

**IN THE MATTER OF A ROYAL COMMISSION INTO  
THE PERTH CASINO**

**WITNESS STATEMENT OF CARMELINA FIORENTINO**

**Date of Document:**

12 May 2021

**Filed on behalf of:**

The Gaming and Wagering Commission of  
Western Australia

**Prepared by:**

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**I, CARMELINA FIORENTINO,** Contains sensitive information

Contains sensitive say as follows:

- 1 This statement is provided in response to the witness summons to give evidence, dated 30 April 2021 and issued pursuant to section 9 of the *Royal Commissions Act 1968* (WA), which is directed to me by the Perth Casino Royal Commission. This statement addresses the matters set out in Schedule 1 to the summons.
- 2 I am a member of the Gaming and Wagering Commission of Western Australia (GWC).

- 3 This statement is true and correct to the best of my knowledge and belief. The views I express in this statement are from my own knowledge, except where I indicate otherwise.

## **QUALIFICATIONS AND EXPERIENCE**

- 4 I hold the following formal qualifications:

- 4.1 Master of Business Administration (MBA) (Advanced) with Distinction, 2015, from University of Western Australia;
- 4.2 Fellow Chartered Accountant (since 2019), and Chartered Accountant (since 1994);
- 4.3 Graduate Certificate in Urban & Regional Planning, 2013, from University of Western Australia;
- 4.4 Bachelor of Commerce, 1985, from University of Western Australia;
- 4.5 completed the Australian Institute of Company Directors (AICD) 'Company Directors Course' in 2019.

- 5 I have been employed in the following roles:

- 5.1 July 2016 to current: Business Foundations; Senior Manager Business Services;
- 5.2 January 2007 to June 2016: ProfitSeek Consulting; Director/ Management Consultant/ Owner;
- 5.3 February 2001 to November 2006: Notre Dame University, Fremantle; Tutor in Management & Financial Accounting;
- 5.4 November 1992 to December 2000: Lotterywest; Finance Manager;

- 5.5 March 1987 to October 1992: Cann Corporation Pty Ltd; Financial Controller;
  - 5.6 January 1985 to March 1987: Hendry Rae & Court; Auditor.
- 6 I currently sit on the following boards or commissions:
- 6.1 Gaming and Wagering Commission from August 2018;
  - 6.2 Fremantle Port Authority from January 2019; and
  - 6.3 South West Corridor Development Foundation (SWCDeF) Management Committee from November 2018.
- 7 I previously held the following voluntary board or commission positions:
- 7.1 November 2017 to March 2019: St Thomas More College (UWA), Council Member, Strategy & Finance Committee Member;
  - 7.2 March 2014 to February 2017: PICA Foundation (Perth Institute of Contemporary Arts);
  - 7.3 November 2012 to June 2014: UN Women Australia (Perth), Deputy Chair;
  - 7.4 June 2006 to June 2007: John XXIII College, Finance Committee Member; and
  - 7.5 July 2001 to Nov 2005: MosArts (Mosman Park Arts Foundation), Director.
- 8 I have no specific experience or qualifications directly relating to the regulation and oversight of casinos and casino gambling save for the experience I have obtained as a member of the GWC.

## ROLE ON THE GAMING AND WAGERING COMMISSION

### Date and length of appointment

- 9 I was appointed to the GWC on 1 August 2018 for a term of 2 years, and subsequently reappointed for a further 2 year term from 1 August 2020.
- 10 The length of my appointment to date is 2 years and 9 months.

### Training

- 11 On 31 July 2018, I received an email from Kellie Pemberton (**Ms Pemberton**), Regulatory Officer from the Department of Local Government, Sport and Cultural Industries (**Department**), containing the following:
- 11.1 formal appointment letter dated 31 July 2018, requesting various identity documents and National Police Clearance Certificate. A copy of that letter is annexed to my statement and marked GWC.0003.0003.0004;
  - 11.2 confirming a date, time and location for an induction meeting;
  - 11.3 scheduled GWC meeting dates during 2018;
  - 11.4 links to the following webpages and legislation: DLGSC website, Racing Gaming & Liquor (WA) Division website, GWC Annual Reports website, *Betting Control Act 1954*, *Betting Control Regulations 1978*, *Casino Control Act 1954*, *Casino Control Regulations 1999*, *Casino Control (Burswood Island) (Licensing of Employees) Regulations 1985*, *Gaming and Wagering Commission Act 1987*, *Gaming and Commission Regulations 1988*, *Racing and Wagering WA Act 2003*, and *Racing and Wagering WA Regulations 2003*.
- 12 A copy of email dated 31 July 2018 from Kellie Pemberton to myself is annexed to my statement and marked GWC.0003.0003.0002.

- 13 My GWC induction meeting was held on 2 August 2018 with Ms Pemberton and Michael Connolly (**Mr Connolly**), the Department's Chief Casino Officer (**CCO**) for approximately 1 hour at 140 William Street, Perth.
- 14 During the induction meeting I was given an induction file, the contents of which Ms Pemberton discussed with me (I subsequently read the file in more detail).
- 15 The induction file contained the following documents:
  - 15.1 List of GWC meeting dates during 2018;
  - 15.2 GWC 'Code of Conduct', January 2018;
  - 15.3 Public Sector Commission 'Good Governance Guide for Public Sector Boards and Committees', December 2016;
  - 15.4 GWC paper 'Differentiating between Electronic Gaming Machines and Poker Machines';
  - 15.5 GWC Policies:
    - 15.5.1 Wagering Policies (WA Race Fields; Probity Assessments; and Match-Fixing in Sport);
    - 15.5.2 Community Gaming Policies (Community Poker; Two Up Policy; VLT Policy; and Probity Assessments);
    - 15.5.3 Casino Policies (ATMs at Crown Perth; Licensing of Security Officers at Crown Perth; Probity Assessments; Electronic Gaming Machines; EGMs – Return to Players; and Casino Gaming on Cruise Ships).
- 16 During the induction, Mr Connolly advised me that from 1 August 2018 (my GWC appointment date) I am an 'authorised officer' within the definition of the *Gaming and*

*Wagering Commission Act 1987*, and as an authorised officer I am prohibited from participating in any gaming at the Perth Casino and it is an offence to do so.

17 Following the induction meeting, I received an email from Ms Pemberton dated 2 August 2018 containing the following:

17.1 a copy of the WA Appendix to the 2016 Gaming Machine National Standard;

17.2 a link to the GWC Policies page; and

17.3 a list of current members of the GWC and their biographies.

18 A copy of the email from Ms Pemberton dated 2 August 2018 is annexed to my statement and marked GWC.0003.0003.0003.

19 In addition, I printed and read the following documents about the GWC and its functions, which I found from the links provided to me by Ms Pemberton:

19.1 Summary paper on 'The WA Gaming Legislation', including background to the legislation, and the current legislative framework;

19.2 WA Appendix to the Australian/NZ 'Gaming Machine National Standard 2016';

19.3 Annual Report 2016/17 Department of Racing, Gaming and Liquor;

19.4 Gaming and Wagering Commission Act 1987;

19.5 Casino Control Act 1984; and

19.6 The role of the Gaming and Wagering Commission of WA (from the Department's website).

20 Approximately one month after my induction meeting, I was provided with an iPad for downloading GWC meeting agenda packs (via iAnnotate).

- 21 In May 2019, the Department organised the ‘Australasian Casino & Gaming Regulators Conference 2019’ in Fremantle and Rottnest over three days. All GWC Commissioners were invited to the Conference and I attended the following seminars:
- 21.1 Board & Commission Members Forum (14<sup>th</sup> May 2019);
  - 21.2 Tackling Change in an Evolving World: Casino Operator’s Insights (15<sup>th</sup> May 2019); and
  - 21.3 Illegal Offshore & Online Wagering (15<sup>th</sup> May 2019).
- 22 I made a summary of my notes from these Conference seminars and provided them to the other GWC members at a GWC meeting on 28 May 2019, Agenda Item 5.7. A copy of the Agenda papers for the meeting on 28 May 2019 is annexed to this statement and marked GWC.0002.0016.0274.

#### **Areas of specific responsibility**

- 23 The GWC has no subcommittees that I have been aware of since my appointment.
- 24 While I do not have any specific areas of responsibility on the GWC, Jodie Meadows and I took more interest in the financial statements because of our background as Chartered Accountants and others contributed according to their strengths.
- 25 During 2020 (refer GWC meeting minutes 28 July 2020 Agenda item 11.3, GWC.0002.0016.0306), the GWC agreed to appoint Jodie Meadows as its GWC representative on the Department’s Internal Audit Committee (IAC). Both Ms Meadows and I expressed interest in being the GWC’s representative on the IAC, however I already had existing meeting commitments during two of the four scheduled IAC meeting dates, so the GWC resolved that Ms Meadows be the GWC representative at the Department’s IAC. The Department’s IAC was created pursuant to the Western Australian Treasurer’s Instruction (TI 1201 ‘Structure of the Internal Audit Function’)



during 2020 which required each Western Australian government agency to establish and maintain an independent internal audit function. The Department had formed its own independent IAC, and the GWC agreed to have one GWC Commissioner representative on the Department's IAC.

### **Remuneration and time spent**

26 My income for being a member of the Commission is \$16,600 per annum plus 9.5% Superannuation \$1,577, which is a gross income of \$18,177 per annum. My net income (after PAYG tax) is \$12,855 per annum.

27 This net income is paid directly to my bank account on a fortnightly basis (ie. \$494 per fortnight).

28 I applied for and received 50% of my travel costs up to a maximum of \$2000 towards my director professional development for attending the Australian Institute of Company Directors' 'Annual Governance Summit' on 4 and 5 March 2019 in Sydney. This was approved in Agenda Item 12 of the GWC meeting minutes on 26 February 2019, Resolution 39/2019 ([GWC.0002.0016.0270](#)). A total of \$778 was reimbursed to me, as my actual travel expenses were lower than expected. I subsequently provided a report to the GWC meeting on 26 March 2019 (Agenda Item 5.2) titled 'Key Learnings - Attendance at AICD Australian Governance Summit 2019' ([GWC.0002.0016.0268](#)).

29 My estimated actual monthly time commitment in performing my role as a member of the Commission is:

29.1 GWC meeting preparation: for each monthly GWC meeting, depending on the Agenda volume, I take between 5 to 7 hours reading preparation;

29.2 GWC meeting attendance: GWC meetings are held each month (except January) on the fourth Tuesday beginning at 8.30am. Depending on the



Agenda, the duration of GWC meetings is usually between 3 and 4 hours each month;

29.3 GWC meeting travel: I attend GWC meetings in person at 140 William St Perth, commuting by train (no GWC reimbursement). During COVID lockdowns, GWC meetings are held online via Microsoft Teams;

29.4 other GWC business: each month, I take an additional 5 to 10 hours on other GWC business (eg. reading draft GWC meeting minutes, email updates from the Department regarding Crown/ TAB sale, reading media reports regarding Crown and the gambling sector, etc).

30 I estimate the majority of each month's Agenda, approximately 70 to 80 per cent, is focused on casino operational and compliance regulation matters. During 2019 and 2020, however, I recall a higher proportion of GWC meeting time was taken on matters relating to the sale of the TAB. From late 2019 onwards, an increasing focus and concern during GWC meetings were the media allegations regarding Crown, resulting in additional time taken during GWC meetings discussing this and our GWC strategy regarding these allegations.

## **POWERS, DUTIES AND OBLIGATIONS OF THE COMMISSION**

### **Information as to powers, responsibilities, obligations and duties**

31 In addition to the material provided in and after my induction as set out at paragraphs 11 to 20 above, my letter of appointment dated 31 July 2018 states: "*The Commission has been established to regulate both gambling and wagering activities in WA and is responsible for regulating casino and community gaming activities, the wagering activities of Racing and Wagering WA and activities permitted under the Betting Control Act 1954.*"

- 32 The GWC's Code of Conduct provided to me during the induction meeting states the Mission, Vision, Values and Commitment of the GWC:

*Mission: To regulate the gambling industries in WA*

*Vision: Lawful gambling activities are provided for the benefit of the public of WA*

*Values: Respect / Professional / Innovation / Excellence / Accountability / Collaboration*

*Commitment: As members of the Commission, we are committed to upholding the principles of the Public Sector Commissioner's Code of Ethics and this Code to maintain the Commission's reputation and good governance.*

- 33 A copy of the GWC's Code of Conduct provided to me is annexed to my statement and marked GWC.0003.0003.0001.

- 34 In addition, following my induction meeting I printed an extract from the Department's website: 'The Role of the Gaming and Wagering Commission of WA' which contains:

34.1 the broad objectives of the GWC; and

34.2 the GWC's duties in relation to the gaming and wagering industry.

- 35 A copy of a print out from that website is annexed to my statement and marked GWC.0003.0003.0005.

### **Obstruction/Obstacles**

- 36 I consider that the GWC has been obstructed in the exercise of its powers and discharge of its responsibilities and obligations, whilst I have been a member of the GWC in the sense that it has faced certain obstacles. The main obstructions/obstacles to the GWC resulted from:

- 36.1 our total reliance on the Department's staff to support the GWC;
  - 36.2 the Department's staff resourcing constraints;
  - 36.3 our dependence on key Department staff, particularly Mr Connolly as CCO;  
and
  - 36.4 the Department's Director General (Duncan Ord) performing the dual roles of  
GWC Chair and Department Director General.
- 37 While the Department's staff worked diligently to support the GWC, it was very clear that staff had very limited capacity to fulfil additional work required on behalf of the GWC. In particular Mr Connolly, as CCO, was the Department's subject matter expert on casino regulation and compliance and the GWC's dependence on Mr Connolly's tacit knowledge, accumulated over a number of years, was a key risk factor for the GWC. As a consequence of the Department's increasing workload, on a number of occasions, I recall myself and other GWC Commissioners expressing our concern for the mental health and wellbeing of key Department staff.
- 38 During my term as a GWC Commissioner, I experienced the following obstacles:
- 38.1 Key Performance Indicators (**KPIs**): During my first GWC meeting on 28 August 2018, GWC members were presented with Agenda item 11.5 to consider approval of target KPIs for the 2018/19 financial year (this is when I first raised concerns about the KPIs) ([GWC.0002.0016.0239](#)). The information presented in the GWC board pack to support the KPIs was inadequate (it was an excel working spreadsheet) and during the meeting I queried the nature of the target KPIs, specifically what KPIs are being considered, and whether the KPIs were 'fit for purpose' for the GWC. During the meeting I was advised by Mr Connolly that the KPIs are 'Effectiveness and Efficiency' indicators

required for Office of the Auditor General (OAG) purposes and these were acceptable to the GWC over a number of years. I considered that the target KPIs presented:

38.1.1 were historical measures provided for audit compliance purposes,

38.1.2 were not meaningful targets used to measure achievement towards the GWC's objectives, and

38.1.3 had not been reviewed for a number of years.

38.2 During that meeting, I requested a comprehensive review of the GWC's KPIs, commencing with firstly, an understanding of the GWC's objectives; and secondly, what were appropriate KPIs to measure GWC's achievement towards these objectives. This was included as an item on the list of 'Matters to be actioned' within an overall description: 'Provide a review/progress report on regulatory responsibilities across the department' (Agenda item 5.1 in the GWC meeting minutes 23 October 2018 ([GWC.0002.0016.0256](#))).

38.3 However, due to severe Departmental staff resourcing constraints, actioning this Item continued to be delayed. I raised the KPI review during a number of subsequent GWC meetings:

38.3.1 29/10/2019 - Agenda Item 11.4 Audit Opinion  
([GWC.0002.0016.0289](#));

38.3.2 17/12/2019 – Agenda Item 11.3 Target KPI Statistics for 2019/20  
([GWC.0002.0016.0293](#));

38.3.3 25/2/2020 – Agenda Item 5.1 Matters to be Actioned – KPIs  
([GWC.0002.0016.0297](#));

38.3.4 28/4/2020 – Agenda Item 5.3 GWC KPIs and OAG attendance  
([GWC.0002.0016.0298](#));

38.3.5 28/7/2020 – Agenda Item 5.3 Confirmation of Intent to amend Target  
KPIs for 2019/20 ([GWC.0002.0016.0306](#) and [GWC.0002.0016.0310](#)).

- 39 Following the 2019 audit, I was also concerned that the OAG had issued the GWC with a management letter (dated 5 September 2019) noting ‘KPI Targets’ as a ‘moderate’ finding and of sufficient concern requiring action being taken. The OAG’s recommendation was that *‘The targets for the KPIs should be reviewed to better reflect the desired performance of the Commission for the forthcoming year.’*
- 40 During the GWC meeting on 22 September 2020, at Item 12, Mr Connolly did advise Commissioners of his proposal to review the Department’s structure and functions to support the GWC and this would also include a review of KPIs and a revised reporting framework to the GWC ([GWC.0002.0016.0315](#)).
- 41 To address the Department’s staff resourcing constraints on this issue, I recall the GWC approved hiring an external consultant to review the KPIs. However, the Department’s staff resources were so constrained that scoping and managing this project with an external consultant did not proceed.
- 42 The Department’s staff (headed by Mr Connolly as CCO) worked diligently to administratively support the GWC, however the Department’s inability to increase staff resources was a severe constraining factor on the GWC’s request for a comprehensive and strategic review of KPIs.

### **Gaming and Wagering Commission’s policies and procedures**

- 43 My understanding is that the GWC has the following responsibilities regarding the Perth Casino:

- 43.1 regulate the conduct, extent and character of gaming and gambling operations within the Perth Casino (in accordance with the *Casino Control Act 1984*), as documented within the GWC approved 'Burswood Casino Directions', and GWC Policies on the Perth Casino (ie. ATMs at Crown Perth; Licensing of Security Officers at Crown Perth; Probity Assessments; Electronic Gaming Machines; EGMs – Return to Players; and Casino Gaming on Cruise Ships);
  - 43.2 probity assessments into the suitability of Casino employees for licenses and approvals;
  - 43.3 audit, inspection, and security verification of Casino gaming, including verification and receipt of Casino gaming license fees, Casino tax, and penalties;
  - 43.4 minimise gambling harm to the public by regulating the responsible service of gambling at the Perth Casino.
- 44 It is my understanding that it is not within the GWC's function or powers to regulate or monitor risks associated with money laundering or player criminal links to the Casino. Regulation of these risks are within the powers and remit of other agencies, for example AUSTRAC and/or AFP.
- 45 To the best of my recollection, the GWC did not have any specific policies or procedures relating to the Perth Casino or the risks associated with
- 45.1 anti-money laundering; or
  - 45.2 criminals infiltrating casino operations.
- 46 I am only aware of one GWC policy that relates to cash and electronic transactions at the Perth Casino, being the ATMs at Crown Perth policy – a policy relating to the



placement of ATMs at the Perth Casino and the amount of money that can be withdrawn in a 24 hour period.

- 47 Regarding 'junket operations', my understanding is that the GWC does have specific powers to regulate and monitor junket operations at the Perth Casino within section 25A of the *Casino Control Act 1984*. However, my understanding is that the probity into junket player alleged criminal links is not within the powers of the GWC. My understanding was confirmed during the GWC meeting held on 27 August 2019, Agenda Item 6.4 Junket Processes (Resolution 145/2019), which states: *'(i) note that Federal border protection agencies process and approve the issuing of visas to oversee players; (ii) note that AUSTRAC is the Federal agency responsible for administering anti-money laundering legislation; (iii) note that there are a number of inquiries being conducted in relation to Crown and broader junket activity by State and Federal agencies that may be relied upon as a basis to make suitability and enforcement determinations; and (iv) authorise the Department to explore the idea of a national framework for the approval and management of junket activities'* (GWC.0002.0016.0286).

## **SUPPORT FROM THE DEPARTMENT**

- 48 My understanding is that the Department provides all administrative support to the GWC and the Department's Director General is also the Chair of the GWC. The GWC is entirely reliant on the Department to provide support on policies and procedures and reporting on the GWC's regulation, compliance and oversight of the Perth Casino.
- 49 Staff from the Department prepare drafts of any changes required to GWC policy and procedures, for GWC approval. Department staff, led by the CCO, also prepare all the Agenda meeting packs for GWC meetings. The Agenda meeting packs include reports



on each agenda item which are prepared by Departmental staff, and reviewed by the CCO. If a GWC member wishes to add something to the Agenda, we contact the Department's administrative staff and they add it as an Agenda item. This process is efficient and adequate.

- 50 The Agenda meeting packs received by the GWC Commissioners from the Department and the CCO, relating to the regulation of the Perth Casino are generally not adequate. I say this because each month there is often voluminous information included which is historical and mostly compliance driven. I questioned the value of some of the information provided and I recall Mr Connolly advised that the information in the Agenda meeting packs has accumulated over a number of years based on past queries from GWC members and so continues to be reported on each month.
- 51 I recall requesting a complete review of information included in the Agenda meeting packs.
- 52 The consequent result of the volume of information prepared monthly by the Department's staff is that often, new strategic review action items identified by GWC members (such as review of KPIs) are continually delayed because of a lack of staff resources.
- 53 Most 'Matters to be actioned' have as the staff member responsible for reporting back to the GWC, or implementing the action item, as the CCO, particularly Mr Connolly when he was the CCO. The volume of tasks he had to complete was high and so the strategic review action items were delayed.
- 54 I have had IT issues regarding my iPad in the past, and each time I have phoned or emailed the IT staff in the Department, they have assisted me efficiently and adequately.

## CONFLICTS OF INTEREST

55 The GWC Code of Conduct included in my induction file made the importance of declaring conflicts of interest very clear. As a director in other roles, I am very aware of the importance of declaring conflicts of interest. If I or another member of the GWC had a conflict relevant to a GWC meeting agenda item, the conflicted member would leave the room while the discussions on that topic were had.

56 Since I commenced in August 2018, each GWC meeting has 'Disclosure of any interests' as a standing Agenda item 2, reflecting its prominence and importance. In addition, standing Agenda item 3 is 'Registration of Gifts and Hospitality' for GWC members to declare at the beginning of each meeting. During the GWC meeting held on 23 March 2021 Agenda Item 12.2 'Governance Matters' introduced a new 'Conflict of Interest Register' process to capture all conflicts declared by GWC members and providing this to the GWC Chair (GWC.0002.0016.0367).

57 I declared the following conflicts on the GWC Conflict of Interest Register:

57.1 On GWC meetings dated 28 August 2018, 27 October 2020 and 16 February 2021, I declared that my ex-husband is a colleague and friends with Joshua Preston (employee of the Perth Casino until December 2020), however I haven't socialised with Mr Preston for over 20 years. GWC members noted this and no further action was taken;

57.2 On GWC meeting dated 16 February 2021, at Agenda items 1 and 12.2, I declared that I expressed an interest in a Director position at Future Fund Australia (of which a Director is Mr John Poynton, previous Chair of the Perth Casino) by emailing Mr Poynton with my CV attached. The GWC meeting minutes dated 16<sup>th</sup> February 2021 at Agenda item 1 state: *'Ms Fiorentino*

*disclosed she has previously expressed an interest in a Director position at Future Fund Australia by emailing its Director Mr John Poynton, who is also Chair of Crown Perth. However, Ms Fiorentino has never met Mr Poynton.* ' I advised GWC members that I have never had a meeting with Mr Poynton in person, online or by phone. GWC members noted this, and no further action was taken.

- 58 I am not aware of the GWC having a conflicts of interest policy for Department staff and other persons carrying out duties on behalf of the GWC. I understood that the GWC conflicts of interest process was for GWC members and not Department staff. The GWC's Code of Conduct, dated January 2018, however, does state: '*Authorised, delegated and executive support officers of the Commission are employees of the Department of Local Government, Sport and Cultural Industries, and in this regard, are bound by the Department's Code of Conduct.*'
- 59 During the GWC meeting on 16 February 2021 at Agenda item 12.2, I do recall GWC members requesting that the Acting CCO, Mr Mark Beecroft, also complete the GWC Conflict of Interest Register.

Contains sensitive information

CARMELINA FIORENTINO