

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

WITNESS STATEMENT OF KEVIN JOHN HARRISON

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Filed on behalf of:

The Gaming and Wagering Commission of
Western Australia

Prepared by:

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I, **KEVIN HARRISON**, of **Contains sensitive information**, 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 (**Topics**).
2. I was a member of the Gaming and Wagering Commission of Western Australia (**GWC**) from 1 January 2006 to 31 December 2015.
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. Between 1965 to 1967, I took courses towards a Diploma in Accounting at the Perth Technical College. I did not complete this qualification prior to being seconded for National Service.
5. During my professional career, I have held various roles including:
 - 5.1. I was employed by Hospitality Holdings Limited and the ACE Group Pty Ltd in various positions as follows:
 - 5.1.1. 1964 to 1966, Assistant to Group Accountant;
 - 5.1.2. 1966 to 1967, Office Manager;
 - 5.1.3. 1967 to 1969, National Service, 3rd Battalion, Royal Australian Regiment, Australian Army and 9th Battalion, Royal Australian Regiment, Australian Army serving in Vietnam;
 - 5.1.4. 1969 to 1970, Manager, Townhouse Hotel Perth;
 - 5.1.5. 1970 to 1971, Assistant Group Accountant;
 - 5.1.6. 1971 to 1972, Group Accountant;
 - 5.1.7. 1972 to 1976, Group Company Secretary;
 - 5.1.8. 1976 to 1978, Financial Controller;
 - 5.1.9. 1978 to 1991, Managing Director of Accommodation Division;
 - 5.2. between 1989 to 1992, I was the Chairman of Marketing at Flag International Limited; and
 - 5.3. from 1987 to 1993 I was a Commissioner and between 1993 to 1996, I was Chairman and Chief Executive Officer with the Western Australian Tourism Commission.
6. I have also served on a number of government and corporate boards including:

- 6.1. between 1978 to 1991, I was a director of ACE Group Pty Ltd, an exhibition and distribution theatre company with up to 17 cinemas throughout Western Australia;
 - 6.2. between 1978 to 1991, I was a director of Hospitality Hotels Limited, an accommodation company with up to 31 hotels, motels, and taverns throughout Australia;
 - 6.3. between 1982 to 1986, I was a director of Noahs Limited, Managers of five 'five star' hotels in Australia and New Zealand;
 - 6.4. between 1993 to 1994, I was the Chairman of the Rottnest Island Authority
 - 6.5. between 1993 to 1996, I was the Chairman of Eventscorp; and
 - 6.6. between 1993 to 1996, I was the Chairman of Rally Australia.
- 7. I have also chaired a review of the *Western Australian Tourism Act 1983* (WA) resulting in the *Western Australian Tourism Amendment Act 1994* (WA) being implemented.
 - 8. In 1996, I retired from full time employment due to health issues.
 - 9. A copy of my curriculum vitae is annexed to my statement and marked GWC.0003.0008.0001.

GAMING AND WAGERING COMMISSION

Appointment

- 10. I was appointed to the GWC on 1 January 2006 for a 3 year term ending 31 December 2008. I was re-appointed for the following terms:
 - 10.1. 23 January 2009 to 31 December 2012; and
 - 10.2. 1 January 2013 to 31 December 2015.

11. I was appointed after being approached in late 2005 by an officer from the office of Minister McGowan, who at the time was the Minister for Racing, Gaming and Wagering. The officer phoned me and said that if I was interested, I should forward my curriculum vitae to the then Chairman of the GWC, Barry Sargeant (**Mr Sargeant**). I did send a copy to Mr Sargeant.
12. In July 2008, Minister Ravalich, who had taken over from Minister McGowan as the Minister for Racing, Gaming and Wagering, sent me a letter advising me that my appointment would not be renewed at the end of my term on 31 December 2008.
13. Colin Barnett was elected Premier in September 2008. In December 2008, Barry Sargeant advised me by phone that I would be re-appointed on 23 January 2008.
14. I had previously worked with then Minister McGowan and then Premier Barnett on tourism matters.

GWC Training

15. Before the commencement of my first term, I received a verbal briefing regarding the regulation and oversight of the Perth Casino and my role within the GWC by then GWC Chairman and then Chief Financial Officer, Mr Terry Ng.
16. Mr Sargeant gave me a verbal briefing in short detail on the powers, responsibilities and obligations of the GWC, and of my duties and obligations as a member of the GWC. I do not remember in detail what he said. I do remember him referring to the annual report for that year and saying there was a list of other government legislation which the GWC complied with in the performance of its functions. That list is in the 2005 annual report which is annexed to this statement and marked GWC.0003.0008.0002.
17. To the best I can recall Mr Sargeant also provided me with the following materials on appointment:

- 17.1. *Gaming and Wagering Commission Act 1987* (WA);
 - 17.2. *Gaming and Wagering Commission (Continuing Lotteries Levy) Act 2000* (WA);
 - 17.3. *Betting Control Act 1984* (WA);
 - 17.4. *Casino Control Act 1984* (WA);
 - 17.5. *Casino (Burswood Island) Act 1985* (WA);
 - 17.6. *Bookmakers Betting Levy Act 1954* (WA); and
 - 17.7. 2005 Annual Report of GWC.
18. Mr Sargeant also verbally referred me to legislation impacting on the GWC's activities as listed in the Annual Report.
 19. Several years after I was first appointed, I was provided with a laptop which we used to read board papers and minutes. I received training on how to use the laptop.
 20. Almost every second meeting commencing around my second term in 2008 to the end of my appointment was at the Casino. That was during a period where the Casino was expanding. We attended various sessions at the Casino where staff explained how aspects of the operation worked, including sessions:
 - 20.1. where staff at the Casino explained how the security worked;
 - 20.2. where we went to the "vault" where the money was controlled, and Casino staff explained how the Casino accounted for all cash and the chips and how it related to the returns given to the GWC;
 - 20.3. when the Casino was proposing expansions, Casino staff explained the nature of the expansions and to see the construction and progress;
 - 20.4. how the staff at the Casino employees were trained;
 - 20.5. on the control of Keys; and
 - 20.6. on Drop Box procedures.

21. I do not remember the dates of those visits.
22. I returned all the materials provided to me and the laptop to the Department on completion of my last term.

ROLE ON THE COMMISSION

23. I did not have any specific areas of responsibility on the GWC but with my background my focus was on tourism and marketing. My experience was that we sought individual members' opinions on their areas of expertise.

Remuneration

24. I cannot locate my tax returns before 2009 but I believe that my remuneration by the GWC was:
 - 24.1. an original fee of \$11,500 per annum;
 - 24.2. between 2006 and 2009 increased to \$16,500 per annum;
 - 24.3. between 2010 to 2015 financial years \$16,546 per annum; and
 - 24.4. between July to December 2015, \$8,909 which was paid on termination of my appointment.

Time Commitment

25. The amount of my time taken in performing my role as a member of the GWC was approximately 10 to 12 hours per meeting including preparation and attending the meeting, 11 or 12 times a year.
26. In addition to the meetings, I had other ad hoc commitments and in total I estimate I spent approximately 16 to 18 hours a month on GWC work.
27. I estimate I spent approximately 70 per cent of my time as a GWC member dealing with casino regulation.

POWERS, DUTIES AND OBLIGATIONS OF COMMISSION

28. The information given before or after my appointment about the powers, responsibilities and obligations of the GWC and my duties and powers as a member of the GWC are provided in my evidence paragraphs 15 to 20.
29. During my appointments, in its discharge of responsibilities and obligations in respect to the regulation and oversight of the Casino, the GWC had a strong focus on the floor and operational procedures.

Exercise of Powers

30. While I was a member of the GWC, I did not observe the GWC being obstructed in the exercise of its powers and discharge of its responsibilities and obligations.
31. While I was a member of the GWC, I was never obstructed in the performance of my duties or exercise of my powers as a member of the GWC.

Policies and Procedures

32. The GWC is the responsible authority for the control and regulation of gaming in Western Australia and during my appointment, its practices and policies were designed to maintain public confidence in the integrity of the Casino.
33. It focussed on probity and ongoing licensing requirements within a strict legislative framework. It had a policy of strong control and regulation of gaming taking into account the community and the need for harm minimalization.
34. Those policies and procedures included:
- 34.1. the approval and monitoring of all gaming machines and games to control time and returns to customer by reducing turnover and ensuring the minimum customer return was maintained;

- 34.2. a licensing process with probity checks on persons seeking employment at the Casino with reporting requirements for current employees found guilty of misdemeanours and a licensing review every five years for long term employees; and
 - 34.3. Casino inspectors imbedded in the system and CCTV coverage to ensure games are played within the rules.
35. The GWC operated an outcome-based Management Framework with rules and regulations to provide integrity to the gambling and a particular standard of professional service by the casino operators. Its procedures were designed to limit criminal interests from operating gaming activities and reduce the incidence of fraudulent behaviour. In addition to the above these procedures included:
- 35.1. The Chief Casino Officer and other Department Staff close liaison with Senior Management and Legal Officers from the Casino in the constant review and updating of operational risks with the Casino Operational Manual. The manual provided details on processes, procedures and rules of the Casino;
 - 35.2. a constant review of all service contracts with the Casino;
 - 35.3. a joint collaborative approach with police with joint investigation and empowerment activities, regular meetings at senior levels and joint attendance at events, such as Casino Risk Forums.
36. Information on the risks and controls associated with junket operations, money laundering, cash and electronic transactions were provided by the Chief Casino Officer.
37. From time to time, legal advice was sought from Crown Law.

38. With the large increase in international business and the junket operations, GWC, with its lack of forensic accounting skills, had to rely more on outside sources such as AUSTRAC and the Australian Federal police together with probity reports from other jurisdictions such as the Victorian Commission on Gambling.
39. The introduction of the SYCO system allowed a better audit trail to differentiate between local revenue and international business

SUPPORT FROM THE DEPARTMENT

Role of the Department

40. While I was a member of the GWC, the Department provided all of the staff, administration and key service deliverables for the GWC. The Department also provided all policies and procedures including regulation and oversight of the Perth Casino for the GWC's perusal and approval.
41. The Department officers reported to the GWC that they relied on Federal authorities and AUSTRAC for much of their information on money laundering and illegal activity for international casino business to support their own audits and inspections of the Casino.

Briefing papers

42. I no longer have copies of the briefing papers we received, but for each meeting I recall we received the previous minutes and background papers with all the areas of responsibility that the GWC had including the Casino, wagering and gaming, and racing.
43. They were prepared by the heads of the various departments within the Department, including the CCO, who prepared all the reports regarding the Casino. I recall the

briefing papers went to the Chairman for review before they were sent to the GWC members.

44. The briefing papers were always provided on time and addressed all questions I had. At times they raised issues the GWC was not aware of.
45. I consider the papers were adequate.

Adequacy of Support

46. Experience in the control and regulation of gaming in Western Australia together with the practices and policies to ensure its integrity was mainly with the staff of the Department. The GWC therefore had a strong reliance on the Department providing accurate and timely information and guidance in formulating policy.
47. While not involved in the management and training of Departmental personnel, GWC members have been invited to participate in the selection process of key staff executives. For example, I was on the selection panel for the CCO who served before Michael Connolly (Ms Janine Belling).
48. The structure of the Departmental support for the regulation and oversight of the Casino in supporting the GWC during my appointments was that the first in charge was the Chairman who was also the Director General of the Department.
49. Around 2012 there was a reconstruction of staff in the department and from then, the second in charge, the Deputy Director General, was also the CCO. Working under the CCO were different staff at the Department and a large investigation team working in the Casino. Usually, the CCO reported casino activities to the GWC but there were two or three other staff members who would be called in on different occasions to report on different matters depending on their speciality.
50. During my appointments at the GWC, there was a large team of inspectors who were responsible for monitoring and investigating the Casino. The Chairman and the CCO

and the head of the inspectors took us around the Casino during my second appointment and gave a briefing on those officers' roles. During our meetings, we received reports on what those officers were investigating.

51. This included the CCO and a Head of Inspectors. There were inspectors working and watching all the games 24/7 and inspecting Casino operations. There were also cameras recording all activity. The inspectors conducted a daily reconciliation of the chips and the Casino tax to make sure it was all balanced. There was also a large in-house casino inspection team; almost every table seemed to have an inspector or more senior person monitoring activities.
52. Any misdemeanour picked up on camera, complaints from the public, or found from the outcome of investigations was reported to us. On occasions Casino staff members who had committed misdemeanours and were facing disciplinary action were requested to attend GWC meetings. GWC could review and change penalties handed down by the Casino.
53. I considered the support to the GWC was adequate. The Director General was well supported by Directors under him. They provided factual information, not opinions. The Director General and CCO had extensive knowledge on the process and compliance in respect to the Casino, and general knowledge on legal matters in respect to the Casino.

CONFLICTS OF INTEREST

54. On induction, Mr Sargeant verbally advised me of the conflict of interests procedures and indicated to section 17 of the *Gaming and Wagering Act 1987*. The Chairman placed strong emphasis on procedures with the Casino and that we had rights to attend

functions and similar events, but under no circumstances could we be involved in gaming practises.

55. To the best of my knowledge all perceived conflict of interests were raised either prior with the Chairman or at the GWC meeting for rulings.
56. The process for dealing with conflicts at GWC meetings was that most people raised what they thought could be a conflict with the Chairman prior to the meeting. They would then declare it at the meeting and the conflict was recorded in the minutes.
57. I do not recall having any conflict of interest in relation to my role on the GWC.
58. I understood the conflict of interest policy for staff of the Department was similar to the requirements in the *Public Sector Management Act 1994*. My experience included attending a Public Sector Office seminar on 'Conflicts of Service in the Public Sector' in 1995.

Contains sensitive information



KEVIN JOHN HARRISON