

IN THE PERTH CASINO ROYAL COMMISSION

WITNESS STATEMENT OF LEIGH THOMAS RADIS

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Government, Sport and Cultural
Industries (DLGSC)

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I, Leigh Thomas RADIS, c/- of 140 William Street, Perth WA 6000, in the State of Western Australia, state as follows:

1. I am currently employed as the Manager of Industry Regulation and Employment for Liquor & Gambling with the Department of Local Government, Sports and Cultural Industries (**DLGSC**).
2. I have been invited to provide a statement to the Perth Casino Royal Commission (**Royal Commission**). This statement has been prepared with the assistance of the solicitors acting for the DLGSC.
3. Unless otherwise stated, this statement draws upon my own knowledge and experience or my review of the records held by the DLGSC which are available to me.

QUALIFICATIONS AND EXPERIENCE

4. I have been employed within the racing, gaming and liquor industries for a period of 21 years.
5. I was last appointed as government inspector (**Inspector**) pursuant to section 9(1) of the *Casino Control Act 1984* (Act) on 2 March 2012.
6. In February 2001 I was seconded to the Office of Racing, Gaming and Liquor as an

Acting Inspector in the Operations Division.¹

7. Following my secondment, I was briefly acting as a Customer Services Officer Licensing until my permanent appointment as:

7.1 Inspector Level 3 in the Operations Division from June 2002 to February 2004;

7.2 Shift Inspector Level 4 in the Compliance Division from March 2004 to January 2008;

7.3 Senior Inspector Compliance Level 6 in the Compliance Division from January 2008 to July 2012;

7.4 Manager Gambling Compliance Level 6 in the Compliance Division from, August 2012 to 2015;

7.5 Manager Compliance Level 6 from 2015 to 2016;

7.6 Manager Liquor and Gambling Level 6 from 2016 to 2017; and

7.7 Manager Industry Regulation and Education in Racing, Gaming and Liquor (DLGSC) from 2017 to date.

Attendance at Inter-jurisdictional meetings

8. I have not participated or attended any of the following inter-jurisdictional working

¹ For my CV, see document DLG.0001.0006.0002.

groups; the Australasian Casino & Gaming Regulators CEO Forum, National Standards Working Party, Australian Gambling Surveys Working Group, Inter-jurisdictional Working Group – Responsible Gambling Training and Communication Materials, Inter-jurisdictional Liaison – Casino Regulation, Crown Casino Oversight Working Group, Exclusion from Racing and Casino Venues, National Consumer Protection Implementation Governance Committee, Australian Gambling Statistics, Wagering Data Working Group, and the National Assessment Panel – Accredited Testing Facilities.

9. In 2014 I attended the Inter-Jurisdictional Liquor & Gambling Regulators Annual Conference hosted by the Queensland Government. It was attended mainly by managers, senior inspectors and investigators in the compliance sphere across the nation. The Department of Racing, Gaming and Liquor hosted the following conference. I have not represented the DLGSC at any further conferences. I believe that it would be beneficial to our professional growth for Inspectors and managers to attend these types of conferences.

TRAINING

10. At the time of my appointment, and indeed still today, there is no formal Inspector

training course available from an outside service provider. The vast majority of the training is "on the job" and Inspectors need to learn within the work environment.

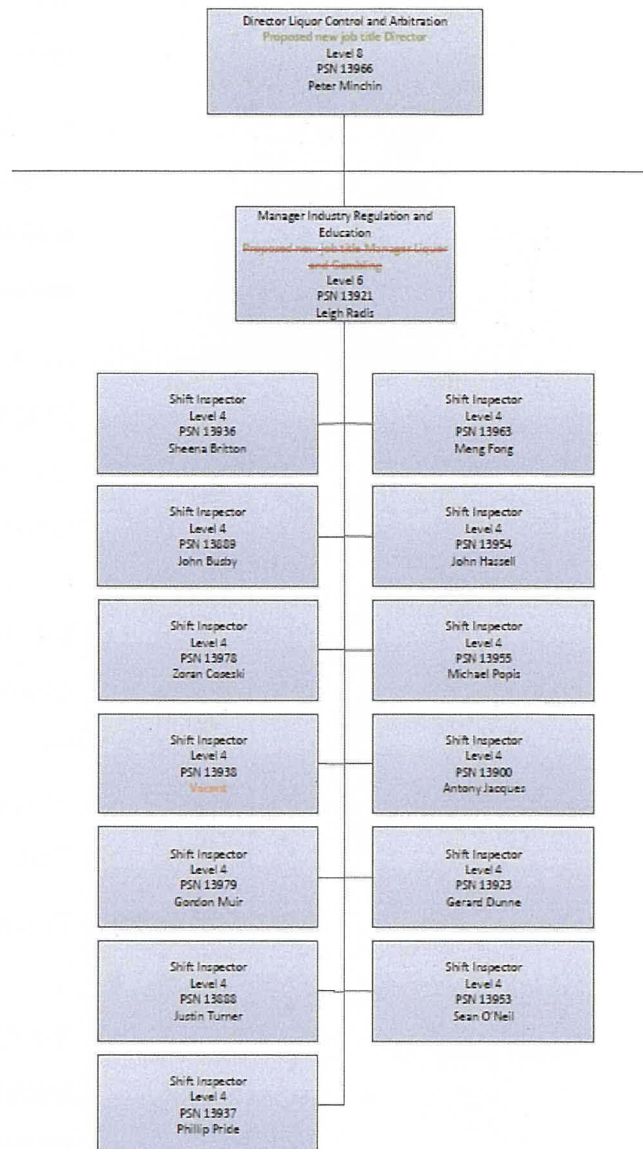
11. A recent increase in attrition rate of Inspectors is concerning in that the Inspector responsible for training new Inspectors may not be as experienced or thorough as those Inspectors who shortly will retire.
12. The casino licensee has made available their gaming equipment facilities in its croupier training school for our Inspectors to have refresher training of the authorised table games which are played at the casino. These training sessions are not conducted by Crown personnel.
13. Over the years, we have recruited Inspectors with specific skills, such as ex-Crown Perth employees specialising in table gaming and main bank cage operations, former investigators from the Australian Tax Office, WA Police, the Australian Customs Department and the then Department of Consumer and Employment Protection.
14. When I commenced in the role of an Inspector, the Department of Racing, Gaming and Liquor supported me in obtaining a Certificate IV in Government Investigations.

15. Approximately from February 2018, it is my understanding that the DLGSC was working with the VCGLR on the delivery of a Certificate IV in Regulatory Compliance. This was to become a mandatory requirement for Inspectors and investigators. It was not delivered for reasons which I was not party to. It is possible that the reasons could concern budgetary constraints.

THE WORKINGS OF THE INSPECTORATE

16. The DLGSC manages four industries within racing, gaming and liquor: wagering; community gaming; liquor and casino. Each industry has unique risks to be managed. The objects of the *Liquor Control Act 1988* (WA) (**Liquor Control Act**) and the *Gaming and Wagering Commission Act 1987* (WA) (**Gaming and Wagering Commission Act**) are, in general, based around the regulation of these industries whilst considering the interests of the community to minimise harm to the public caused by liquor or gambling. It is a fine balancing act to acquiesce to industry needs in conjunction with harm minimisation principles.
17. The current structure of the inspectorate is as follows:

DEPARTMENT OF LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES
REGULATION – DECISION AND REVIEW
ORGANISATIONAL CHART BY SUBSTANTIVE OCCUPANTS



18. All Inspectors within the inspectorate are employed pursuant to the Department of Racing, Gaming and Liquor Agency Specific Agreement 2008.
19. The Inspectors are Authorised Officers under section 14 of the Liquor Control Act, section 21(1) of the Gaming and Wagering Commission Act 1987 and section 9(1) of the *Casino Control Act 1984* (WA) as a

'casino government inspector'. They perform roles in relation to liquor licencing, community gaming, wagering and casino gaming.

20. At this time, all Inspectors are full time employees, but each exercise their authority as a casino inspector for limited periods over that time.
21. In August 2015, when the Gaming and Wagering Commission (**GW Commission**) endorsed the proposal of the Deputy Director General to remove a dedicated inspectorial presence for 20.5 hours a day, the amount of time that an Inspector will currently spend doing casino gaming work will vary, but I would suggest that it amounts to between 20 to 30% of their time.
22. From August 2015, the GW Commission also endorsed the regulatory approach of the Deputy Director General, in relation to compliance activities, to maintain a risk based approach to the allocation of casino audits and inspections, ensuring that the number and scope of audits and inspections meets budgeted key performance indicators (**KPI's**) and that the Department of Racing, Gaming and Liquor maintained a capability to react to incidents and issues that occur from time to time

outside of the normal proactive risk based audit regime.²

23. From approximately January 2017, I made specific roster shift amendments to require Inspectors to perform a shift (9.5hrs) at the Casino. Resources permitting, I would roster one shift per day at the Casino. I did this to increase our visible presence on the Casino gaming floors and importantly, to ensure that the monthly audit and inspections allocated were not subsumed by work that seemed more immediately urgent in other areas.³
24. This initiative was implemented prior to the time in February 2017 when the Victorian Auditor-General had published its 'Regulating Gambling and Liquor' report, which critically looked at the work of the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**).
25. In my view it is challenging, given the compliment of Inspectors currently available, to carry out the role of regulating the casino and all other industries according to the standard set by the approved KPI's.
26. Currently each Inspector is employed as a Level 4 and that comes with a pay rate as

² See document GWC.0002.0016.0155_0017 to GWC.0002.0016.0155_0025.

³ See document DLG.0001.0006.0003.

outlined in the Agency Specific Agreement 2008.

27. In regard to reporting protocols of the Compliance division, amongst other duties, I routinely allocate to Inspectors the various audits, inspections and investigations or complaints in all the industries we regulate being casino, community gaming, wagering and liquor. Inspectors report the outcome of their completed audits and inspections to my position as Manager for review. When required, I report matters to the Director (Compliance). The Director reports matters to the Chief Casino Officer/Deputy Director General when required. It is not routine for either I or Inspectors to report directly to the Chief Casino Officer/Deputy Director General. There is no direct relationship.
28. In relation to the monthly reporting of relevant matters to the GW Commission, agenda papers are composed by either me or my Director. Any agenda papers that I have composed with suggested recommendations are also co-signed by my Director to state that the information contained within the agenda paper is accurate, complete and can be relied on for the purposes of decision making in relation to the matter discussed.

Historical workings of the inspectorate

29. Prior to 2015, there were three Senior Inspectors Compliance. Each of these three Senior Inspectors specialised in a

certain industry: racing and community gaming; liquor; and casino. The intention was that three Senior Inspectors would rotate through the various industries. Firstly, I was the Senior Inspector for Racing and Community Gaming and then I rotated into Liquor. I never worked as the Senior Inspector for Casino nor have I held a specific role around casino operations.

30. Two of those three roles dissolved. One Senior Inspector – Casino, Mr Santo Mannino, accepted a voluntary redundancy and the other Senior Inspector, Nicholas George Toyne, transferred into a new position not related to the Inspectorate. Those two roles were never filled.
31. Up to around 2013, there were 18 shift Inspectors and since then, due to career changes, voluntary redundancies and retirements, there are now 12 Inspectors. Those positions were not replaced.
32. Following the 2017 Machinery of Government changes, the Department of Racing, Gaming and Liquor merged with other agencies to become the DLGSC. Since that time the Compliance Division (comprising the Inspectors and Manager) has had three changes to the relevant Director position overseeing our operations.
33. I am of the understanding that our KPIs have remained the same over many years, but we have been trying to meet them with

fewer Inspectors. It is my perception that a number of internal stakeholders (such as the Directors of Licensing and Compliance, and Managers) have identified that the KPIs are now outdated, given the progress of the casino industry, and require regulatory review.

Current workings of the inspectorate & risk-based audit and inspection programs.

34. As stated at paragraph [22], after the GW Commission's endorsement of the regulatory approach, the Regulatory Services Division's role was to maintain the casino audit and inspection programs. Three regulatory specialists within that Division were engaged to create new audit and inspection programs and revise existing casino audit and inspection programs that are to be undertaken by Inspectors. These programs were focussed on specific casino operation control areas such as tax verification, table games, main bank and cage operations, electronic gaming machines, gaming equipment, security and surveillance operations.
35. When these programs were drafted, the Compliance Division (**inspectorate**) collaborated with the regulatory specialists by having Inspectors test the draft audit and inspection programs, provide feedback, suggest amendments and when accepted, these programs were made operational. This collaboration is ongoing.

36. The casino audit and inspection programs currently in operation are based around the casino licensee's state statutory requirements to accurately report gaming revenue and tax, the integrity of gaming, security and surveillance operations.
37. To date, authorised officers of the GW Commission (e.g., Inspectors) have no role in assessing the suitability of junket groups or premium players; determining the source of gaming funds; or monitoring the level of inducements or incentives provided to players.
38. As to suspicious matter reports, our current Pit Operation Audit Program states (for information only) that: *"under federal anti-money laundering legislation, Crown is obliged to detect and report to AUSTRAC suspicious matters such as the structuring of cash transactions to avoid requirement to prepare a Threshold Transaction Report. However, as details of any report to AUSTRAC are strictly confidential, RGL officers may not enquire about the content or obtain copies of any AUSTRAC reports. The responsible federal agency conducts its own compliance checks into these matters and it is not appropriate (and maybe potentially detrimental) for this agency to become involved. As these requirements are outside our jurisdiction, tests regarding these requirements have been deliberately omitted."*

39. In 2017, a Compliance Activity Frequency Chart was created by the Regulatory Services Division and operational from October of that year. The monthly casino audits and inspections were allocated and undertaken in accordance with the frequency program.
40. On a monthly basis, a Compliance Planning Meeting was attended by the Deputy Director General, the Director of Compliance, the Director of Licensing, the Director of Regulatory Services and operational managers. The purpose of this meeting was to, amongst other things, review and evaluate the results of the audits and inspections conducted for the previous month.
41. From 2016 I have maintained a Compliance Activity (Risk Category) spreadsheet. The Inspectors use it by recording the outcome of the audit and inspections undertaken. They provide a risk ranking from 0 (fully compliant) to 3 (major non-compliance) on the level of compliance.
42. The data in the spreadsheet was evaluated and the Compliance Activity Frequency Chart was examined in conjunction. Depending on whether particular tests demonstrated compliance or non-compliance by the casino licensee, the frequency with which those tests were conducted be adjusted. For example,

where there had been sufficient compliance in a certain area, that area was considered to be low risk and tests area could then be conducted less frequently (eg: fortnightly to monthly). Where there had been sufficient non-compliance in a particular area, that area was then deemed a higher risk and the frequency of testing was increased (eg: from monthly to fortnightly).

43. Those meetings ceased years ago but then recommenced on 15 March 2021. I do not know why the meetings stopped being held. However, despite this, and in the absence of an alternative regulatory approach, the data in the Compliance Activity (Risk Category) spreadsheet and the Compliance Activity Frequency Chart continues to be maintained by the Inspectors and me.
44. The compliance-related issues the GW Commission may be required to consider are broad and varied. They range from the outcomes of audits, inspections or investigations into non-compliance matters; providing evaluations on submissions made by the casino licensee such as the introduction of a new table game or electronic gaming machine; considering and approving amendments to the rules of an authorised table game and to the authorised casino manuals; and evaluating proposals on other matters such

as the use of EFTPOS facilities on gaming tables. Some matters may be dealt with by way of delegated authority, for example, delegated to the Chief Casino Officer.

45. Following from paragraphs [27]-[28] of this statement, when a matter arises that requires approval or consideration by the GW Commission, I prepare a draft agenda paper with a set of draft recommendations. I provide that draft paper to my Director who either agrees, disagrees or suggests amends to my draft recommendations before finalising the paper. Every agenda paper prepared is finally examined by the Deputy Director General/Casino Control Officer prior to forwarding them being provided to the Commission members.
46. Ultimately, it is the Commission's GW Commission's responsibility to provide a resolution after consideration of matters presented in an agenda item.

Dedicated inspectorial presence at the casino

47. Inspectors have not worked on a 24/7 roster at the casino since 2002. From 2002 to 2015, Inspectors worked a day shift (0730 to 1730) and a night shift (1700 to 0300) at the casino every day of the week. That arrangement provided for a 30 minute handover and an inspectorial presence of 20.5 hours every day.
48. As stated at paragraph [21] of this statement, the GW Commission endorsed

the proposal to remove a dedicated inspectorial presence. From that point, Inspectors were returned back to central office, starting and finishing all shifts at the Hyatt and 140 William Street offices.

Change to tax auditing software

49. Prior to 2015, when there was a dedicated inspectorial presence at the casino, we used a software called the RG system. The RG system could independently calculate casino taxable revenue. On a daily basis, the Inspectors would enter financial data collected from source documentations (e.g. chip reports, unaudited master game reports, accountability gaming chip type reports) and any variances were investigated and appropriate action taken. Based on that input, the RG system would then calculate the 'end of month' tax that the casino was required to pay per month which we could compare against the final, audited, figures provided by the casino licensee to confirm a match.
50. The casino licensee is required to pay all casino taxes to the Treasurer of the State within 8 days after the end of the relevant month.
51. In 2015, the RG System was retired, and a new software program titled 'Navigate' was used. Navigate was not designed to independently calculate payable casino taxes.

Resourcing

52. I am of the view that the inspectorate requires more resources.
53. I have raised on multiple occasions concerns that more resources are needed within the inspectorate, particularly after the retirements and redundancies of some key staff, with more retirements to follow. I have also raised issues concerning the need to review KPIs, particularly in light of the evolving industry.
54. The Inspectors and I are at present quite reactive and don't get as much chance to do proactive work in the way that I would like to see happen.
55. I appreciate, in some ways, this could be seen as a vote of confidence in that the inspectorate's performance is not perceived as an area of risk within the Department. I believe that the work of the inspectorate is regarded well within the Department, particularly the ability of the reduced inspectorate to meet KPIs.
56. Given the matters which have been of particular concern to me and my colleagues in the Inspectorate are now some of the matters which are being highlighted before the Royal Commission.

OBSTRUCTION

57. I do not feel that I have been deliberately obstructed in the performance of my duties or exercise of my powers as a Manager by

my supervisors or colleagues within the DLGSC.

58. However, I am of the view that my performance and the performance of the Inspectors has been hampered by a lack of resources which I speak to above.

CONFLICTS OF INTEREST

59. I received upon induction to the Western Australian public sector general advice on the policies concerning conflicts of interest.
60. I don't specifically recall receiving, before or after my appointment as a casino inspector, any advice or instructions about how to deal with conflicts of interest. However, I do have a sound understanding of the necessity of avoiding conflicts of interest. As an authorised officer, I understand that there is a heightened responsibility to ensure conflicts are declared and managed.
61. I do not have and have never had any conflicts of interest in relation to my current role or any of the roles I have previously held in relation to the casino.
62. Inspectors within my team have conflicts of interest and the declaration (and management) of those conflicts has, over the years, been handled at a level above me within the Department.
63. Recently, a decision was made at Directorate level to ask all officers to declare (or re-declare) any possible

conflicts of interest for review. Once they were disclosed, they were then managed. Prior to this I was not aware of any specific processes in place to manage conflicts of interest in relation to individual officers.

64. I have only recently received one instruction from my Director in relation to a perceived conflict of interest at the casino relating to an Inspector. This was based on a re-declaration and upon review, the instruction received is that the Inspector is not required to perform any casino-based compliance activities. It is my opinion that I have no doubt as to the integrity of that Inspector or any of the other Inspectors.

I have read the contents of this my witness statement and the documents referred to in it and I am satisfied that it is correct and that this is the evidence in-chief which I wish to give at the trial of the proceeding.

Contains sensitive information

Signed:

Dated: 25 MAY 2021.