Mr Conde.

10 **MR CONDE:** And do you see, Ms Vuong, that this email is addressed to Rav Townsend and George Hughes and, further, it is not addressed or even copied to Mr Humphreys?

MS VUONG: That's right.
15

MR CONDE: Now, Mr Hughes was the Chief Customer and Product Officer at the time. Ms Townsend, is it correct, was the Chief Controls Officer at the time?

MS VUONG: That's right, yes, Mr Conde.
20

MR CONDE: Both would have been GLT members at the time; is that correct?

MS VUONG: Yes, Mr Conde.

25 **MR CONDE:** What, if any comment, do you have on this risk or this sort of - something which should feature in the decision-making in relation to complimentary alcohol coming through Ms Townsend and Mr Hughes and not being copied to Mr Humphreys or, indeed, yourself?

30 **MS VUONG:** My understanding is it had been - "it" being the issue about potentially reintroducing complimentary alcohol, it had been escalated to the GLT level.

MR CONDE: Right.
35

MS VUONG: And, I mean, I have never confirmed with Mr Satti directly, but I imagine that's why he was addressing Ms Townsend and Mr Hughes. Because it had been escalated to the GLT level.

40 **MR CONDE:** And so this, as you understand it, was a decision being made at that level; is that correct?

MS VUONG: At that level with input from Line 2, so myself and my Compliance colleagues, as well as The Star Sydney's leadership team.
45

MR CONDE: And when you provided your input from the Line 2, do you recall doing so with the benefit of knowing that this was the Legal team's view?

MS VUONG: In subsequent drafts of the risk assessment, yes. So when we started, we - we hadn't included Legal in the risk assessment but part of the subsequent refinement of the risk assessment, we did include Legal's view and addressed their concerns.

5

MR CONDE: Right. If I can now show you STA.8000.0004.0258. I'm sorry - do you see there, there is a document Re-introduction of Complimentary Liquor in PGR, The Star Sydney?

10 **MS VUONG:** Yes, I do, Mr Conde.

MR CONDE: This is attached to an email. I should show you that. It's STA.8000.0004.0253.

15 **MS VUONG:** Okay.

MR CONDE: Sorry, the - do you see this was the email we were looking at before but the attachment file says "Re-introduction of Comp Liquor PGR"?

20 **MS VUONG:** Yes.

MR CONDE: Sorry to have moved away from that. If we can now go to STA.8000.0004.0258. If you can go, please, to page 0260. Do you see the - it says up the top Key Risk Areas, Risk Title, and it says "Gambling inducements"?

25

MS VUONG: Yes.

MR CONDE: And Description of Risk Scenario:

30 "There is a potential risk that providing complimentary alcohol as an offering of a PGR could increase participation in gambling."

Do you see that?

35 **MS VUONG:** Yes, I do.

MR CONDE: And there is an entry for Marketing and Communication:

40 "The Marketing function does not advertise the benefit of receiving complimentary alcohol. This includes no outward communication to patrons."

The next point:

45 "The Star staff will not proactively promote the benefit of complimentary alcohol to patrons."

And then do you see in Safer Gambling, it talks about:

"There has been a considerable uplift in the control's environment ..."

And so forth.

5 **MS VUONG:** Yes.

MR CONDE: Now, how, if at all, would patrons find out, in your view, about complimentary alcohol if there is no marketing?

10 **MS VUONG:** By word of mouth, I suppose. So - yes.

MR BELL SC: Ms Vuong, do I understand that this is your risk assessment. Is this your document?

15 **MS VUONG:** So, it was a - it's primarily driven by the business. So, we had the Asset Protection team who drafted the first draft of the risk assessment, and then for a period of time I took, I guess, the pen - I held the pen on the risk assessment. And then around August or thereabouts, it was driven - sorry, it was the Controls team that was holding the pen on this risk assessment, but we had our Line 2 check and
20 oversight, like, check and challenge of the risk assessment as well.

MR BELL SC: When you were telling me earlier about a risk assessment that you had been involved in, you were referring to this document?

25 **MS VUONG:** Yes.

MR BELL SC: Or previous iterations of it; is that correct?

MS VUONG: That's correct, Mr Bell, yes.
30

MR BELL SC: Are you telling me that, at some point in time, the documentation of this document was taken over by the Controls team, I think you said.

MS VUONG: Yes.
35

MR BELL SC: Is that the Group Controls team led by Rav Townsend?

MS VUONG: That's right, Mr Bell?

40 **MR BELL SC:** When did you cease to have the primary ownership of this document and then it became owned by that team?

MS VUONG: I don't recall the exact date, but I expect it would be around August or maybe September.
45

MR BELL SC: Yes. Thank you. Yes, Mr Conde.

MR CONDE: If I can show you a new document. It is STA.8000.0004.0643. This should be another email which you are not copied. If we could just enlarge, please, the document. Can you see at about 3.06 pm there was an email from Mr Satti to Ben Saroufim, copied to Rav Townsend where it is written:

5

"Just thought I would share my rough notes below in yellow highlight."

Do you see that?

10 **MS VUONG:** Yes.

MR CONDE: And then if we go, please, to - I think it is the next page, which is underscore 0002. Yes. About the middle of the page there is a row - if that could be enlarged please - it says:

15

"Does the service persuade or encourage people to intensify their gambling behaviour? Or does the service persuade or encourage people to engage in gambling behaviour?"

20 It might be a bit small but can you see that, Ms Vuong

MS VUONG: Yes, I can, Mr Conde.

MR CONDE:

25

"A limit of three ... complimentary alcoholic beverages is set per day per patron ..."

And in yellow highlight it says:

30 "(Legal position is maximum 1 per day)".

Do you see that?

MS VUONG: Yes, I do

35

MR CONDE: Now, I appreciate you weren't copied to this email. This was dated around 20 September 2023. Do you recall being aware of that position as part of the development of the risk analysis of this issue?

40 **MS VUONG:** Yes.

MR CONDE: And is it correct that that just factored into the overall analysis? Or was there, so far as you are aware, some departure from this?

45 **MS VUONG:** Yes, so it was - this was the feedback from Legal that we then subsequently had more discussions with not just Legal but the business and Ms Townsend's team in Controls. And I think, from memory, Legal's position was they were very much against reintroducing complimentary alcohol on the basis that,

in Mr Bell's first report, there is a particular paragraph that says that, therefore, Mr Bell found that The Star Sydney's service of complimentary alcohol violated - and I'm sorry, but I forgot the exact section of the Casino Control Act - because it acted as an inducement.

5

So that was their concern. Like, they just didn't think we should reintroduce complimentary alcohol at all. And so they had, Legal, from the outset a very - I guess a very risk-averse position on the basis that their view was the Bell 1 report had said complimentary alcohol is an inducement. And based - but then my position was I didn't necessarily agree with that, and that was largely informed by the correspondence that we had received from the NICC in early June.

10

MR CONDE: Yes.

15

MS VUONG: That, you know, they didn't think it was - yes, they didn't say complimentary alcohol was not allowed; it was just incumbent upon us to make sure that we would reintroduce it in a safe way.

20

MR CONDE: Yes. And through this process, is it correct that you felt, as Head of Risk of Star Sydney that you were aware of this issue coming from - this view and it was featuring in the analysis of risk in relation to the issue of complimentary alcohol?

25

MS VUONG: This issue being Legal's position?

MR CONDE: Sorry, around the business's decision whether to reintroduce or not.

MS VUONG: Yes.

30

MR BELL SC: Ms Vuong, I see here that the Legal department were suggesting that there be service at the bar only, not at tables or machines, and that there be a mechanism for preventing free drinks being taken to tables. I take it from your earlier evidence that that advice hasn't been accepted by the group.

35

MS VUONG: Yes. So, again, we had lengthy discussions about this particular channel, I suppose, on how we would serve the complimentary alcohol. And on the basis that we - we believed that we had strong uplifted RSA controls, as well as our uplifted Safer Gambling controls, that whether the complimentary drinks were served at the bar or at the table, it wasn't going to materially increase our risk. Because the reality is, people could order drinks from their table.

40

Like, this was more about the complimentary drinks. So it was felt that if we had a different process for complimentary alcohol, that would add another layer of complexity for team members and potentially detract from the real risk, which is observing RSA or Safer Gambling indicators.

45

MR BELL SC: So should I understand that the group ultimately concluded that serving complimentary local at the tables didn't materially increase the legal risk?

MS VUONG: Yes, and I believe we ended up getting external legal advice as well to make sure we were all comfortable, including our Legal team.

5 **MR BELL SC:** And did that external advice cover that specific issue about service at the tables as opposed to at the bar?

MS VUONG: I don't recall whether it is specifically covered that issue, Mr Bell.

10 **MR BELL SC:** Yes, thank you, Ms Vuong. Yes, Mr Conde.

MR CONDE: Ms Vuong, just to fast forward, is it correct, without revealing the substance of any such advice, that the group received advice from Senior Counsel on this issue and that that advice featured in the risk assessment and in the eventual
15 business decision?

MS VUONG: Yes, and we - beyond what was documented, we had multiple discussions with Legal, as well as all the other stakeholders that I have noted earlier.

20 **MR CONDE:** Yes.

MS VUONG: Yes.

MR CONDE: Mr Bell, may I add, this is in no way a criticism of any party. There
25 are some documents by agreement being produced through today in accordance with an agreed schedule. Those documents may result in further or perhaps hopefully fewer questions for Ms Vuong. On that basis, I propose, if it is amenable to you, to adjourn early so that I can review those documents, and hopefully we can require
30 Ms Vuong for less time or for the least possible amount of time tomorrow.

MR BELL SC: Yes, in those circumstances, I will adjourn until 10 am tomorrow. Thank you.

<THE HEARING ADJOURNED AT 4.39 PM