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**PERTH CASINO ROYAL COMMISSION**

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**PUBLIC HEARING - DAY 30**

**10.07 AM MONDAY, 30 AUGUST 2021**

**COMMISSIONER C F JENKINS**

**HEARING ROOM 4**

**MS VERITY LONG-DROPPERT and MS THEA CHEE and MS CORA LAPPEL and MS APARNA JAYASEKERA as Counsel Assisting the Perth Casino Royal Commission**

**MR PETER SADLER and MS SAKSHI GANDHI as Counsel for the Gaming and Wagering Commission of Western Australia**

**MS FIONA SEAWARD as Counsel for the Department of Local Government, Sport and Cultural Industries**

**MS CLARA WREN and MR RICHARD LILLY as Counsel for Crown Resorts Ltd; Burswood Limited; Burswood Nominees Limited; Burswood Resort (Management) Limited; Crown Sydney Gaming Pty Ltd; Southbank Investments Pty Ltd; Riverbank Investments Pty Ltd and Crown Melbourne Limited**

**MS OLIVIA TATE as Counsel for Mr Michael Connolly**

10:07AM

COMMISSIONER JENKINS: Please be seated. The Commission sits today in concurrent hearings. I will conduct the hearing in this room. The proceedings will be recorded and a transcript prepared of the evidence. Each of the other  
5 Commissioners will have the opportunity to listen to and/or read the evidence that is given in this hearing room.

We sit today to hear the evidence of Mr Duckworth. Mr Duckworth, could you please come forward and would you mind remaining standing? Could you please  
10 state your full name for the record?

WITNESS: Andrew Martin Edward Duckworth.

COMMISSIONER JENKINS: Thank you. Do you want to take the oath or the  
15 affirmation?

WITNESS: Affirmation, thank you.

20 **MR ANDREW MARTIN EDWARD DUCKWORTH, REAFFIRMED**

**EXAMINATION-IN-CHIEF BY MR SADLER**

25 MR SADLER: Mr Duckworth, you were summonsed to appear before the Perth Casino Royal Commission today?

MR DUCKWORTH: Yes.

30 MR SADLER: The Commission provided a list of topics that we covered during your examination?

MR DUCKWORTH: Yes.

35 MR SADLER: The Commission invited you to prepare a second witness statement in relation to those topics?

MR DUCKWORTH: Yes.

40 MR SADLER: Do you have a copy of that second witness statement which you prepared?

MR DUCKWORTH: I do.

45 MR SADLER: Have you read the contents of that statement?

MR DUCKWORTH: Yes.

10:09AM

MR SADLER: Are the contents true and correct to the best of your knowledge and belief?

5 MR DUCKWORTH: Yes.

MR SADLER: Thank you, Mr Duckworth. Commissioner, I tender the second witness statement of Andrew martin Edward Duckworth, dated 27 August 2021, which is numbered GWC.0003.0015.0001.

10

COMMISSIONER JENKINS: Thank you, Mr Sadler. The second witness statement of Mr Duckworth, bearing that number, will be an exhibit in the proceedings.

15 **EXHIBIT #GWC.0003.0015.0001 - SECOND WITNESS STATEMENT OF MR ANDREW MARTIN EDWARD DUCKWORTH DATED 27 AUGUST 2021**

COMMISSIONER JENKINS: Yes, Ms Long-Droppert?

20

MS LONG-DROPPERT: Thank you, Commissioner.

**CROSS-EXAMINATION BY MS LONG-DROPPERT**

25

MS LONG-DROPPERT: Mr Duckworth, my name is Ms Long-Droppert. I will ask you some questions this morning. You have just tendered a witness statement which is the second statement you have given to the Commission; is that correct?

30

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: You also gave oral evidence in May?

35 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Mr Feutrill, do you recall, asked you questions about some of the topics you have also been asked about in your statement?

40 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: I hope not to traverse over old ground, but there are some elements of your statement which I will ask you to expand on or for clarification.

45 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: I must also preface this examination by saying at times I

10:10AM

will refer to the oral evidence you gave in the May examination. We do have transcript references for that, if you would like me to bring up the transcript in respect of any of that evidence.

5

MR DUCKWORTH: Okay.

MS LONG-DROPPERT: But I don't propose to do so as a matter of course, for the sake expediency.

10

MR DUCKWORTH: Okay.

MS LONG-DROPPERT: On to the first topic, you were asked in your witness summons to provide evidence in relation to the adequacy of oral briefings by the department as to the budget formulated by the department for the Commission. Topic two?

15

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: And also in respect of the service fee charged by the department. I want to clarify the effect of your evidence at paragraphs 9 and 10 of your witness statement is that, in your view, those briefings were adequate, but you are not the best person to ask about this because accounting is outside your area of expertise?

25

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Am I right in thinking that you did not turn your mind specifically to the calculation of the department service fee for the same reason, because it was outside your area of expertise?

30

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: I note, you said in paragraph 9, that the GWC has recently "benefited from having two accountants" on the board "who probed the Department's finances better than I could".

35

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Here, you are referring specifically to Ms Meadows and Ms Fiorentino; is that correct?

40

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: You are aware that both of those individuals commenced their appointment on the GWC board in August of 2018?

45

MR DUCKWORTH: Yes.

10:11AM

MS LONG-DROPPERT: My question is then, between 2008, when you commenced on the GWC board, and August 2018, can you recall if yourself or anyone else on the GWC board took it upon themselves to scrutinise the budget presented to the  
5 Commission by the department?

MR DUCKWORTH: Yes, I can. In particular, Mr Sargeant who had, before entering the gaming arena, I believe had experience in treasury and finance and had some sort of financial background. But other members from time to time asked  
10 specific questions about the accounts, yes.

MS LONG-DROPPERT: Mr Sargeant was also a member of the department at the time?

15 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you recall he himself was involved in the preparation of the budget?

20 MR DUCKWORTH: He would have had a part in overseeing the preparation, I think, yes.

MS LONG-DROPPERT: In respect of that particular scrutiny, it was only when there was an odd figure or a discrepancy that was looked at in one of the budget line  
25 items?

MR DUCKWORTH: I can't say for sure that's the only time, but those are the occasions I remember.

30 MS LONG-DROPPERT: I will take you to a specific example in respect of the calculation of the service fee, to get your views on it.

MR DUCKWORTH: Yes.

35 MS LONG-DROPPERT: This is in respect of the 2009/2010 budget tabled by Mr Sargeant.

Could you bring up GWC.0007.0011.0043 at page 497, please? We are just having a delay here, Mr Duckworth. Apologies.

40 MR DUCKWORTH: That's all right.

MS LONG-DROPPERT: I have just been informed that Lexel, the technical support, is having difficulties at their end in relation to bringing up this document.

45 Now they have been able to bring it up.

10:14AM

MR DUCKWORTH: Good.

MS LONG-DROPPERT: Can you go to page 497, please?

5

You will see this is agenda item 9.2 and this is a memorandum prepared by Mr Sargeant. Do you recall seeing this?

10 MR DUCKWORTH: Well, it's 11 years ago. I can't precisely say that I do, but I will study the transcript here.

MS LONG-DROPPERT: Thank you. The part that I am most interested in, Mr Duckworth, is under the heading "In relation to the operating expenses", which is now at the very bottom of your screen.

15

If I could ask them to scroll up, and the second dot point underneath that heading ---

MR DUCKWORTH: Hang on.

20 MS LONG-DROPPERT: --- It says:

*Recoupment for services received from RGL has increased by \$771,344, due to a review of fees and charges exercise undertaken by RGL. This figure is now the true indication of the costs and services provided by the Department.*

25

Do you recall reading --- you said you --- just to confirm, you don't have any specific recollection of reading this document at the time?

30 MR DUCKWORTH: I haven't any specific recollection now. I'm pretty sure I would have read it at the time.

MS LONG-DROPPERT: Thank you. If we now please go to page 500, which is part of the budget itself and not the explanation of it.

35 You'll see under the heading "Operating expenses", the fourth line item relating to "Recoupment for services received from DRGL". Do you see that there?

MR DUCKWORTH: Yes, I see that.

40 MS LONG-DROPPERT: You will see under the column "Estimated Actual" for 2008/'09, there is a services fee of \$3,187,271?

MR DUCKWORTH: Yes, I see that.

45 MS LONG-DROPPERT: Then the annual budget amount of \$3,958,615.

MR DUCKWORTH: Yes.

10:17AM

MS LONG-DROPPERT: I don't expect you to do the mathematics here and now, but can you take it from me, please, that the difference between those numbers is the \$771,344?

5

MR DUCKWORTH: Yes, for sure.

MS LONG-DROPPERT: I am also no accountant, Mr Duckworth, but by my back-of-the-envelope calculation, that is an increase of around 25%; do you agree with that?

10

MR DUCKWORTH: I'm sure you're right.

MS LONG-DROPPERT: Do you accept that is quite a substantial increase from one financial year to the next?

15

MR DUCKWORTH: Yes, it is.

MS LONG-DROPPERT: Do you recall any discussion about this increase at the time?

20

MR DUCKWORTH: No, I don't.

MS LONG-DROPPERT: You don't recall any specific explanation from Mr Sargeant as to this increase?

25

MR DUCKWORTH: The only thing I can think is that it needed to better reflect the actual cost of service, I suppose. Other than that --- and I think I'm imagining that, I don't really know --- or I'm surmising, I should say, not "imagining".

30

MS LONG-DROPPERT: In relation to it being a true reflection of the services rendered, was there any course of inquiry in relation to what was budgeted for in the annual budget of 2008/'09, which was \$3,345,103, and the estimated actual cost came under the annual budget for that year?

35

MR DUCKWORTH: I can't recall, and I'd have to add that I think this was the very beginning of my tenure on the Commission and there was a bit of a learning curve going on.

40

MS LONG-DROPPERT: Thank you, Mr Duckworth.

Just to wrap this topic up, during your time on the GWC, was it the usual practice for the board to ask for a specific breakdown of how the service fee was being spent by the department in the financial year?

45

MR DUCKWORTH: I don't recall that, no.

MS LONG-DROPPERT: You don't have a specific recollection of it being asked?

MR DUCKWORTH: No, I don't. I imagine the fee generally had a CPI component and certainly if there was something extra happening in a particular year --- for example, if WA was hosting a gaming regulator's conference --- there would have  
5 been extra expenditure attached to providing the services for that. So, my recollection is that it's CPI, plus any additional or unusual services which we didn't perform as part of a normal year.

10 MS LONG-DROPPERT: On reflection, during your tenure on the GWC, do you consider that the scrutiny and review of the budget by the GWC was adequate?

MR DUCKWORTH: It's difficult to comment on that because there was a fair bit of discussion, as I say, by those people who had more of a bent for figures than I did. So it's difficult for me to gauge what was adequate and what wasn't adequate.

15 MS LONG-DROPPERT: Is that also your view in respect of how the department calculated its service fee?

MR DUCKWORTH: Sorry, what was my view?

20 MS LONG-DROPPERT: Was there adequate scrutiny by the GWC of how the department calculated its service fee?

MR DUCKWORTH: With hindsight, no, but at the time I considered, it would have  
25 been adequate.

MS LONG-DROPPERT: Thank you, Mr Duckworth. Now, in paragraph 11 of your statement, you say:

30 *Although they [GWC's budget] were prepared by the Department, the GWC reviewed and approved its finances.*

Was it your understanding that if the GWC needed additional resources to perform its regulatory functions, it could amend the budget presented to it by the department  
35 or otherwise obtain access to additional funds?

MR DUCKWORTH: I can't say I gave that any thought but I assume, had there been something that came up that was unusual or unexpected, that would have been the case.

40 MS LONG-DROPPERT: If we think of a specific example, the effect of your evidence in the May examination was that in 2010, when the GWC made the decision to remove the requirement that junket operators be approved by GWC, one of the reasons was you didn't feel as though the board was adequately resourced to  
45 successfully vet junket operators?

MR DUCKWORTH: Well, we were certainly resourced in terms of skills, I think,



but also money, yes.

5 MS LONG-DROPPERT: Taking that example and what you told me about your understanding of how the GWC could have theoretically asked for more funding, it would have been possible in 2010, had the GWC turned its mind to it ---

10 MR DUCKWORTH: If it had turned its mind to that, it would have been possible, I guess, yes.

MS LONG-DROPPERT: Either through the GWC itself or through departmental ---

MR DUCKWORTH: That's right, yes.

15 MS LONG-DROPPERT: Thank you, Mr Duckworth.

I want to move on to the next topic, which is in respect of delegations. In the course of giving evidence in May, you were asked quite extensively by Mr Feutrill about your understanding of the way delegations to the department or the Chief Casino  
20 Officer worked, and you have again been asked to respond to questions about delegations.

MR DUCKWORTH: Yes.

25 MS LONG-DROPPERT: This is prefaced by --- we are labouring the point a little bit, but I do want to seek clarification in some areas. You said at paragraph 13 of your witness statement:

30 *The GWC's intention in delegating its powers was to expedite the implementation of straightforward or routine matters.*

MR DUCKWORTH: Yes.

35 MS LONG-DROPPERT: Can you explain, please, to the Commission what you understand to be "straightforward" --- sorry. At the time you were on the GWC board, what you understood to be "straightforward or routine matters"?

40 MR DUCKWORTH: In relation to community gaming, that would have been the vetting, approving of community gaming nights or poker tournaments, or that sort of thing, according to criteria that had already been preset and agreed by the Commission. At one stage, a great deal of time was spent looking at whether various clubs, and so forth, could have poker tournaments, and so forth. So, it was decided  
45 the best thing was to come up with a policy and the way --- how that will be implemented, and delegate that to officers, who can then deal directly with the people who make these requests, make sure that everything is done as it should be and then expedite the approval. So, that's a need of the community gaming area.

As far as the casino was concerned, it might be that after there had been some discussion about rule changes to games, or it had arisen, that the final entering into the WA Appendix Casino Manual would be done under delegation by, say, the Chief  
5 Casino Officer.

MS LONG-DROPPERT: In respect of the casino, you understood that straightforward and routine matters extended to rule changes to games only?

10 MR DUCKWORTH: Well, no, not only. I'm giving that as an example and other examples don't come to mind. But these things are often discussed beforehand and the final implementation of making the change would be perhaps done under delegation.

15 MS LONG-DROPPERT: When you say "discussed beforehand", do you mean at GWC meetings?

MR DUCKWORTH: Yes.

20 MS LONG-DROPPERT: So that discussion would have been recorded in the minutes of those meetings?

MR DUCKWORTH: I think it would, in some cases, or should in all cases, I guess.

25 MS LONG-DROPPERT: Right. There's a tension here between what you describe as straightforward or routine matters and what you describe in paragraph 14 of your statement, that the power of delegation was, at least in theory, unfettered.

MR DUCKWORTH: Yes.

30 MS LONG-DROPPERT: Can you describe to me what you mean by "in theory, unfettered"?

MR DUCKWORTH: In paragraph 14, it says "It was understood ---

35 MS LONG-DROPPERT: Understood, sorry.

MR DUCKWORTH: --- that the power was unfettered".

40 MS LONG-DROPPERT: Sorry. The part where I see that it operated, by convention, in a different way; that it was fettered. Is that your evidence or the effect of your evidence at paragraph 14?

45 MR DUCKWORTH: No. I mean, under the changes that were made by the Commission to delegate powers, except the power of delegation, then it would be unfettered in the strict sense of that happening. But there was certainly a lot of discussion about various issues. As I say there, there was a strong degree of trust within the Commission, between the Commission and the department, that no one

would abuse that power.

MS LONG-DROPPERT: Thank you, Mr Duckworth.

5

In relation then to who was ultimately responsible for exercising a value judgment as to whether something was straightforward or routine, or something that was exceptional and requiring discussion at GWC level, am I right in thinking that decision lay with the relevant Departmental Officer or the Chief Casino Officer, in the exercise of the power?

10

MR DUCKWORTH: Well, the GWC would discuss these issues and, you know, members themselves might say "Well, I think we need to look at this more", or "This isn't as straightforward as it seems". It wasn't always a case of "We'll leave it to someone else to do". But as to what was straightforward and what was not straightforward, I suppose there's always a demarcation.

15

MS LONG-DROPPERT: That demarcation at decision level was made by the relevant Departmental Officer or the Chief Casino Officer?

20

MR DUCKWORTH: Yes. On occasions I think it was, yes.

MS LONG-DROPPERT: In respect of that demarcation, there was no relevant guiding policy that had been developed by the GWC in relation to what was a straightforward or routine decision, or what wasn't?

25

MR DUCKWORTH: There were policies, yes, which should guide those decisions. For example, the well-known one about electronic gaming machines, both from the point of view of timing, of design, of whether they resemble poker machines, and so forth. That was sort of written in stone. Someone couldn't go against that and delegate something different to that. So that's one example.

30

MS LONG-DROPPERT: In respect of any decisions in relation to the EGM policy, it was your understanding that wouldn't be made without first bringing the decision to the GWC for consideration?

35

MR DUCKWORTH: It would not.

MS LONG-DROPPERT: There may be other examples, but what I'm getting at, Mr Duckworth, is there was no overarching guide for the decisionmaker in relation to what should and shouldn't be exercised under delegated power?

40

MR DUCKWORTH: No.

MS LONG-DROPPERT: I want to ask you about approvals that had been made under delegation. Just to clarify, these are decisions that have been made without prior consultation to the GWC board, those are the matters about which I'm asking you questions.

45

MR DUCKWORTH: Yes.

5 MS LONG-DROPPERT: What was your usual practice of review in relation to those approvals?

MR DUCKWORTH: Sorry, can you ask the question again?

10 MS LONG-DROPPERT: Sure, sorry. It's my understanding that when an approval was exercised under delegation, that was then presented to the GWC in a table, and tabled at the following GWC board meeting?

MR DUCKWORTH: Yes, that's right, yes.

15 MS LONG-DROPPERT: What was your usual practice or the board's usual practice during your time on the GWC in relation to those approvals?

20 MR DUCKWORTH: Well, people would look at them. On occasions there would be questions, but very often there would not be any questions in regards to that.

MS LONG-DROPPERT: You might not agree with this proposition, but I put it to you for comment. When a Departmental Officer or the Chief Casino Officer had made a decision that an approval was routine and didn't require pre-approval or discussion at GWC level, the approval itself was not then, in practice, subject to any further scrutiny by the GWC?

MR DUCKWORTH: In practice, that's probably correct.

30 MS LONG-DROPPERT: Thank you, Mr Duckworth. Now I want to move on to another topic. Topic 4, the media allegations.

MR DUCKWORTH: Yes.

35 MS LONG-DROPPERT: Mr Feutrill asked you questions about certain allegations raised in the media against ---

MR DUCKWORTH: Yes.

40 MS LONG-DROPPERT: --- Crown Perth? Sorry, against Crown. I will do my best to differentiate between Crown Perth and Crown Melbourne in this section.

MR DUCKWORTH: Yes.

45 MS LONG-DROPPERT: Because I know that is a relevant distinction.

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you recall Mr Feutrill asking you about the 2014 ABC Four Corners program, "High Rollers, High Risk"?

5 MR DUCKWORTH: I'm a bit behind you here.

MS LONG-DROPPERT: That's okay, Mr Duckworth. It might not appear specifically in your statement. I am just asking you if you might recall ---

10 COMMISSIONER JENKINS: It does appear at paragraph 16, it seems.

MS LONG-DROPPERT: I beg your pardon, yes. You were asked to respond in relation to this allegation as well in your statement

15 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: But I am trying, I guess, to confirm your understanding in relation to the GWC's response to these particular allegations.

20 MR DUCKWORTH: Yes. Having refreshed my memory by looking at documents, I recall that Mr Connolly wrote a report in which he basically explained the reason why not just Crown, but all casinos pursue international people, wealthy international people. In that report he put a sentence which said that the GWC doesn't any longer, or doesn't have a role in vetting these people or the money they spend at the casino.

25 MS LONG-DROPPERT: That is as at 2014?

MR DUCKWORTH: Yes, I believe so, yes.

30 MS LONG-DROPPERT: Mr Feutrill also asked you, and it has also been asked of you again in your second witness summons, about media reports of Crown employees being arrested in China in October 2016?

MR DUCKWORTH: Yes, I remember that, yes.

35 MS LONG-DROPPERT: Mr Feutrill also asked you about allegations of money laundering and criminal infiltration made during the 60 Minutes program "Crown Unmasked" in July 2019?

40 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: I don't know if you recall Mr Duckworth, but at the end of your examination in May, Commissioner Owen attempted to summarise the approach taken by GWC in respect of each of those allegations. He said in relation  
45 to those allegations --- in relation to each of those occasions, the conclusion of the GWC was what he described as a "wait and see" approach. Do you recall that?

MR DUCKWORTH: Yes, I recall that phrase.

MS LONG-DROPPERT: You confirmed that?

MR DUCKWORTH: Yes.

5

MS LONG-DROPPERT: Is that still your understanding, now having refreshed your memory in relation to the documents?

10 MR DUCKWORTH: Yes. It was wait and see what comes out of other reports, ie for one of these cases, VCGLR in Melbourne, there was the ILGA report started as well. I think particularly for ILGA, the rationale was, well, it is going to be fairly all-encompassing, so if we cooperate with them rather than start our own. I think that was the logic.

15 MS LONG-DROPPERT: Thank you, Mr Duckworth. I don't want to go over ground that has already been traversed, but this period sparked my interest in relation to what I have been asking you about in terms of delegations. I want to ask you a couple of questions in respect of the intervening period between when the Commission became aware of the China arrests in 2016?

20

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: In October 2016.

25 MR DUCKWORTH: Mm-hmm.

MS LONG-DROPPERT: And when Crown actually presented to the GWC, which wasn't until August 2017. Do you recall that?

30 MR DUCKWORTH: Um ---

MS LONG-DROPPERT: Sorry. First of all, Mr Duckworth, I should take you one step back.

35 MR DUCKWORTH: Right.

MS LONG-DROPPERT: Is October 2016 around the time you first became aware of the China arrest allegations?

40 MR DUCKWORTH: It would have been whenever it was in the general media, so if that was that time, that would have been the time, yes.

MS LONG-DROPPERT: Do you recall it actually was then discussed at a meeting of the GWC in around October ---

45

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: --- 2016?

MR DUCKWORTH: Yes.

5

MS LONG-DROPPERT: Could we please have the minutes for that particular meeting, GWC.0002.0016.0194 at page 4?

10 There's a slight delay because the technical operator can't actually hear me, so my junior is typing to him, which is the cause of the delay. Hopefully, we will have that document shortly, and the bottom of the page.

MR DUCKWORTH: Let's have a look.

15 MS LONG-DROPPERT: Under "General Business":

20 *The Chairman advised that he was unable to provide any additional information on the detention of Crown employees in China than what is currently available in the media. If further information becomes available, the Chairman will circulate this to members.*

MR DUCKWORTH: Yes.

25 MS LONG-DROPPERT: Do you recall anything about that discussion?

MR DUCKWORTH: No, I really don't, I'm afraid.

30 MS LONG-DROPPERT: Thank you. You were asked about when GWC initially became aware of these allegations, in your May examination. Your response was that GWC thought the initial response should have been to get someone from Crown to come as quickly as they could to give a briefing on what that was all about. Do you agree with that?

35 MR DUCKWORTH: Yes.

40 MS LONG-DROPPERT: I'm not at all being critical of the statement, Mr Duckworth, because it was a long time ago and I don't think you were being referred to any documents at that particular time. But are you now aware that the briefing by Crown on these arrests didn't occur until August 2017?

MR DUCKWORTH: Evidently, yes.

MS LONG-DROPPERT: Do you recall any particular reason for the delay?

45 MR DUCKWORTH: No. I think there was certainly requests made, but it didn't finally appear until then.

MS LONG-DROPPERT: Given the seriousness of the allegations, did you consider

this at the time to be too long of a period for the GWC to wait for this briefing?

5 MR DUCKWORTH: Yes. However, there was some discussion about --- there was a concurrent investigation or request for information going on at Crown Melbourne, I think, and, again, that was referenced as somewhere that might be useful to inform us. But I do regard it as too long, yes, for sure.

10 MS LONG-DROPPERT: Thank you, Mr Duckworth. There is this intervening period between October 2016 and August 2017 when the GWC is waiting for the briefing from Crown. In this period, is it fair to characterise the GWC as adopting a wait and see approach to any action it might take in respect of the oversight of junkets at Crown Perth?

15 MR DUCKWORTH: I suppose so. With the arrests in China, there was a strong, and it was thought to be a reasonable assumption, feeling that it was, sort of, some kind of exercise in Chinese politics that we didn't fully understand. But the reason for that thought was there had been people in other walks of life who had been arbitrarily arrested or imprisoned by the Chinese Government. There was a  
20 businessman I remember and there was journalists, or whatever. So there was a feeling it might be just a show of strength, as far as China was concerned. But that was, at least in part, a plausible explanation.

25 MS LONG-DROPPERT: Getting back to my question, before GWC received its briefing in August 2017, the GWC's approach to junket oversight at Crown Perth was a wait and see approach?

MR DUCKWORTH: Yes.

30 MS LONG-DROPPERT: It is also the case that during this intervening period, the department commenced a regulatory compliance review, which was to include a review into junket operations?

MR DUCKWORTH: Yes.

35

MS LONG-DROPPERT: This review was first reported to the GWC in February of 2017?

MR DUCKWORTH: I'm sure that's right, yes.

40

MS LONG-DROPPERT: I understand in your statement you say that review reported back to the GWC in September and November of 2017. The next paragraph.

45 MR DUCKWORTH: Sorry, in my statement?

MS LONG-DROPPERT: In your statement.



MR DUCKWORTH: Okay. Yes, yes.

5 MS LONG-DROPPERT: You were aware at the time that this compliance review was instigated on the back of a report released by the Victorian Office of the Auditor-General?

MR DUCKWORTH: Yes, I think so.

10 MS LONG-DROPPERT: That report had, in part, found deficiencies in the way the Victorian regulator was monitoring AML and junkets?

MR DUCKWORTH: Yes.

15 MS LONG-DROPPERT: It was your understanding that at the time the compliance review was commenced in February 2017, it was to include a review of the oversight of junket operations at Crown Perth?

20 MR DUCKWORTH: Yes, it clearly stated that.

MS LONG-DROPPERT: I want you to bear these contextual matters in mind when I ask you some questions about a change to junket policy during the intervening period, which is the period I describe as October 2016 to August 2017.

25 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: In the May examinations, your evidence was to the effect that after the 2010 amendments to the regulations, the Commission had no role to play in the oversight of junkets; is that correct?

30 MR DUCKWORTH: Something like that, yes, I'm sure.

MS LONG-DROPPERT: And relied on other authorities such as AUSTRAC and the Department of Immigration to monitor junket operators and the related AML risk?  
35 Was it also the case that you understood the casino, Crown Perth, had processes for following up on backgrounds and accounts of junket operators?

MR DUCKWORTH: Yes, and responsibilities to report to AUSTRAC.

40 MS LONG-DROPPERT: Did you understand that those processes, outside of the ones prescribed by legislation, were governed by the Casino Manual?

MR DUCKWORTH: Yes.

45 MS LONG-DROPPERT: This was your understanding at the time of approving the amendment to the regulations to remove GWC oversight of junket operations in 2010?

10:45AM

MR DUCKWORTH: Yes, yes, I think so. That's, yes, a long time ago. I'd have to look at the paper again, but yes.

5 MS LONG-DROPPERT: I want to bring up the GWC minutes for the May 2017 meeting, please. It's GWC.0002.0016.0222 at page 93.

Down a little bit further we can see the table, "the delegations". Thank you for your patience, Mr Duckworth.

10

MR DUCKWORTH: Okay.

MS LONG-DROPPERT: Do you recognise this as a table of approvals made under delegation?

15

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: That table identifies delegations exercised by the Chief Casino Officer, who at the time was Mr Connolly?

20

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: This formed part of your May 2017 board pack? Do you recall that at all?

25

MR DUCKWORTH: I don't now, no.

MS LONG-DROPPERT: No specific recollection. You'll see there, Mr Duckworth, the second row of that table states that there was an amendment to the Casino Manual Operations in relation to "International/Interstate Gaming Business". On the bottom of the table, which identifies ---

30

MR DUCKWORTH: Yes. There's three dates there. Well, they're all the same date ---

35

MS LONG-DROPPERT: Yes.

MR DUCKWORTH: --- but divided into three. Which one am I looking at?

40

MS LONG-DROPPERT: The second one, sorry, Mr Duckworth.

MR DUCKWORTH: That's all right.

45

MS LONG-DROPPERT: The date is 11 April 2017, which is the date on which the approval --- do you recognise that as the date on which the approval was exercised under delegation?

MR DUCKWORTH: Well, if it says so here, that is indeed the date, yes.

MS LONG-DROPPERT: Then the amendment is to Casino Manual Operations, which is the relevant document. Do you recognise that?

5 MR DUCKWORTH: "Main Bank (gradually being phased out)". I can't see a reference --- yes, I understand the middle matter, yes. The new section 19, international and interstate gaming business, yes.

10 MS LONG-DROPPERT: You understand that to be an amendment to the Casino Manual?

MR DUCKWORTH: Yes, for sure.

15 MS LONG-DROPPERT: Under "Details" it says:

*New Section 19 International/Interstate Gaming Business inserted as a result of removing content in relation to Junket Program, Gaming Incentive Program & Foreign Currency Program from the Acc and Internal Control Policies and Procedures .....*

20 MR DUCKWORTH: Yes, I can see that.

MS LONG-DROPPERT: Then Section 03A Main Bank, gradually being phased out, and then the requirement for junket operators to be approved by GWC has been removed in line with regulations that were previously amended in 2010. Do you see that?

MR DUCKWORTH: Yes, I see that, yes.

30 MS LONG-DROPPERT: This is an amendment to the Casino Manual, made in April 2017 in relation to oversight of junket operators?

MR DUCKWORTH: Yes.

35 MS LONG-DROPPERT: In the third row, also, is an approval exercised on 11 April 2017, this time to the --- do you recognise that to be an amendment to the accounting and internal control policies and procedures?

MR DUCKWORTH: Yes.

40 MS LONG-DROPPERT: The details are content in relation to junket program, gaming incentive program and foreign currency program, deleted?

MR DUCKWORTH: Yes.

45 MS LONG-DROPPERT: So you understand that, by reference to the details, to be an amendment to the accounting and international control policies as it might relate

to junket control programs?

MR DUCKWORTH: Yes.

5

MS LONG-DROPPERT: You don't have any specific recollection of reading this document, but it would have been your usual practice to read this document before the meeting?

10 MR DUCKWORTH: Yes, it would have been, yes.

MS LONG-DROPPERT: Can I please take you to the minutes of that May 2017 meeting, GWC.0002.0016.0220, at page 4.

15 You will note at agenda item 11.2, it was resolved to "note the approvals issued under delegation".

MR DUCKWORTH: Yes.

20 MS LONG-DROPPERT: Do you take that note to mean there was no further scrutiny of the approvals at the meeting of the GWC in May 2017?

MR DUCKWORTH: Not as I recall, no.

25 MS LONG-DROPPERT: I want to ask you this, Mr Duckworth: in the context of those amendments being made in relation to junkets in a period where the Commission was waiting for a briefing from Crown Perth as to the China arrests ---

MR DUCKWORTH: Yes.

30

MS LONG-DROPPERT: --- and the outcome of a compliance review, including as to junkets, can you explain why members of the GWC did not interrogate those approvals further in the May 2017 meeting?

35 MR DUCKWORTH: No, except that it may have been seen as a final, if you like, tidy-up of what was effectively carried out in 2010. I think that's the way I saw it, that it was just finally amending all that. But otherwise no, I can't explain why it wouldn't have been discussed.

40 MS LONG-DROPPERT: Beyond the description of the amendments contained in that table under the column "Details", the Commission didn't have any further information as to what those amendments actually were.

45 Now, could we please bring up GWC.0004 --- sorry, I am just being handed a note. This document is subject to a claim for privilege, but I am not proposing to go to a page over which that claim is made. This is GWC.0004.0008.0005 at page 5. Can the operator please not go to page 1.

10:55AM

5 You will see the proposed amendment that was approved under delegation under clause 16.2 was the deletion of the requirement that once approved, the Gaming & Wagering Commission might give clearance for approved junket operators, prior to this amendment being made. Do you see that?

MR DUCKWORTH: The struck-out part, yes. That was what originally was the case, yes.

10 MS LONG-DROPPERT: Originally was the case?

MR DUCKWORTH: Mmm.

15 MS LONG-DROPPERT: It was actually still a power the GWC had until 2017 --- sorry. This was still an obligation the casino had placed upon itself through its Casino Manual ---

MR DUCKWORTH: Yes.

20 MS LONG-DROPPERT: --- prior to this amendment being made in 2017?

MR DUCKWORTH: Yes.

25 MS LONG-DROPPERT: You would agree that the deletion of this requirement that the casino had put on itself had the effect of diluting further the responsibilities that Crown Perth had in relation to junket operators?

MR DUCKWORTH: Assuredly, yes.

30 MS LONG-DROPPERT: By way of illustration, I would like to show you what Crown Perth thought was being approved in relation to this deletion. Can we bring up GWC.0004.0014.0002, which is not in the book for some reason. I will perhaps have to come back to that illustration.

35 In circumstances where you agree this amendment had the effect of diluting responsibilities of Crown Perth in relation to junket operators, is it your view now that had the Commission inquired further as to the effect of the amendment at the May 2017 meeting, it was at least possible that it might have revisited its role in respect of providing clearance of junket operators at that time?

40

MR DUCKWORTH: Yes, but as I say, I understood that the Commission had relinquished its role in vetting or approving junket operators back in 2010.

45 MS LONG-DROPPERT: But you do agree that a further inquiry, in the context of the China arrests and the compliance review and waiting for Crown (inaudible) might have altered the outcome in relation to the exercise of this delegation in April 2017?

MR DUCKWORTH: Well, I suppose I assume that power is no longer there because

of what had happened in 2010.

5 MS LONG-DROPPERT: In circumstances where we are in what I call the intervening period and GWC has adopted a wait and see approach, do you consider that it was incumbent upon the Commission to inquire in relation to any proposed amendments to the Casino Manual or other Crown Perth policies relating to junkets during that period?

10 MR DUCKWORTH: I suppose that was part of the wait and see, other things we ought to do, if and when we find out more of the processes that have been taking place. Sitting here now, of course we should have done more, but at the time there was a very strong feeling --- there was a couple of inquiries going on and, I think, the feeling that it wouldn't make a great deal --- this is my own interpretation, I hasten to  
15 add, that it wouldn't make a great deal of difference if we waited a month or two, in terms of probing the problem in the most efficient way, if we waited to see the sorts of things that were happening in other places.

20 MS LONG-DROPPERT: Right, and that ---

MR DUCKWORTH: Sorry. Plus the fact that, as far as I recall, the ILGA investigation did, sort of, reach out to other jurisdictions and say, "Look, if you can contribute to our inquiry, it would be welcome".

25 MS LONG-DROPPERT: That was in respect of anything the GWC might proactively do in relation to oversight of junkets at Crown Perth ? Correct?

MR DUCKWORTH: Yes, that at least, but I took it as being broader than that, too.

30 MS LONG-DROPPERT: You took as being the wait and see approach that Crown Perth was taking in relation to its own regulation of its responsibilities in relation to junket operators?

35 MR DUCKWORTH: I'm not quite with you there, but just to go back one, it is true that we took a wait and see approach.

MS LONG-DROPPERT: In relation to this amendment which occurred during that intervening period, this is an amendment that occurred in relation to junket operations and would not be consistent with adopting a wait and see approach?

40 MR DUCKWORTH: Sorry, I have something entirely different on the screen.

MS LONG-DROPPERT: I will bring you to that in a minute.

45 MR DUCKWORTH: Okay. No, I think in all the discussion, the Commission endorsed the wait and see.

MS LONG-DROPPERT: Yes, but do you agree that this particular amendment to

11:01AM

the Casino Operations Manual was inconsistent with adopting a wait and see approach?

5 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Thank you. Is that a convenient time, Commissioner?

COMMISSIONER JENKINS: Yes, certainly.

10

MS LONG-DROPPERT: Actually, sorry, if I can just finish this topic off ? Five more minutes?

COMMISSIONER JENKINS: Yes. We started a bit late.

15

MS LONG-DROPPERT: We can bring that document down now. I want to take you to paragraph 33 of your statement in relation to the compliance review that was being undertaken and commenced in February 2017.

20 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: I want to ask you about the last sentence of that paragraph. You say that you don't know why this activity, and you are referring to junket operations, was not included in the review?

25

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you recall any inquiries being made by the Commission of the department at the time the review was handed down in respect of the initiative of the operation in this review?

30

MR DUCKWORTH: Not specifically. I mean, often things took quite a while to emerge, reports of various sorts. It wasn't uncommon for the Commissioners to say, oh, defer until the next month, or matters to be actioned, put it back for two or three months. So I suppose the fact that it wasn't there struck me that it might be being done, but it's just taking a lot longer than they thought. But, I mean, I can't be sure of that.

35

MS LONG-DROPPERT: Yes.

40

MR DUCKWORTH: But in the context of the way the Commission worked, that's a plausible thing to think.

MS LONG-DROPPERT: But in your remaining time on the Commission, that part of the review was never tabled?

45

MR DUCKWORTH: Never tabled, no.

MS LONG-DROPPERT: The final thing I want to draw to your attention in relation to the junket policy change in 2017 is in relation to some emails --- some correspondence that AUSTRAC sent to you and Mr Connolly, which you won't have  
5 seen before and you've said so in your statement. But I want to draw your attention to them and get your views on them.

MR DUCKWORTH: Okay.

10 MS LONG-DROPPERT: Could we bring up GWC.0004.0019.0026, which is subject to a non-publication order, so could the operator please not display this document on the screen? Can we go to page 3.

In circumstances where you haven't seen this email before, I will just give you a  
15 moment to have a quick read of it, Mr Duckworth.

MR DUCKWORTH: Yes, I have read that, yes.

MS LONG-DROPPERT: Thank you. You understand this is an email that was sent  
20 from [name redacted], a senior compliance officer at AUSTRAC ---

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: --- to Mr Connolly, and it was sent on 8 March 2017 ?  
25

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you agree the effect of this email is that as at March ---  
30 sorry. I have been asked not to publicly identify the AUSTRAC member.

COMMISSIONER JENKINS: I will make a non-publication order that the names of  
the author and any other AUSTRAC officer identified in today's hearing may not be  
published outside of this courtroom, as well as anything that may identify that  
35 person.

MS LONG-DROPPERT: Back to my question, do you agree that the effect of this  
email is as at 8 March 2017, AUSTRAC considered that GWC did have a role to  
play in relation to oversight of junket operators?

40 MR DUCKWORTH: Absolutely, yes.

MS LONG-DROPPERT: This communication wasn't brought to your attention by  
Mr Connolly?

45 MR DUCKWORTH: No.

MS LONG-DROPPERT: We will bring up the next correspondence and, please  
operator, could you make sure no identifying information in relation to that  
correspondence is shown. It will not be published on the public screen and I won't



make reference to the author of this correspondence. It is GWC.0004.0019.0027. Please make sure the author is not identified when you scroll down to show the rest of the correspondence. That's fine.

5

I see you are taking your time to read the correspondence, Mr Duckworth. Just let me know when you are done.

MR DUCKWORTH: Yes, sure. Okay. Yes, I get the gist of that, yes.

10

MS LONG-DROPPERT: You also agree in relation to this correspondence around a month later, that AUSTRAC considered GWC did have a role to play ---

MR DUCKWORTH: Yes.

15

MS LONG-DROPPERT: --- in respect of junket operators?

MR DUCKWORTH: It did.

20

MS LONG-DROPPERT: That assumption was at odds with your understanding as at April 2017 of the GWC's role in relation to junket oversight of Crown Perth?

MR DUCKWORTH: Yes. What was written by Mr Connolly at that date doesn't tally at all with this. I mean, yes, the two are at odds.

25

MS LONG-DROPPERT: You would expect these two pieces of correspondence to have been brought to the attention of GWC. Had it been, do you think GWC might have reconsidered its position as to the oversight of junket operations at Crown Perth?

30

MR DUCKWORTH: Yes. Yes, it would have been a big wake-up call from the "wait and see", that's for sure.

35

MS LONG-DROPPERT: Do you consider that had this correspondence been brought to the GWC's attention, that it might have had cause to inquire further into the amendments to the Casino Manual in relation to junket operations in April 2017?

MR DUCKWORTH: Yes, I think so. I think it would have been an all-encompassing effort, change of heart from the "wait and see", that's for sure.

40

MS LONG-DROPPERT: Thank you, Mr Duckworth. Thank you Commissioner. That is the end of that topic, if that's a convenient time?

45

COMMISSIONER JENKINS: Mr Duckworth, we will have morning tea. If you would like to leave and we will resume again in 15 minutes. Thank you. The hearing will adjourn until 25 minutes past.

**ADJOURNED**

**[11.10 AM]**

5 **RESUMED**

**[11:28A.M.]**

10 COMMISSIONER JENKINS: Thank you, please take your seats. Yes, Ms Long-Droppert.

MS LONG-DROPPERT: Thank you, Commissioner. We are on to a new topic, Mr Duckworth.

15 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: The topic of harm minimisation.

MR DUCKWORTH: Yes.

20 MS LONG-DROPPERT: At paragraph 40 of your witness statement, you say you understand that the GWC has a role to play in minimising the harm caused by gambling in the community.

MR DUCKWORTH: Yes.

25 MS LONG-DROPPERT: Is this an understanding you held during your time on the board of the GWC?

MR DUCKWORTH: Very much.

30 MS LONG-DROPPERT: Do you agree, though, that the obligation on the GWC is and was at the time you were on it, slightly more specific than that?

35 MR DUCKWORTH: Well, it was part of its charter to minimise community harm from gambling.

MS LONG-DROPPERT: Do you agree that was something it had to take into account in making and implementing policy?

40 MR DUCKWORTH: Yes, yes.

MS LONG-DROPPERT: Including as to the operations at Crown Perth?

MR DUCKWORTH: Yes.

45 MS LONG-DROPPERT: You have been asked in your witness statement about the circumstances in which the GWC would commission expert reports?

11:29AM

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: You said in your statement that you recall two occasions  
5 the GWC would commission an expert report. Firstly, in the certification of EGMs?

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Am I right in understanding that's where an EGM was sent  
10 off to ensure it was compliant with the WA Appendix?

MR DUCKWORTH: Yes, it would have been, yes.

MS LONG-DROPPERT: Those reports would be commissioned at regular intervals  
15 when an EGM was brought to GWC for approval?

MR DUCKWORTH: Yes, yes. They had to be certified before they were put in use.

MS LONG-DROPPERT: The other occasion is when you commissioned the  
20 Riskwest Report, before you finished your tenure?

MR DUCKWORTH: Yes, that was in the final month or two of my tenure, but I  
recall at a meeting a reference to employing Riskwest for such a risk management  
25 review.

MS LONG-DROPPERT: Just to confirm, those are the only two occasions that you  
recall when the GWC did or would have commissioned expert reports?

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: I just put this to you, even though I suspect I know the  
answer, based on the blanket answer you have given in relation to expert reports, but  
just to confirm, the GWC never commissioned any independent research into  
35 problem gambling prevalence at Perth Casino?

MR DUCKWORTH: No. It did draw on the Australian --- what's it called --- the  
Australian centre for gambling research, I think it's called, reports occasionally.

MS LONG-DROPPERT: I will come back to that in a second. But in respect of  
40 commissioning any independent expert research, it didn't commission any  
independent expert research into problem gambling prevalence in Western Australia  
or at Perth Casino?

MR DUCKWORTH: No. There were national surveys that compared States and,  
45 sort of, developed indices of harm and so on. Actually, I remember seeing one dated  
2000 and maybe one more after that. WA was always a bit complacent because  
without poker machines and pubs and clubs, gambling problems, as a percentage of  
population, were always a lot lower, but --- sorry, that's an aside. It's not really ---

MS LONG-DROPPERT: That's okay. I will come back to test that proposition in a little while.

5 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: But if we could just go through these particular propositions and I will come back to your understanding of prevalence of gambling harm in Western Australia at a later point and the research to which you are referring.

MR DUCKWORTH: Mmm.

MS LONG-DROPPERT: So the GWC, in your time on the GWC, never sought the input of an expert to address the GWC in relation to gambling addiction?

MR DUCKWORTH: No.

MS LONG-DROPPERT: It never sought the opinion of an expert in relation specifically to the addictiveness of EGMs?

MR DUCKWORTH: No.

MS LONG-DROPPERT: You say you are generally aware of the Australian Gambling Research Centre and you referred to that this morning. Do you recall any specific studies or reports you relied upon from the Gambling Research Centre during your time on the Commission?

MR DUCKWORTH: No, no. I read them for just general background knowledge and interest, rather than anything specific in relation to Crown Perth.

MS LONG-DROPPERT: That was as part of your independent research in your own time?

35 MR DUCKWORTH: Mmm.

MS LONG-DROPPERT: You would be aware that the last report published by the GRA was in 2016?

40 MR DUCKWORTH: I wasn't aware of that, but yes.

MS LONG-DROPPERT: Do you think then, in light of the failure by the GWC to request input or to commission independent research into the prevalence of gambling in Western Australia or at the Perth Casino, that you didn't have a proper understanding of that issue as it related to Perth Casino during your time on the Commission?

MR DUCKWORTH: How can I answer that? I think an expert research project

would have refined and enhanced an understanding, but I think everybody had a layperson's or a general understanding of the fact that the business we were regulating was --- could be extremely harmful to a lot of people, and I don't know ---  
5 I'm speculating here. I don't know whether an expert academic report would have directed us in any other new direction particularly. I mean, it's almost --- if I could make an analogy, everybody knows that cigarettes do you harm. I don't know the minute physiological details of that, but I know they do. Most people know that EGMs or poker machines, or whatever, can be very harmful to a sector of the  
10 population. Beyond that, we didn't seek any extra validation, if you like.

MS LONG-DROPPERT: Taking that analogy, do you expect that, say, the Department of Health, in making the decision to have green packaging on cigarettes, would have had the input of experts in relation to the effectiveness of that policy?  
15

MR DUCKWORTH: Yes, of course. Yes, of course.

MS LONG-DROPPERT: I will take you back to some specific policies later but, to summarise your evidence, you say you had a layperson 's understanding that the product of gambling provided by the Perth Casino could be extremely harmful ---  
20

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: --- but the GWC didn't commission any particular expert reports or independent research into the prevalence or incidence of gambling harm at Perth Casino?  
25

MR DUCKWORTH: No. Yes, I won't elaborate on what I've said but, generally, it's sort of self-evident. There's this innate tension in that industry. It's a bit like the cigarette thing, in a sense. It's, by nature, a potentially very harmful product but it's legal. The tension in the regulation is between taking reasonable measures to provide some support, remediation for people who develop a gambling addiction and not to overly stymie, if you like, the economic enterprise of a casino. It's a very difficult --- and I would add, that was probably in Commission members' minds most  
30 of the time we dealt with casino business.  
35

MS LONG-DROPPERT: Right, and ---

MR DUCKWORTH: It was in mine. I can't speak for the others.  
40

MS LONG-DROPPERT: Thank you. To add on, you have described support that might be provided to people with gambling problems. Another way that tension is balanced or rectified is by way of particular policies in relation to, for example, gaming machines ---  
45

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: --- the number of gaming machines ---

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: --- rate of play, that type of thing?

5

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: You were asked about your understanding of the Problem Gambling Support Services Committee in your statement?

10

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Sorry, I don't think you were asked specifically about it, but you refer to it at paragraph 38. You say the GWC was responsible for funding this committee, but you don't know how the committee actually applied those funds?

15

MR DUCKWORTH: No. I'd assume it was to do with assisting people with counselling, perhaps running some sort of low-level advertising campaigns about gambling, that sort of thing.

20

MS LONG-DROPPERT: Right.

MR DUCKWORTH: But I'm only surmising.

MS LONG-DROPPERT: The PGSSC falls into the side of support you have referred to in relation to supporting people who do have gambling problems?

25

MR DUCKWORTH: It would, yes.

MS LONG-DROPPERT: Another way that side of things is taken care of is through Crown Perth having its own responsible gambling procedures?

30

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: To wrap up the point about the PGSSC , you said you weren't aware of how the funds were applied and you said you have a general understanding of what the committee did, but you don't specifically know what services the committee provided?

35

MR DUCKWORTH: No, and I don't recall in any annual reports there being a breakdowns.

40

MS LONG-DROPPERT: The PGSSC reported to the GWC by way of annual report?

45

MR DUCKWORTH: I don't know. I'm not sure.

11:39AM

MS LONG-DROPPERT: In any event, though, that committee didn't regularly report to the GWC?

5 MR DUCKWORTH: No, it didn't.

MS LONG-DROPPERT: Thank you. At paragraph 43 of your statement, you say:

10 *Further, the GWC periodically received statistics regarding Crown's responsible service of gambling program.*

MR DUCKWORTH: Yes.

15 MS LONG-DROPPERT: I want to take you to the minutes of the meeting of the GWC where it was resolved to ask Crown Perth for those statistics. This is GWC.0002.0016.0251 at page 4. It's agenda item 5.3.

MR DUCKWORTH: Yes.

20 MS LONG-DROPPERT: Can the operator scroll down to the centre of the page? Thank you.

25 You will see it was resolved to request regular reports on RSG statistics in relation to third party referrals, and the outcome of those referrals, and referrals from Crown Casino employees.

MR DUCKWORTH: Yes.

30 MS LONG-DROPPERT: You understand this to be the first time that GWC requested statistics of this kind from Crown Perth?

35 MR DUCKWORTH: In that degree of detail, yes. I mean, all it had before was some general figures for every monthly meeting on various aspects of behaviour at the casino. But this was the first concerted effort to get these sort of statistics, yes.

MS LONG-DROPPERT: Is it then fair to say, in respect of any policy decisions the GWC made prior to December 2017, Crown Perth's responsible gambling statistics were not taken into account?

40 MR DUCKWORTH: No --- well, no, they weren't provided, no. We knew the service was there and we knew what it consisted of, but we didn't request until that point, systematically request, statistics.

45 MS LONG-DROPPERT: By extension then, they weren't taken into account in the GWC's decision making?

MR DUCKWORTH: I wouldn't --- no, I couldn't make that extension because I think that --- well, the actual statistics themselves, as data, probably weren't, but the

concept of gambling being harmful to people was always taken into consideration.

MS LONG-DROPPERT: Right.

5

MR DUCKWORTH: Well, at least by me, anyway.

MS LONG-DROPPERT: You also say in paragraph 43 that you "recall the GWC interrogated that report when it was provided".

10

MR DUCKWORTH: Mmm.

MS LONG-DROPPERT: Can you describe to the Commission, please, what that interrogation involved?

15

MR DUCKWORTH: It would be things like what processes did you undergo to reach people who may be experiencing harm. We interrogated them about the staff training which they did. Certainly every person who worked on the floor was to be trained in how to, perhaps, identify people who were gambling recklessly and also to suggest things they might do, or things they might say to try and get them to consider what they were doing. I do recall seeing some detail of that at some stage, how they suggested to their staff "These are some of the things you can do if you're concerned that someone is really losing it". These are the signs you can recognise. Obviously things like anger and, sort of, I don't know, demeanour in general. So we interrogated them on that, I think.

20

25

Also, tried to get some idea of the --- well, the statistics provide some idea of the numbers self-excluding or excluding on the basis of family or coming forward for counselling. And we asked what they did and, you know, they told us their, sort of, duties and how they tried to run this to the best of their ability, and that was about the interrogation, I think.

30

MS LONG-DROPPERT: In relation to the statistics provided, understood as a data set, was there any attempt by the GWC to identify trends, so year-on-year or month-on-month in relation to third party exclusions?

35

MR DUCKWORTH: I think once that set of data, once that data started, the idea, the intention would have been to have comparative figures over time, yes.

40

MS LONG-DROPPERT: That was the intention, but do you recall that trend analysis actually being undertaken by the board?

MR DUCKWORTH: No, and I don't know how often we requested the figures. Monthly would have been too frequent, I think, to draw any conclusions. I'm trying to recall and I can't recall whether we did do that at a stated interval, you know, six-monthly or what. I'm sorry, I really can't remember.

45

MS LONG-DROPPERT: Is it right to say the provision of Crown Perth RSG



statistics did not lead to any formulation or implementation of any particular policies by the GWC?

5 MR DUCKWORTH: I think that would be correct. I think it was seen as something that could assist people and that it had to be there and that it was necessary, but I think beyond that, that's about it.

10 MS LONG-DROPPERT: Thank you. Could we please have the minutes of the December 2017 meeting again. It's GWC.0002.0016.0251. You will see there, Mr Duckworth, it is recorded in the minutes that members discussed the availability of studies regarding the impact gaming machine and game design may have on gambling addiction?

15 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you recall anything about that particular discussion?

20 MR DUCKWORTH: Not in detail. I know one of my fellow Commissioners was very fired up about this issue, and I can imagine he would have initiated that discussion.

25 MS LONG-DROPPERT: The second sentence there says the DDGR, who at the time was Mr Connolly ---

MR DUCKWORTH: Yes.

30 MS LONG-DROPPERT: --- indicated that the Gaming Machine National Standard contained provisions prohibiting design elements that may contribute to problem gambling.

MR DUCKWORTH: I see that, yes.

35 MS LONG-DROPPERT: Do you recall anything about what Mr Connolly said at that meeting in respect of the National Standard and how that was sufficient in relation to prohibiting design elements of EGMs that might contribute to problem gambling?

40 MR DUCKWORTH: I'm assuming that Mr Connolly was talking about the time limitation or the time it takes to play those games and also that it wasn't --- they weren't to look like poker machines. That's all I can imagine he was referring to there.

45 MS LONG-DROPPERT: As at December 2017 --- you refer to it as the "time limitation". It's also known as the rate of play.

MR DUCKWORTH: Rate of play, yes.

MS LONG-DROPPERT: There was a 5-second minimum as at December?

MR DUCKWORTH: Yes.

5

MS LONG-DROPPERT: Just to clarify, do you have an active recollection of Mr Connolly pointing to that feature of the standard as an element that would prevent the contribution to problem gambling?

10 MR DUCKWORTH: I'm almost certain it would have been but, to be perfectly honest, I don't have a hundred per cent active recollection.

MS LONG-DROPPERT: Thank you. Ultimately, am I right in thinking, by reference to the resolution, there was no decision made in respect of obtaining studies or literature from outside sources by members of the GWC at this meeting?

15

MR DUCKWORTH: You're correct, yes. I think it was just in relation to regular supply of data.

20 MS LONG-DROPPERT: By way of illustration, I would like to look at a document prepared by solicitors assisting the Royal Commission, which is an aide-memoire which summarises some of the literature that was available at the time this discussion was being had in relation to EGMs. Can I have PCRC.0007.0003.0001?

25 By way of explanation, this table contains a summary of the literature that was presented to the Responsible Gaming Committee of Crown Resorts Ltd.

MR DUCKWORTH: Right.

30 MS LONG-DROPPERT: Were you aware that Crown Resorts Ltd, at Group level, had a Responsible Gaming Committee?

MR DUCKWORTH: At Group level, no, but I see it as entirely likely that they did, yes.

35

MS LONG-DROPPERT: Right.

MR DUCKWORTH: No, I wasn't aware of that particular committee.

40 MS LONG-DROPPERT: To give you an example of some of the literature available in relation to EGMs at this time, can we go to page 3, please, and zoom in --- sorry, page 2.

45 In the fourth line item on 25 September 2015, there is an article, so some research, entitled "Veiled EGM Jackpots: The Effects of Hidden and Mystery Jackpots on Gambling Intensity".

MR DUCKWORTH: Yes.

11:51AM

MS LONG-DROPPERT: The next line item, 12 November 2015 ---

MR DUCKWORTH: Yes.

5

MS LONG-DROPPERT: --- is a title "Consumer Perspectives on Gambling Harm Minimisation Measures in an Australian Jurisdiction".

MR DUCKWORTH: Mm-hmm.

10

MS LONG-DROPPERT: Go to the next page, 9 August 2016 ---

MR DUCKWORTH: Yes.

15

MS LONG-DROPPERT: --- you will see the title of the research is "Jackpot Structural Features: Rollover Effect and Goal-Gradient Effect in EGM Gambling".

MR DUCKWORTH: Yes.

20

MS LONG-DROPPERT: I will point you to two more studies prior to December 2017. Go to 24 July 2017, and it says:

*A meta-regression analysis of 41 Australian problem gambling prevalence estimates and their relationship to total spending on electronic gaming machines.*

25

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: The summary of that literature says the research suggests there is a correlation between EGM losses and problem gambling prevalence.

30

MR DUCKWORTH: Mmm.

MS LONG-DROPPERT: The next entry, the last one I will draw your attention to, is 24 July 2017 --- "The effect of losses disguised as Wins and Near Misses in EGMs: A systematic review".

35

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: You would agree, based on the presentation of this research and this aide-memoire, there was no shortage of studies available ---

40

MR DUCKWORTH: No, that's right.

MS LONG-DROPPERT: --- in respect of that matter that caught the board's attention in December 2017?

45

MR DUCKWORTH: Yes.

5 MS LONG-DROPPERT: Am I right in thinking it is the case that the board was able to --- it was within the board's power to request departmental support in relation to obtaining research of this kind?

MR DUCKWORTH: It would have been, yes, for sure.

10 MS LONG-DROPPERT: Is it the case that if the board had had regard to some of these studies, it might have assisted in guiding them, firstly, in what statistical information it might need from Crown Perth?

15 MR DUCKWORTH: Yes, but I go back to the difficult point I made before. That is, if we had got this information and it showed from a multitude of aspects that confirmed our lay knowledge that gaming can be very harmful to a lot of people, and particularly EGMs have addictive features, I suspect the question of what does one then do, I mean, you could brainstorm a whole series of things, the equivalent of gory pictures of body parts on cigarettes. You could have gory pictures of desperate  
20 people, of bank managers sort of seizing the house or whatever it was. I'm not being flippant ---

MS LONG-DROPPERT: No, no.

25 MR DUCKWORTH: --- I'm just laying it out here . There's a number of things --- I suspect, this is just me speculating, that if you were really going to make a quantum difference to the amount of harm that casinos intrinsically cause people, you would need a decision from the State Government which said, well, we are reassessing gaming in WA, gambling; the costs of damage outweigh, or whatever --- they  
30 wouldn't outweigh what they take. But I don't think the Commission --- for all its sins, all its faults, I don't think the Commission would have been able to implement a strong, forceful policy regarding EGMs and warning people and minimising harm unless it was something which the government of the day thought should be done.

35 MS LONG-DROPPERT: I want to challenge that, Mr Duckworth, because one of the things the GWC did have control over were particular policies in relation to EGMs. Do you accept that?

MR DUCKWORTH: Yes, I do, yes.

40 MS LONG-DROPPERT: The effect of those policies was, at times, to either minimise harm or to increase harm ---

MR DUCKWORTH: Yes.

45 MS LONG-DROPPERT: --- depending on what those policies were, correct?

MR DUCKWORTH: Yes, it could be, yes.

MS LONG-DROPPERT: In terms of it being a State Government responsibility versus a Commission responsibility, do you accept the Commission did have a responsibility to minimise harm in relation to the policies that it did have control over in relation to EGMs?

MR DUCKWORTH: Yes, I do.

MS LONG-DROPPERT: Thank you. I want to come to some policy changes. The first one is of this particular kind and the first one is in relation to the increase in EGMs that occurred in 2012.

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you recall that in 2012, Crown submitted a proposal to increase the number of EGMs on the Crown Casino floor by 500?

MR DUCKWORTH: Yes, I'm sure that was right.

MS LONG-DROPPERT: I want to go to the minutes of the November 2012 meeting, the meeting at which this decision was made, GWC.0002.0016.0082 at page 4. This is under agenda item 4.2.

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: You will see:

*Increase in electronic gaming machines and gaming tables at Crown Perth.*

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: It appears there was a lengthy consideration of this proposed change to policy. In ultimately agreeing to the increase, the Commission has had regard to some matters which form the subject of bullet points. Do you see that?

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: There are two which caught my attention. The first is:

*Chairman's memorandum on the proposed development submitted to the August 2012 meeting of the Commission.*

I will come to that. The fifth is:

*Western Australia having a low rate in the prevalence of problem gambling by virtue of maintaining a single destination for casino style gaming .....*

MR DUCKWORTH: Yes.

MS LONG-DROPPERT:

5

*..... a significant factor recognised by the Productivity Commission in retaining a low prevalence of problem gambling.*

MR DUCKWORTH: Yes.

10

MS LONG-DROPPERT: That is actually an understanding you have, at least in part, echoed today ---

MR DUCKWORTH: Yes.

15

MS LONG-DROPPERT: --- as to your understanding of the prevalence of gambling in Western Australia. Before I go on, do you recall anything --- I know it was a long time ago, so it might not jog any memories for you, but do you recall anything in particular about the meeting in November 2012 and this discussion?

20

MR DUCKWORTH: No, no I don't. I'm looking at those points there and --- but beyond those, no.

25

MS LONG-DROPPERT: Thank you. Can we please bring up the memorandum which is referred to in bullet point 1, GWC.0002.0016.0069 at page 26. You might recognise this as the chairman's memorandum?

MR DUCKWORTH: Yes.

30

MS LONG-DROPPERT: Can we scroll through? The chairman has attached some documents which he considers relevant to the contemplation of this proposed policy change; correct?

35

MR DUCKWORTH: Well, I'm just looking at his memorandum at the moment.

MS LONG-DROPPERT: Sure, take your time. The material part to the question I am about to ask is, in fact, on the next page.

40

MR DUCKWORTH: Right, okay.

MS LONG-DROPPERT: I'm not trying to hurry you along, Mr Duckworth, but I won't be asking you about the particular decisions or anything like that.

45

MR DUCKWORTH: Okay. I can go to the next page.

MS LONG-DROPPERT: Can we please go to the next page. It says:

5           *At Attachment 7 is a copy of a memorandum regarding Western Australia's prevalence of problem gambling reported by the Productivity Commission in 1999 as being 0.17% (Dickerson method) or 0.70% (SOGS5+) of the adult population.*

Then there is a reference to the 1994 survey .

10           *..... reported a prevalence of a rate of 0.32% for Western Australia. These are the only surveys conducted in Western Australia.*

Do you see that?

15           MR DUCKWORTH: Yes.

MS LONG-DROPPERT: If you recall the conclusion drawn by the GWC in the minutes in relation to Western Australia's low prevalence of problem gambling ---

20           MR DUCKWORTH: Mmm.

MS LONG-DROPPERT: --- do you accept this conclusion was based on data from 1999?

25           MR DUCKWORTH: Yes, it looks that way, yes.

MS LONG-DROPPERT: Do you also accept that in the course of approving this increase, there was no independent interrogation of how an increase in EGMs at the casino might increase the prevalence of harm to gamblers in Western Australia?

30           MR DUCKWORTH: That's true --- sorry.

MS LONG-DROPPERT: But there was also no consideration of the implementation of additional harm minimisation measures to mitigate any possible harm caused by that increase?

35           MR DUCKWORTH: I can't remember if that was the case. Like I say, there would have been --- I'm almost certain there would have been discussion, whether minuted or not, on the potential harm.

40           MS LONG-DROPPERT: Right.

45           MR DUCKWORTH: Having said that, I go back to that, sort of, tension formula I spoke about. There was always the question of Crown Perth, or Burswood as it was then, in comparison with other casinos in terms of prevalence of numbers on these sorts of machines.

MS LONG-DROPPERT: Right.

MR DUCKWORTH: And was it out of the ordinary or was it not out of the ordinary, and that would have been a consideration as well.

5 MS LONG-DROPPERT: In accepting, though, that there was no independent interrogation of how this increase might affect problem gambling in WA ---

MR DUCKWORTH: No, there wasn't.

10 MS LONG-DROPPERT: --- do you then accept that the board didn't adequately take into account harm minimisation during the approval of this policy change?

MR DUCKWORTH: Well, I don't know. It depends whether you think an addition of a certain number of these machines in itself is a factor which would lead to a  
15 greater amount of harm.

MS LONG-DROPPERT: But that's the matter about which the board ---

COMMISSIONER JENKINS: Sorry. Have you finished your answer, Mr  
20 Duckworth?

MR DUCKWORTH: Let me think about that. It would be very difficult to tie or to correlate degree of harm to number of machines. I don't know whether any research has done that or shows that. If there were research put in front of the Commission  
25 which said, look, for every extra 100 machines, the incidence of damage increases by X percent in a given adult population, that would give you something to go on . But we're sort of guessing a bit, I suppose. That's not to say the proposition is wrong, it's that we didn't have anything really solid to go on. And, as I say, the other tension is look, all these other places have got lots of --- do increase their machines from time  
30 to time, should I say.

MS LONG-DROPPERT: In circumstances where the GWC was statutorily required to take into account harm minimisation in implementing policy, do you consider that guesswork aspect of implementing this policy to be an adequate consideration?  
35

MR DUCKWORTH: I think I was saying it would be guesswork, but it's always --- sorry, I don't know whether I made myself clear. Quoting numbers of machines and incidents of harm, there's nothing reliable to go on.

40 MS LONG-DROPPERT: The board didn't seek to inform itself of any independent research that might have assisted them in relation to working out what the harm caused by the increase might have been?

MR DUCKWORTH: No, it didn't, no.  
45

MS LONG-DROPPERT: I want to go to a different policy about the rate of play. You were on the GWC at the time the GWC adopted the formal policy as to EGMs in 2011?



MR DUCKWORTH: 2011, yes, that's right.

5 MS LONG-DROPPERT: Do you recall that policy was based, in part, on a departmental paper?

MR DUCKWORTH: I don't recall that, but I do recall the 6 seconds, yes.

10 MS LONG-DROPPERT: The 5-second.

MR DUCKWORTH: Sorry.

15 MS LONG-DROPPERT: We can come to the minimum second requirement, but I think you'll find, Mr Duckworth, that originally it was a 5-second minimum rate of play?

MR DUCKWORTH: Okay.

20 MS LONG-DROPPERT: That's okay, I'm not trying to trip you up.

MR DUCKWORTH: No, no, I'm sure you're not.

25 MS LONG-DROPPERT: It's just for the purpose of the transcript. Do you recall the rationale behind why the 5-second minimum was adopted at the time the EGM policy was adopted in 2011?

30 MR DUCKWORTH: I think only in a comparative sense, that it was --- the games were longer than those played in other States and that obviously the fewer games played, the less money being put in the machine or whatever, so ---

MS LONG-DROPPERT: Was there any consideration --- sorry, I interrupted.

MR DUCKWORTH: No, that's all right. Sure, yes.

35 MS LONG-DROPPERT: Was there any consideration of the rate of play and how it might relate to the addictiveness of the particular machine?

40 MR DUCKWORTH: Well, only that given these machines were part of the casino and legally sanctioned, some sort of figure was required and it was, I think, thought that five was at least better than the three, or whatever it was in other places, so it was a pragmatic decision, you might say.

45 MS LONG-DROPPERT: You understood at the time of implementing the policy in 2011 that it was a distinguishing feature of EGMs, as compared to poker machines, that the minimum speed of play was 5 seconds?

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Did you understand, at the time, that to be a harm minimisation strategy?

5 MR DUCKWORTH: Well, it was a help, yes. Yes, you could say so.

MS LONG-DROPPERT: Do you recall at the time of implementing the policy that the decision as to rate of play was tied in any way to in-game features or bonus features in EGMs?

10

MR DUCKWORTH: I don't. What I think occurred over the intervening years was more and more of these additional features seem to become part of the scene.

MS LONG-DROPPERT: Right. But you were aware in 2011 that there were EGMs in existence that already had in-game features and bonus features?

15

MR DUCKWORTH: I haven't thought about it, but I'm sure that would have been the case, yes.

MS LONG-DROPPERT: You were involved in their approval during the course of your time?

20

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: And as at 2011?

25

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: I want to fast forward to 2014. You say at paragraph 50 of your statement that you don't have any independent recollection of the consideration to increasing the minimum speed of play to 6 seconds in 2014?

30

MR DUCKWORTH: No. That's right, yes.

MS LONG-DROPPERT: I want to try, if I can, to refresh your memory by reference to some minutes. Can I go to GWC.0002 --- this one is not in the book. I will put that to one side. Based on your understanding of the speed of play as a harm minimisation strategy, could it have been the case that in 2014, the GWC was considering it as part of a way to increase harm minimisation at the casino?

35  
40

MR DUCKWORTH: To increase harm minimisation? Yes, it could have been, yes.

MS LONG-DROPPERT: But you don't have any independent recollection?

MR DUCKWORTH: No, only the general proposition that, obviously, the longer the rate of play, the less people would spend and the less harmful it would be.

45

MS LONG-DROPPERT: In 2014, you were aware that EGMs at Crown Perth had in-game features?

5 MR DUCKWORTH: Thinking of it, yes, yes.

MS LONG-DROPPERT: You were also involved in approving those EGMs as at 2014, during the course of your responsibilities on the board?

10 MR DUCKWORTH: Yes, yes.

MS LONG-DROPPERT: Can we fast forward to 2016, when the GWC adopted the WA Appendix to the National Standard. Can we go --- it's not in the book. I put it to you and ask you to accept that in 2016, when the GWC accepted the National  
15 Standard, the 5-second speed of play was retained from the 2011 EGM policy?

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you recall in 2016, when the GWC approved the WA  
20 Appendix for the first time, any independent discussion about rate of play?

MR DUCKWORTH: No, I don't recall, no.

MS LONG-DROPPERT: But by virtue of accepting this particular feature of EGMs  
25 in Perth, you would accept that there was the understanding as to the way that rate of play related to harm minimisation was accepted at that time?

MR DUCKWORTH: Yes.

30 MS LONG-DROPPERT: You may not recall because it was five years ago, but do you recall any discussion about in-game features or bonus features at the time of approving the WA Appendix in 2016?

MR DUCKWORTH: No, not specifically.

35

MS LONG-DROPPERT: You were aware in 2016 that EGMs at Crown Perth had in-game features?

MR DUCKWORTH: Yes.

40

MS LONG-DROPPERT: You were involved in 2016 in approving EGMs at Crown Perth with in-game features?

MR DUCKWORTH: Yes.

45

MS LONG-DROPPERT: The next part to this journey ---

MR DUCKWORTH: Yes.

12:15PM

MS LONG-DROPPERT: --- is 2018, when you might recall the Victorian regulator, VCGLR, conducted a review into Crown Melbourne which reported in 2018?

5 MR DUCKWORTH: Yes, which is --- where is it in my ---

MS LONG-DROPPERT: In your statement, I think --- I don't know if you refer to it.

MR DUCKWORTH: Oh.

10

MS LONG-DROPPERT: I think you might refer to it in relation to something else.

MR DUCKWORTH: Okay.

15 MS LONG-DROPPERT: Hopefully this is in the book, so I can show you something on the screen that might assist you.

MR DUCKWORTH: All right, good.

20 MS LONG-DROPPERT: You might recall that the VCGLR made 20 recommendations in relation to Crown Melbourne?

MR DUCKWORTH: What --- yes.

25 MS LONG-DROPPERT: 2018.

MR DUCKWORTH: 2018, okay.

30 MS LONG-DROPPERT: Some of those recommendations were in respect of the responsible service of gambling?

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Do you recall that?

35

MR DUCKWORTH: Vaguely, yes.

40 MS LONG-DROPPERT: Can we bring up GWC.0002.0016.0260 at page 14, please. This is part of the board pack you received in advance of the December 2018 meeting. Crown was asked to make a submission and present as to why or how the VCGLR's recommendations may or may not apply to Crown Perth. Do you recall that?

45 MR DUCKWORTH: Mmm, I think so. I mean, if I see more of this, I probably will.

MS LONG-DROPPERT: Sure. Can we scroll down so the text of the first page is visible to Mr Duckworth.

12:17PM

MR DUCKWORTH: Yes.

5 MS LONG-DROPPERT: Stop there, please, operator. Thank you. You will see that Crown Perth has been asked to provide a submission in relation to the applicability of the RSG-related recommendations in relation to Crown Perth?

MR DUCKWORTH: Yes, I see.

10 MS LONG-DROPPERT: This is that submission?

MR DUCKWORTH: Yes.

15 MS LONG-DROPPERT: You will see in the third paragraph it says:

*It is our respectful view that Crown Perth's RSG Framework is industry leading across all gambling services .....*

20 It then goes on to say:

*The key aspects of the RSG Framework and our casino operations/environment, which collectively distinguish Crown Perth from other gambling operators, include .....*

25 MR DUCKWORTH: Yes.

30 MS LONG-DROPPERT: You may not have an active recollection of reading this, but do you agree this is setting up a way for Crown Perth to distinguish its RSG environment specifically from Crown Melbourne and other jurisdictions?

MR DUCKWORTH: Well, Mr Preston seems to be suggesting that it's superior. Well, not knowing much about the Melbourne casino, I couldn't comment but Mr Preston was always very enthusiastic about Crown's achievements, for sure.

35 MS LONG-DROPPERT: Can I put it to you, perhaps, Mr Duckworth, that Crown Perth was suggesting it didn't need to implement any of the recommendations made by the VCGLR because it had a distinguishable RSG framework?

40 MR DUCKWORTH: That's the plausible explanation, yes.

45 MS LONG-DROPPERT: I want you to take it from me that the paper then goes on to highlight some of the ways in which Crown Perth says its operating environment is different from other jurisdictions. I want to take you to a particular point in the paper, page 29. At the bottom of the page, please make note of the section heading which is "Other harm minimisation strategies". Do you see that?

MR DUCKWORTH: Yes, I see that.

MS LONG-DROPPERT: Can the operator please go to page 31. You will see at the top of page 31 there is a reference to "Speed of Play"?

5 MR DUCKWORTH: Yes.

MS LONG-DROPPERT: It says:

10 *The Commission has determined that the speed of play on EGMs operating at Crown Perth shall exceed 5 seconds, in contrast to other Australian jurisdictions.....*

MR DUCKWORTH: Yes.

15 MS LONG-DROPPERT: You would agree that Crown Perth is pointing to this as another harm minimisation strategy?

MR DUCKWORTH: Yes.

20 MS LONG-DROPPERT: To distinguish itself from other Australian jurisdictions?

MR DUCKWORTH: Yes.

25 MS LONG-DROPPERT: There was also a presentation made by Mr Preston at the December 2018 meeting? Do you recall anything about that?

MR DUCKWORTH: In relation to harm minimisation?

MS LONG-DROPPERT: Yes.

30 MR DUCKWORTH: Yes, but not in any detail.

35 MS LONG-DROPPERT: To recap the journey we have been on --- and can you just indicate if you agree with me --- firstly, the EGM policy in 2011 was approved in part on the basis that the 5-second minimum rate of play was a harm minimisation strategy?

MR DUCKWORTH: Yes.

40 MS LONG-DROPPERT: And was a point of distinction from poker machines?

MR DUCKWORTH: Yes.

45 MS LONG-DROPPERT: Secondly, in 2014 --- and this one may be a little bit hazy because we didn't have the document, but it's possible, at least, that the Commission contemplated raising the speed from 5 to 6 seconds, as a harm minimisation strategy, and in 2016, the WA Appendix was approved by the Commission to include the

5-second minimum play speed?

MR DUCKWORTH: Yes.

5

MS LONG-DROPPERT: That was included, in part, as a harm minimisation strategy?

MR DUCKWORTH: Yes.

10

MS LONG-DROPPERT: Then in November 2018, Crown Perth submitted a submission in response to the VCGLR's review recommendations, which pointed to the 5-second rate of play as a harm minimisation strategy?

15

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: Putting to one side 2014, because we don't have the documents in respect to that, to the best of your recollection, at each of those junctures, there was no discussion as to how rate of play might have related to in-game features?

20

MR DUCKWORTH: I can't categorically say that, but then I can't specifically remember anything either. Sorry to be ---

25

MS LONG-DROPPERT: That's okay.

MR DUCKWORTH: But I'd rather be conservative in what I say.

MS LONG-DROPPERT: If you can't recall, that's perfectly okay.

30

MR DUCKWORTH: Thanks.

MS LONG-DROPPERT: Would you be able to agree with the proposition that whether or not an EGM had an in-game feature had not, to this point in 2018, affected the decision about whether or not WA would have a 5-second rate of play?

35

MR DUCKWORTH: Yes, that would be correct, yes.

MS LONG-DROPPERT: Thank you. Then we come to March 2019, when the decision in respect of decreasing the rate of play to 3 seconds was made. Can we go to GWC.0002.0016.0268 at page 81 and scroll down, please? At paragraph 5 it says:

40

45

*..... it is understood that the minimum speed of play requirement of 5 seconds was introduced at the time when EGMs predominantly operated as a base game only ..... however, over time the nature of EGM products has dramatically changed, resulting in the introduction of such game elements as frequently occurring free games, jackpots and/or bonus features. The impact of these EGM product developments is such that currently the actual EGM game speed*

*at Crown Perth ..... is approximately 9.5 seconds.*

Do you see that?

5

MR DUCKWORTH: Yes.

COMMISSIONER JENKINS: Sorry, can we just identify what document we are looking at?

10

MS LONG-DROPPERT: Certainly. Sorry, Commissioner. It is the Crown submission in relation to changing the rate of play, which forms part of the March 2019 agenda pack.

15 COMMISSIONER JENKINS: Thank you. This document you are looking at, Mr Duckworth, has been prepared by Crown Perth.

MR DUCKWORTH: Thank you.

20 MS LONG-DROPPERT: That's correct. My apologies, Mr Duckworth.

MR DUCKWORTH: That's all right.

25 MS LONG-DROPPERT: I was racing ahead without properly identifying the document.

In respect of this paragraph, do you agree it is an apparent change of position from December 2018 when Crown Perth relied on the 5-second rate of play as a relevant harm minimisation strategy?

30

MR DUCKWORTH: Sorry, all I have on my screen is the end of some dot points, then number 3.

MS LONG-DROPPERT: I am referring to numbered paragraph 5.

35

MR DUCKWORTH: Yes, I see that.

MS LONG-DROPPERT: Please take your time to familiarise yourself with it, if you need to.

40

MR DUCKWORTH: Yes. They're basically saying that the 5-second game was based on a base game only and that with all the add-ons, it's now a 9.5. Yes, I see that.

45 MS LONG-DROPPERT: Do you identify this as a change of position from the December 2018 presentation by Crown, which pointed to the 5-second rate of play as a relevant harm minimisation strategy?



MR DUCKWORTH: Well, from what I have here, it doesn't say what we're going to do next. Not on my screen, anyway. It just says:

5 Accordingly, based on the above assessment of the currently regulated game speed, we expect that, if the regulated EGM Speed of Play was reduced to the proposed minimum of 3 seconds .....

Oh, yes. I remember all that quite clearly, yes.

10

MS LONG-DROPPERT: Did it strike you at the time that this was a slightly different position to the one that they took in December 2018 and sought to distinguish themselves from other jurisdictions by virtue of its 5-second rate of play?

15

MR DUCKWORTH: That comparison wasn't in my mind. There was a lot of discussion. Yes, a lot of discussion. I think, in the end, the Commission took the view that if the average --- over a whole series of games, if the average is 5 seconds, taking into account inbuilt features and extras and so on, that would be reasonable. So it would still retain an overall average of 5 seconds per game.

20

MS LONG-DROPPERT: Although that change would bring it in line with other jurisdictions?

MR DUCKWORTH: I thought others were 3.

25

MS LONG-DROPPERT: Correct.

MR DUCKWORTH: Well, this says 3, but the point I'm making is yes, there would be some games at 3, but over the whole gamut of games, if you like, some of which had a lot of extra features, and so on. If you took the average duration of play of all those games, the proposition was put to us that the speed would be --- overall for the average, it would be 5 seconds.

30

MS LONG-DROPPERT: So by virtue of the number of --- just to be clear on your evidence, it was put to you by Crown that as a result of the number of EGMs on the Perth Casino floor, some of which had in-game features and some didn't, the average seconds of rate of play would be 5 seconds?

35

MR DUCKWORTH: Yes, I think it was the mean, that they would add up all the game speeds for each thing and then, sort of, take an average and they'd come out with 5.

40

COMMISSIONER JENKINS: Can I just make sure I understand that? You are talking about the ultimate approval given or what was ultimately approved?

45

MR DUCKWORTH: Yes.

COMMISSIONER JENKINS: Your understanding was that it was approved that

there could be an average speed of play of 5 seconds?

MR DUCKWORTH: Yes.

5

COMMISSIONER JENKINS: And that in order to achieve that, there could be some machines, some games which were 3 seconds.

MR DUCKWORTH: Yes.

10

COMMISSIONER JENKINS: The other thing I want to make sure of, was it your understanding that the average of 5 seconds was to be achieved in one machine or across all machines on the floor?

15

MR DUCKWORTH: It would be across all machines. I mean, the way I took --- I don't know precisely but the way I took it, the way it would be done is to, sort of, calculate the speed of play for each machine on the floor, say from 3 to 9 or whatever, and take an average of that speed of play and then it must be 5. I think it was a mean rather than any other median point, but I'm not sure of that. I think it was.

20

COMMISSIONER JENKINS: Thank you, Mr Duckworth.

25

MS LONG-DROPPERT: Thank you, Commissioner. Wasn't it the case though, Mr Duckworth, that the very, very vast majority of machines on the Perth Casino floor had in-game features?

30

MR DUCKWORTH: I think they did, yes, which would mean they were longer than the --- yes.

MS LONG-DROPPERT: But for those games, the Commission approved a reduction in the rate of play to 3 seconds?

35

MR DUCKWORTH: As far as I understand it. I would have thought the ones with the in-game features would still take longer to play. It would be only the ones that didn't have inbuilt features that would be 3 seconds.

MS LONG-DROPPERT: The only ones that didn't have inbuilt features ---

40

MR DUCKWORTH: Could be played in 3 seconds, I would imagine.

MS LONG-DROPPERT: But I think there has been some confusion because games without inbuilt features, there is no delay in the next depression of ---

45

MR DUCKWORTH: No, they're quick, yes. Quicker.

MS LONG-DROPPERT: My understanding of the approval was for those machines which didn't have in-game features, the rate of play was to remain at 5 seconds, but

for the games that did have in-game features, the rate of play that GWC approved a reduction to 3 seconds to take into account the in-game features delaying the depression of the button the next time?

5

MR DUCKWORTH: Yes, you may be right. You know, I apologise. I don't clearly remember, but I hope that it's what you suggested, yes.

10 MS LONG-DROPPERT: Perhaps we can take a step back and just think about it and if you can put yourself in that meeting in respect of when that approval was made. Was there any interrogation by the Commission as to the percentage of EGMs on the Crown Perth Casino floor that did not have in-game features?

15 MR DUCKWORTH: I don't recall. I think there would have been, but I actually don't recall, no.

MS LONG-DROPPERT: Was there any interrogation as to how Crown Perth calculated the empirical data about average speed of play in EGMs with in-game features?

20

MR DUCKWORTH: No, but --- no, there wasn't, no.

MS LONG-DROPPERT: Was there any consideration of how approving this change would now bring at least some machines in Crown Perth in line with the rate of play of poker machines at Crown Melbourne?

25

MR DUCKWORTH: I think there would have been, yes.

30 MS LONG-DROPPERT: Was there any consideration of how speed of play in relation to those particular machines could no longer be relied upon as a distinguishing feature of EGMs, as compared to poker machines?

MR DUCKWORTH: I think they still retained the slight difference in appearance, as mandated earlier, but yes.

35

MS LONG-DROPPERT: But speed of play could no longer be relied upon as a distinguishing feature?

MR DUCKWORTH: No.

40

MS LONG-DROPPERT: Was there any interrogation as to the resulting harm that might befall gamblers with an increased rate of play?

MR DUCKWORTH: No. I think people just took comfort in the overall speed of 5 seconds, averaged.

45

MS LONG-DROPPERT: Do you accept that approving this had the effect of diluting a long-held policy by the GWC in respect of speed of play?

MR DUCKWORTH: With hindsight, I do, but at the time there was a long discussion. I thought overall it wouldn't make much difference if the average speed of play was 5 seconds.

5

MS LONG-DROPPERT: There was no independent research requested by the Commission in relation to how speed of play might affect the prevalence of problem gambling?

10 MR DUCKWORTH: No, as there hadn't been before.

MS LONG-DROPPERT: In respect of this particular change --- do you agree, in respect of the GWC's approval of changing the minimum rate of play from 3 to 5 seconds in 2019, there was an inadequate consideration of harm minimisation?

15

MR DUCKWORTH: Yes, we could have done more.

MS LONG-DROPPERT: Thank you. No further questions from me, Commissioner Jenkins.

20

COMMISSIONER JENKINS: Thank you, Ms Long-Droppert. Do any other counsel seek to examine?

MS SEAWARD: Yes, I seek leave to cross-examine.

25

COMMISSIONER JENKINS: Thank you, Ms Seaward.

MS SEAWARD: Thank you, Commissioner.

30

**CROSS-EXAMINATION BY MS SEAWARD**

MS SEAWARD: Mr Duckworth, you may remember, my name is Ms Seaward and I act for the Department of Local Government ---

35

MR DUCKWORTH: Yes.

MS SEAWARD: --- Sport and Culture. During the questions from Counsel Assisting, you were shown some correspondence between Michael Connolly of the department and AUSTRAC.

40

MR DUCKWORTH: Yes.

MS SEAWARD: Had you seen those documents in the last few days before you gave evidence?

45

12:35PM

MR DUCKWORTH: Yes.

MS SEAWARD: They've been provided for you to review?

5

MR DUCKWORTH: Yes.

MS SEAWARD: When were they provided to you?

10 MR DUCKWORTH: Within the last few days.

MS SEAWARD: Is it fair to say you only had time for a quick review of those documents?

15 MR DUCKWORTH: I got the gist of them.

MS SEAWARD: Can the operator please bring up GWC.0004.0019.0026?

20 COMMISSIONER JENKINS: This is a document that should just be shown on the hearing room screen?

MS SEAWARD: Yes.

25 MS LONG-DROPPERT: I don't have one, if someone could tell me when it does show up.

MS SEAWARD: Thank you. This is the email exchange you were taken to earlier.

MR DUCKWORTH: Yes.

30

MS SEAWARD: If we perhaps start at the bottom and do them in chronological order.

MR DUCKWORTH: Yes.

35

MS SEAWARD: Can the operator move to page 3, please. Here we see the first email from the AUSTRAC officer to Michael Connolly.

MR DUCKWORTH: Yes.

40

MS SEAWARD: It provides an introduction in the first paragraph:

*AUSTRAC is currently undertaking a campaign to look at casino junkets .....*

45 MR DUCKWORTH: Yes.

MS SEAWARD: Paragraph two:

*We would appreciate if you are able to provide any document or advices that outlines the type of probity, due diligence and/or on-going oversight you have of casino junkets .....*

5

MR DUCKWORTH: Yes.

MS SEAWARD: Would you agree that what they are asking for in that paragraph is for Mr Connolly to explain what the GWC currently does?

10

MR DUCKWORTH: Yes.

MS SEAWARD: It doesn't make any assumption as to exactly what is done, it's asking a question: what do you do?

15

MR DUCKWORTH: Yes, it is.

MS SEAWARD: Can the operator please scroll up page 2. We can see it's just a follow-up email, asking "We haven't had a response, please may we have one?"

20

MR DUCKWORTH: Yes.

MS SEAWARD: Then scroll to page 1.

25

MR DUCKWORTH: Okay.

MS SEAWARD: Halfway down the page, there is an email from Mr Connolly on Tuesday, 4 April?

30

MR DUCKWORTH: Yes.

MS SEAWARD: We can see Mr Connolly's initial response. In that first paragraph, he's asking for a written request due to some confidentiality and secrecy provisions?

35

MR DUCKWORTH: Mmm.

MS SEAWARD: Then he goes on, however, to provide an overview of the current position, in any event. Would you agree in that second paragraph you can see he is explaining that all the AML/CTF audits --- sorry, I withdraw that. In that paragraph, he explains it is his understanding that the AML/CTF audits are the responsibility of AUSTRAC?

40

MR DUCKWORTH: That's what he seems to be saying, yes.

45

MS SEAWARD: On his understanding, he cannot even ask to see suspect transaction or other financial reports.

MR DUCKWORTH: Yes, that's what he's saying.

MS SEAWARD: He goes on in the third paragraph to explain what the department does currently do, including a range of audits in relation to junket play, but that these are focused on the integrity of the table game play?

5

MR DUCKWORTH: Yes.

MS SEAWARD: Verification of revenue?

10

MR DUCKWORTH: Yes.

MS SEAWARD: He goes then to detail some of the difficulties for a State regulator to be able to get information, reliable and consistent information, relating to junket players from countries such as China.

15

MR DUCKWORTH: Yes.

MS SEAWARD: He then informs AUSTRAC that the department does not have access to intelligence holdings of other agencies?

20

MR DUCKWORTH: Okay.

MS SEAWARD: And there is a reliance on border security?

25

MR DUCKWORTH: Yes.

MS SEAWARD: Would you agree that in that email, Mr Connolly is making it clear that there is not a role the department currently fulfils in relation to those matters?

30

MR DUCKWORTH: That's what he's suggesting, yes.

MS SEAWARD: Can the operator scroll up to the remainder of paragraph 1. You can see there a letter from AUSTRAC, saying "Please find attached further correspondence" on AUSTRAC letterhead?

35

MR DUCKWORTH: Yes.

MS SEAWARD: Can we take you to that letter now. It is GWC.0004.0019.0027.

40

COMMISSIONER JENKINS: This document also should only appear on the hearing room screens.

MS SEAWARD: Thank you, Commissioner. Do you have that letter up now?

45

MR DUCKWORTH: Yes.

MS SEAWARD: It's from AUSTRAC to Mr Connolly and it's dated 6 April.

MR DUCKWORTH: Yes.

MS SEAWARD: In the letter it refers to the previous email exchange I have just  
5 taken you to. Paragraph 2, I would like to draw your attention to. It explains:

*As indicated in AUSTRAC's email, AUSTRAC is currently undertaking a  
campaign to better understand .....*

10 Then, it details money laundering and terrorism financing.

MR DUCKWORTH: Yes.

MS LONG-DROPPERT: The second sentence in that paragraph says:  
15

*An important consideration is the nature and extent of the junket  
processes/oversight undertaken by the relevant state gaming regulators.*

MR DUCKWORTH: Yes.  
20

MS SEAWARD: Would you agree that what this letter shows is AUSTRAC asking  
"What do you do?"

MR DUCKWORTH: Yes.  
25

MS SEAWARD: It certainly doesn't state that they consider the State regulator does  
have a role. Rather, they are asking "What do you do", so they can understand what  
you do?

30 MR DUCKWORTH: Yes, yes.

MS SEAWARD: Can I now take you to the formal response that Mr Connolly sent  
in response to that request. Can the operator please have up document  
GWC.0004.0019.0008. Again, I presume this is not for the general screen. Is that up  
35 on your screen now? Do you see it's a letter to the relevant AUSTRAC person?

MR DUCKWORTH: Yes.

MS SEAWARD: I will get to the date, which is at the bottom. You can see the letter  
40 starts with:

*I refer to your letter dated 6 April .....*

45 That is the letter I just took you to. It goes on in the first page to give an overview of  
the relevant legislation underpinning the regulation of the casinos in Western  
Australia?



MR DUCKWORTH: Yes.

5 MS SEAWARD: Can I take you to page 3, the first paragraph, after the wording in italics.

MR DUCKWORTH: Yes.

10 MS SEAWARD:

*As a result of the submission the Commission's resolution to remove the requirements to approve junket representatives and operators in February 2010, there are no due diligence processes for junket representatives, operators or players that are conducted by officers of the Commission.*

15 Do you accept that Mr Connolly is explaining there is currently no approval process that the Commission undertakes?

20 MR DUCKWORTH: That's what he's saying, yes.

MS SEAWARD: This is in 2017. That accords with your understanding, doesn't it?

MR DUCKWORTH: Yes.

25 MS SEAWARD: After the junket regulations were repealed in 2010, the GWC didn't have any approval processes that it undertook in relation to junkets?

MR DUCKWORTH: No, it didn't.

30 MS SEAWARD: Can I take you to the bottom of that page, the second last paragraph starts:

*The Commission is not a designated authority .....*

35 MR DUCKWORTH: Yes.

MS SEAWARD:

40 *..... under the AML/CTF legislation and as such does not have access to financial transaction reports.....*

MR DUCKWORTH: Yes, I see that.

45 MS SEAWARD: When it was put to you by Counsel Assisting that the exchange of correspondence between AUSTRAC and Mr Connolly was to the effect that AUSTRAC thought the GWC had a role, would you accept that when you go through each of these documents, AUSTRAC could not have been under that misapprehension?

12:45PM

MR DUCKWORTH: Do you mean given that the regulation of junkets was ceased in 2010?

5 MS SEAWARD: Yes.

MR DUCKWORTH: Yes, okay, that's reasonable.

10 MS SEAWARD: And also that Mr Connolly had explained to AUSTRAC that this is the position in Western Australia.

MR DUCKWORTH: Yes, he seems to have done that, yes.

15 MS SEAWARD: To the best of your knowledge, was there ever any correspondence from AUSTRAC that was brought to your attention where AUSTRAC said "Notwithstanding what you have told us, we think you are wrong"?

MR DUCKWORTH: No. Well, there wasn't any correspondence to do with AUSTRAC brought to our attention.

20

MS SEAWARD: Can I take you to one last document on this. It's GWC.0004.0019.0012. I'm not sure if this is subject to a non-publication order. I am told it's not. Was this one of the documents you were given prior to giving your evidence today that you had a look at?

25

MR DUCKWORTH: No, I don't think I've seen this one.

30 MS SEAWARD: I will give you a chance to orientate yourself. It is an AUSTRAC document, an information report. It's headed "Casino junkets campaign" and the date is 14 July 2017. Do you see that on the first page?

MR DUCKWORTH: Yes.

35 COMMISSIONER JENKINS: Mr Duckworth, I don't think it is in dispute that this is the document AUSTRAC produced after making inquiries that included the ones you have been shown earlier.

MR DUCKWORTH: It is the document that's produced?

40 COMMISSIONER JENKINS: Yes, that AUSTRAC produced.

MR DUCKWORTH: Okay.

45 COMMISSIONER JENKINS: I think that's right, isn't it? You'd agree with that?

MR DUCKWORTH: Thank you.

MS SEAWARD: Yes, thank you, Commissioner.

5 After the exchange of correspondence, you can take it from me, AUSTRAC completed their investigation and this is the document they published ---

MR DUCKWORTH: Right.

10 MS SEAWARD: --- after they had undertaken their investigation. Can I take you to page 3. There is a heading in the middle of the page numbered 3, "Regulation of Junkets".

MR DUCKWORTH: Yes.

15 MS SEAWARD: The first heading 3.1 is "Regulation under the AML/CTF Act". That is the Commonwealth Act.

MR DUCKWORTH: Yes.

20 MS SEAWARD: Scrolling to page 4, we have a separate heading "State-based Regulation".

MR DUCKWORTH: Yes.

25 MS SEAWARD: Again, here it explains that AUSTRAC engaged with all the regulators as a part of this campaign. The purpose of these engagements was, in the first bullet point, to understand what regulatory oversight junkets are subject to at a State level.

30 MR DUCKWORTH: Yes.

MS SEAWARD: Scrolling down slightly, there is a table ---

MR DUCKWORTH: Yes.

35

MS SEAWARD: --- where it sets out each State and different types of oversight, and then does a tick or cross in order to see what is done State by State.

MR DUCKWORTH: Yes.

40

MS SEAWARD: When it comes to Western Australia, it is clear that AUSTRAC understands that Western Australia doesn't do each of the things where there is a cross and it only does the things where there is a tick.

45 MR DUCKWORTH: Yes.

MS SEAWARD: The item where there is a tick is "review casino's procedures for junket operations"?

MR DUCKWORTH: Yes.

MS SEAWARD: Otherwise everything else there is a no?

5

MR DUCKWORTH: Yes.

MS SEAWARD: Can I ask you to look at the second paragraph underneath that table?

10

MR DUCKWORTH: Yes.

MS SEAWARD: It is there discussing:

15

*At present, the only activity undertaken by all state regulators is the review and approval of casinos' junket operation procedures.*

MR DUCKWORTH: Yes.

20

MS SEAWARD: That is the one item where there is a tick for Western Australia:

*Commission and rebate arrangements are also subject to broad regulatory oversight, due primarily to these arrangements' implications for calculation and collection of state-based taxes.*

25

So it is dealing with that topic?

MR DUCKWORTH: Yes.

30

MS SEAWARD: My proposition to you is, Mr Duckworth, when it was put to you by Counsel Assisting that AUSTRAC had been suggesting the GWC did have a role, my suggestion is the documents don't actually say that. Having looked at these documents, do you accept that what AUSTRAC was doing was an investigation to inquire what the GWC and the department were doing in relation to the regulation of junkets?

35

MR DUCKWORTH: It certainly was doing that, yes.

40

MS SEAWARD: Nothing was ever brought to your attention to indicate that AUSTRAC took a different view and felt that the department or the GWC should be doing something different?

MR DUCKWORTH: Well, no.

45

COMMISSIONER JENKINS: Sorry, nothing was brought to his attention to that effect?

12:49PM

MS SEAWARD: Yes, nothing was brought to his attention.

5 MR DUCKWORTH: Nothing was brought to my attention but, you know, nothing from AUSTRAC ever ---

MS SEAWARD: Ever came to your attention?

10 MR DUCKWORTH: Ever surfaced.

MS SEAWARD: No. And the information I took you to that Mr Connolly provided to AUSTRAC was consistent with what the GWC was doing; that is, they had no role for junket operations at that time because of the repeal of the regulations?

15 MR DUCKWORTH: That's correct.

MS SEAWARD: Thank you. No further questions.

20 COMMISSIONER JENKINS: That document can be taken off the screen, thank you. Now, any other counsel?

MS WREN: Commissioner, may I seek leave to cross-examine on behalf of the Crown Group entities?

25 COMMISSIONER JENKINS: Yes, thank you.

**CROSS-EXAMINATION BY MS WREN**

30 MS WREN: Mr Duckworth, my name is Wren, I represent the Crown Group entities.

MR DUCKWORTH: Who, sorry?

35 COMMISSIONER JENKINS: Crown.

MR DUCKWORTH: Right.

40 MS WREN: I have a few questions for you. Firstly, Counsel Assisting took you to a letter from Mr Preston dated 14 November 2018. Can we have that back again, operator, please. It's GWC.0002.0016.0260. I think the letter starts at page 14.

45 Mr Duckworth, I think you suggested to Counsel Assisting that Mr Preston was indicating that the recommendations of the VCGLR from the Sixth Review didn't need to be considered with respect to Crown Perth?

MR DUCKWORTH: Yes.

MS WREN: May I take you to a later page of the same letter, which is at page 33.  
5 Can we scroll down a little bit. In the paragraph that commences halfway down the page, it says:

*The implementation of certain recommendations at Crown Melbourne, where relevant and considered appropriate, will be applied at Crown Perth.*

10 Do you see that?

MR DUCKWORTH: Mmm.

15 MS WREN: Then:

*Based on a preliminary review, we have summarised the various recommendations and the likely application to Crown Perth in the table below.*

20 MR DUCKWORTH: Yes.

MS WREN: If we look at the table, the first two recommendations, Recommendation 14 and 13, are to develop and implement a responsible gambling strategy?

25 MR DUCKWORTH: Yes.

MS WREN: If you look at the Crown Perth Application, it says:

30 *A joint strategic plan applicable to Crown Perth and Crown Melbourne is being developed .....*

MR DUCKWORTH: Yes.

35 MS WREN: Operator, can we go to page 34? Under "Recommendation 6", which was to increase the staff resources ---

MR DUCKWORTH: Yes.

40 MS WREN: --- it says:

*Although the recommendation was only in relation to Crown Melbourne, Crown Perth took the opportunity to review .....*

45 -- its own resource levels, etc?

MR DUCKWORTH: Yes.

MS WREN: Look at the recommendations going further down that table.

5 MR DUCKWORTH: Can you just hold it there? Okay. I was just looking at the self-exclusion, the plan to do research, yes. Okay.

MS WREN: Operator, can we go to page 35?

10 MR DUCKWORTH: Yes.

MS WREN: Mr Duckworth, would you accept that Crown Perth was considering and implementing the recommendations of the Sixth Review, to the extent they were considered appropriate for Crown Perth? Would you accept that?

15 MR DUCKWORTH: Yes, I would accept that. Based on this document, I would accept that, yes.

20 MS WREN: Thank you. Operator, can we bring another document up, please? It's GWC.0002.0016.0281. Mr Duckworth, this is the papers for the agenda item 5.3 for the GWC meeting on 22 July 2019.

MR DUCKWORTH: Yes.

25 MS WREN: It relates to the amendments to the WA Appendix to the Gaming Machine Standards that were made in 2019, which you have discussed already in your evidence.

MR DUCKWORTH: Yes.

30 MS WREN: You will see under "Background" there is a reference to Attachment 1, which is Crown Perth's submission with respect to seeking those amendments?

MR DUCKWORTH: Yes, I see the reference, yes.

35 MS WREN: Can the operator go to page 3? This is the letter from Crown Perth.

MR DUCKWORTH: Yes.

40 MS WREN: Can we go to page 4, please, operator?

Under item 3, "Cost of EGM Development", could you read that paragraph there?

MR DUCKWORTH: Yes.

45 MS WREN: You will see that Crown Perth is saying there that, as a result of certain requirements in WA, that all EGMs must be custom built for the Perth market ---

MR DUCKWORTH: Yes.

MS WREN: --- and that these requirements are unique to WA and negatively impact Crown Perth. If you just go over to the next dot point and read over that.

5 MR DUCKWORTH: Yes, I remember this argument well.

MS WREN: Crown Perth is saying there it is impossible to convert certain games that exist in other markets to a format that could be capable of approval in Western Australia?

10

MR DUCKWORTH: Yes.

MS WREN: Operator, can we go to page 5? In the second dot point, there, Crown Perth is saying that they experience a significant delay in access to new products.

15

MR DUCKWORTH: Yes, I see that.

MS WREN: They then give an example:

20 By way of an example, the proposed gaming machine "Lightning Link", *recently presented to the Commission at its meeting in February 2019, has been operating in other Australian jurisdictions for over 3 years and has been one of the most successful and popular gaming machines in recent times.*

25 MR DUCKWORTH: Mmm.

MS WREN: This letter made it clear that Crown Perth sought approval from the GWC for EGM games such as Lightning Link, that had been converted from versions of EGM games operating in other Australian jurisdictions?

30

MR DUCKWORTH: Yes, yes.

MS WREN: Do you agree that neither you or any of the other GWC members told Crown Perth that it was not acceptable for EGM games in the eastern states to be converted for use in WA?

35

MR DUCKWORTH: Do I agree that we did tell them or didn't tell them?

MS WREN: Didn't tell them?

40

MR DUCKWORTH: I don't even remember the conversation, I'm afraid, no. I mean, I remember these points they're making. They made them on many occasions, that they were disadvantaged because they had to have a specific type of machine, and so on. But I can't recall specifically what you're asking me now.

45

MS WREN: Thank you. No further questions, thank you.



COMMISSIONER JENKINS: Thank you. Anyone else?

5 **QUESTIONS BY THE COMMISSION**

COMMISSIONER JENKINS: Mr Duckworth, in relation to the Problem Gambling  
Support Services Committee, when you were a member of the GWC, did you  
10 understand it to be a subcommittee of the GWC or another sort of committee?

MR DUCKWORTH: I thought it was a committee of which a representative of the  
GWC was a member that would include people, I don't know, perhaps from  
academia and other places. It also, of course, was broader than just the casino.  
15

COMMISSIONER JENKINS: Do I understand by that answer, you didn't think it  
was actually a subcommittee of the GWC; that is, a committee that was created by  
the GWC and exercised powers on behalf of the GWC?

20 MR DUCKWORTH: No, I didn't, no.

COMMISSIONER JENKINS: Thank you. Mr Sadler ?

MR SADLER: Thank you, Commissioner.  
25

**RE-EXAMINATION BY MR SADLER**

30 MR SADLER: I will start with some questions about the junket regulations.

Can we have GWC.0002.0016.0001 and the page reference is 0238, a 2010 paper for  
the removal of the junket regulations. Could you read the paragraph "The enactment  
of the Anti-Money Laundering & Counter-Terrorism Financing Act"?  
35

MR DUCKWORTH: Yes.

MR SADLER: Then could you skim the dot points below?

40 MR DUCKWORTH: Yes, I have that.

MR SADLER: Did you understand those to be independent obligations of Crown?

MR DUCKWORTH: They are obligations of Crown under the Act, yes.  
45

MR SADLER: Do they have those obligations notwithstanding what is in the Casino  
Manual?

01:02PM

MR DUCKWORTH: Yes.

5 MR SADLER: I will take you to another page of that document at the very bottom of page 0345. Do you see the very end of that last paragraph that says "further interval"?

MR DUCKWORTH: The one that begins with "the police are no longer", yes.

10 MR SADLER: Just go over the page, that sentence.

MR DUCKWORTH: Yes, I see that.

15 MR SADLER: Do you recall that being a problem with the oversight of the junket?

MR DUCKWORTH: I recall this information about the police no longer being really involved, or Interpol, as being one of the reasons why it would have been very difficult for the GWC to carry on taking carriage of the scrutiny process.

20 MR SADLER: Specifically with relation to the Interpol part of that, would any additional resources have resolved that issue?

MR DUCKWORTH: I don't think so, no.

25 MR SADLER: Thank you. Can we please go to a different topic now and to GWC.0002.0016.0202. The relevant page is 13. Just to orientate you, this is February 2017 and they are talking here about the Gambling Compliance Review.

MR DUCKWORTH: Yes.

30 MR SADLER: That was undertaken by the Chief Casino Officer as a result of the Auditor-General's inquiry in Victoria into the Victorian regulator?

MR DUCKWORTH: Yes.

35 MR SADLER: If you go to --- I don't have a pinpoint for this, but you will find it's in relation to junket regulations. It might be over the page, where it says what the review will be into. There's an extract that says the DDG advised that a review had commenced of the department's current compliance practices. The first area to be  
40 examined would be Casino compliance and regulation. The DDG will provide the Commission with a report in October 2017 on the first stage of the review that will include activity relating to casino gaming, junket operations and revenue and taxes.

45 Could we bring up GWC.002.0016.0203, which is the minutes to this agenda.

MR DUCKWORTH: Yes.

MR SADLER: Do you see there "Junket Operations", final paragraph?

MR DUCKWORTH: Yes.

5 MR SADLER: You were in the context of discussing a relevant period, which was the China investigations in October 2015 and then the intervening period was through to October 2017, which this should fall in the middle of. Do you recall whether this Junket Operations Compliance Unit ever reported back to the Gaming & Wagering Commission?

10 MR DUCKWORTH: No, it wasn't.

MR SADLER: Up until ILGA concludes, a nice demarcation spot, do you remember the junket regulations ever being reviewed by the Gaming & Wagering Commission?

15 MR DUCKWORTH: No.

MR SADLER: How then did the Gaming & Wagering Commission adopt a wait and see approach towards junket regulations then?

20 MR DUCKWORTH: Well, the ones we --- sorry, I'm not with you.

MR SADLER: Your evidence earlier today was that the Gaming & Wagering Commission adopted a wait and see approach to more junket regulations.

25 MR DUCKWORTH: Yes, that's right.

MR SADLER: How so, if it has never been considered?

30 MR DUCKWORTH: Well, there was --- this report was supposed to provide some kind of guidance on junket regulations.

MR SADLER: To the best of your recollection, is this the only mention of a review of junket operations ---

35 MR DUCKWORTH: Yes.

MR SADLER: --- in your period between 2010 and the ILGA inquiry?

40 MR DUCKWORTH: Yes, I think so.

MR SADLER: One last topic. Can I please have brought up the Crown presentation, GWC.002.0016.0269, and the page reference is 16. This is about the amendment to the WA Appendix.

45 MR DUCKWORTH: Right.

MR SADLER: This is a presentation given to you. In the second bullet, it says:

*Historically EGM games operated at speed of play close to minimum limit of 5 seconds, as they incorporated no/limited unpaid game features (ie free game, jackpot or bonus features)*

5

Did you have any reason to doubt that?

MR DUCKWORTH: No.

10

MR SADLER: Can you please bring up GWC.002.0016.0285, which is your minutes of meeting from 23 July 2019, where you approved the changes. The agenda item is 5.3 and the pinpoint should be on page 2.

MR DUCKWORTH: 5.3 or 5.2?

15

MR SADLER: 5.3. That is what you recommended. Can you just read your resolution?

MR DUCKWORTH: Okay. Yes, I have the resolution.

20

MR SADLER: You have two different ones there, you have 3 seconds and then 5 seconds.

MR DUCKWORTH: Yes.

25

MR SADLER: Last question. Can we look at GWC.002.0016.0281\_0030, so page reference 30. While that is coming up, this is the paper that was put to the GWC to make this recommendation. This is a suggestion from the department to the GWC about what the changes should be.

30

MR DUCKWORTH: Yes.

MR SADLER: If you look at speed of play there, it says "shall exceed 3 seconds".

35

MR DUCKWORTH: Yes.

MR SADLER: There is no mention of in-game features?

MR DUCKWORTH: No.

40

MR SADLER: Can you tell the Commission, if you recall, what thoughts or deliberations you had about ultimately changing from the recommendation of the department for 3 seconds for all games to only 3 seconds for games with in-game features?

45

MR DUCKWORTH: Well, I think there was disquiet at the general idea of 3 seconds and there needed to be something, some comeback from that which would

satisfy members of the group, and that was then that the average length of play for those games with extras should be, on average, at least 5. Well, they're longer than that, but that was the main --- so this document here, I am just trying to see ---

5

MR SADLER: That is the recommendation from the department to the GWC about what the change to the Appendix should be.

10 MR DUCKWORTH: From the department, yes. So 3 --- I can't quite tell from the document here, is 5 crossed out?

MR SADLER: Yes, that's correct, 5 is crossed out.

15 MR DUCKWORTH: Sorry. I couldn't ---

MR SADLER: And there is no reference to in-game features.

MR DUCKWORTH: Well, that wasn't acceptable in that simple form, for sure.

20 MR SADLER: Can you think of why, what considerations went through your head?

MR DUCKWORTH: Yes. It was the minimisation of harm by carte blanche reducing all games to 3 seconds and it was thought a reasonable compromise, I suppose, that if, in general or on average over the floor, the average speed of game was at least 5 seconds.

25

MR SADLER: No further questions, Commissioner.

30 COMMISSIONER JENKINS: Mr Duckworth, just before we go, I understood what your evidence was, but going back to the previous document you were shown, which was the resolution of the GWC, that idea of an average or a mean speed of play of 5 seconds isn't referred to in there either, is it?

35 MR DUCKWORTH: Well, apparently not, no, but that was the basis of the whole discussion.

COMMISSIONER JENKINS: So you understood that was --- to put it another way, the previous document you were shown, which was the actual resolution, you would say that resolution does not reflect what the decision of the GWC was?

40

MR DUCKWORTH: I'd have to look at them, sorry.

COMMISSIONER JENKINS: Sorry.

45 MR DUCKWORTH: I would have to look at them both.

COMMISSIONER JENKINS: Well, we can go back to it. Mr Sadler?

MR SADLER: Yes. It's GWC.002.0016.0285, on the second page of that document and it's agenda item 5.3.

5 COMMISSIONER JENKINS: That is the bottom resolution.

MR DUCKWORTH: Yes. Yes --- no, there's no reference to an average, just 3 for one and 5 for the ones with additions, yes.

10 COMMISSIONER JENKINS: I suggested to you that this resolution does not reflect your recollection of what the GWC decided in respect of this matter?

MR DUCKWORTH: In a sense, the outcome does, but the argument in reaching that outcome was all about an average speed of play.

15

COMMISSIONER JENKINS: Correct me if I'm wrong, but if I read that, I would think that the average of all machines on the floor of the casino had to have a minimum speed of play of 5 seconds. Are you reading it differently to how I would read it?

20

MR DUCKWORTH: Well, initially it was said that the games that have several features and/or jackpots were up to 9 or more seconds, so my understanding was that the average of those games and the games set at 3 seconds without those features would end up at 5.

25

COMMISSIONER JENKINS: Thank you, Mr Duckworth.

MR DUCKWORTH: Thank you.

30 COMMISSIONER JENKINS: Mr Duckworth, your evidence today has concluded. Because not all the Commissioners are present to hear your evidence and they will review it, there is the possibility they may have some further questions, so I won't discharge you from your summons, but my position would be, and I hope very much for you, that this does conclude your appearances before the Commission. There is just that possibility that we will have come back to you.

35

MR DUCKWORTH: Okay.

40 COMMISSIONER JENKINS: Thank you very much, Mr Duckworth for your assistance.

MR DUCKWORTH: Thank you very much.

45 **THE WITNESS WITHDREW**

COMMISSIONER JENKINS: We will now adjourn until 2 pm.

**ADJOURNED**

**[1.17 PM]**

5

**RESUMED**

**[2:03P.M.]**

10 COMMISSIONER JENKINS: Thank you. Please be seated. Ms Fiorentino, please come forward. Can you please state your full name for the record?

WITNESS: Carmelina Fiorentino.

15 COMMISSIONER JENKINS: Would you like to take the oath or the affirmation?

WITNESS: The oath.

20 **CARMELINA FIORENTINO, RE-SWORN**

COMMISSIONER JENKINS: Thank you, Ms Fiorentino. Please take your seat.

25

**CROSS-EXAMINATION BY MR SADLER**

MR SADLER: Ms Fiorentino, you were summoned to appear before the Perth Casino Royal Commission today?

30

MS FIORENTINO: Yes.

MR SADLER: And the Commission provided, with that summons, a list of topics which would be covered during your examination. The Commission invited you to prepare a second witness statement in relation to those topics; and do you have a copy of that second witness statement which you prepared?

35

MS FIORENTINO: Yes, I do.

40 MR SADLER: Have you read the contents of that statement?

MS FIORENTINO: Yes, I have.

MR SADLER: And are the contents true and correct to the best of your knowledge and belief?

45

MS FIORENTINO: Yes.

MR SADLER: Thank you, Ms Fiorentino.

5

Commissioner, I tender the second witness statement of Carmelina Fiorentino dated 27 August 2021, which has the number GWC.0003.0012.0074.

10 COMMISSIONER JENKINS: The witness statement with that identifier will be an exhibit in the Commission. Thank you.

**EXHIBIT #GWC.0003.0012.0074 - SECOND WITNESS STATEMENT OF MS CARMELINA FIORENTINO DATED 27 AUGUST 2021**

15

**CROSS-EXAMINATION BY MS CHEE**

20 MS CHEE: Ms Fiorentino, my name is Thea Chee. I am Counsel Assisting the Commission today.

I'd like to start by asking you a couple of questions. On that date, Mr Sharpe then Counsel Assisting at that time, asked you about the document in relation to  
25 paragraph 19.1 of your first witness statement being a summary paper on the WA gaming conversation; do you recall that?

MS FIORENTINO: I'll just have a read of that.

30 MS CHEE: It's paragraph 19.1.

MS FIORENTINO: Yes, I recall.

35 MS CHEE: Can we have document DLG.0001.0004.0015 on the screen please?

If you'd like to have a quick read of that, Ms Fiorentino? Perhaps if we just scroll through the document. Do you recognise this document, Ms Fiorentino?

40 MS FIORENTINO: Yes, I do.

MS CHEE: Can you confirm this is the document you refer to at paragraph 19.1 of your statement?

45 MS FIORENTINO: Can we continue to scroll down?

MS CHEE: Certainly.

MS FIORENTINO: Yes, I recall that document.



MS CHEE: Do you recall who prepared this paper?

MS FIORENTINO: I don't recall who prepared it, no.

5

MS CHEE: You can take it off the screen now, thank you. You were asked a question by Commissioner Jenkins on 17 May regarding a letter, which attached a report from Grant Thornton (inaudible) bank accounts. Do you recall being asked about that?

10

MS FIORENTINO: Can you just refresh my memory, the exact question that was asked on those reports?

MS CHEE: Certainly. Commissioner, perhaps if we get the transcript up, this would assist you. The transcript was on 17 May, hearing room 4 at 10.00 am, and it's page 620.

COMMISSIONER JENKINS: The electronics are working slightly slower today, as I understand it. There are some communication problems between us and the remote operator, so just bear with us. If there is a delay, that's why. Thank you, Ms Chee.

20

MS CHEE: Page 620, where it says "Commissioner Jenkins". If you'd just like to read that question by Commissioner Jenkins.

MS FIORENTINO: Yes, I recall that.

25

MS CHEE: You can see from your answer that you don't recall that letter and its attachments provided to the GWC.

MS FIORENTINO: Subsequent to that, what I recall is that was the letter that was provided by Crown Perth the day before our December GWC meeting --- is that the same? I think that's the same letter, because attached to that was the Initialism and Grant Thornton report.

30

MS CHEE: Perhaps this might assist you with that. Could we have GWC.0002.0016.0345? This will be the agenda pack for Tuesday, 15 December 2020.

35

MS FIORENTINO: Yes, I recall that.

40

MS CHEE: Can we take this document off the public screen, but keep it on counsel and Commissioner and witness screen please? Do you still have the document on your screen?

MS FIORENTINO: The agenda, yes, the December 2020 agenda.

45

MS CHEE: Operators, could we please go to page 449, and slowly scroll through for

02:10PM

Ms Fiorentino?

MS FIORENTINO: Mm-hmm.

5

MS CHEE: Do you recall this document, Ms Fiorentino?

MS FIORENTINO: I do, yes.

10

MS CHEE: Do you now recall whether that letter and its attachments were provided to the GWC?

MS FIORENTINO: So they were provided as an email attachment to the GWC members after 5.00 pm on 14 December 2020, yes.

15

MS CHEE: All right, thank you. So that document can now be taken down.

I'd like to ask you some questions now about the appointment of the Chief Casino Officer.

20

MS FIORENTINO: Yes.

MS CHEE: Since Mr Beecroft ceased to act in that role, who has been in the role?

25

MS FIORENTINO: I recall Nicola Perry was acting in the role of Chief Casino Officer for a period of time. Germaine --- sorry, her name --- Larcombe has been appointed to the CCO role and Nicola Perry's role --- the acting has ceased. My understanding is Germaine is the CCO on secondment.

30

MS CHEE: Thank you. And in relation to Ms Perry, how was the appointment made?

MS FIORENTINO: The appointment was made by the department Director-General and GWC were advised of that.

35

MS CHEE: And was the same process in place for Ms Larcombe as well?

MS FIORENTINO: Correct.

40

MS CHEE: Have the appointments of Mr Beecroft and Mr Connolly ceased?

MS FIORENTINO: With those appointments, I think should have ceased, would have ceased, because we've had subsequent CCOs appointed since then, so yes, I think those appointments have ceased.

45

MS CHEE: Has there been a formal cessation?

MS FIORENTINO: Not that I recall, not a formal cessation.

MS CHEE: What kind of information was provided to the GWC in the appointment process, if at all?

5 MS FIORENTINO: I don't recall any, um, information other than being advised that this person is the CCO either on an acting basis or a secondment basis, um, nothing more than that.

10 MS CHEE: So, I take it from your answer, that the GWC doesn't have an active role to play in the appointment process?

MS FIORENTINO: Correct, correct.

15 MS CHEE: I'd like to ask you some questions about financial matters now.  
In your witness statement at paragraph 19, in your second witness statement, you said the response from the department, in relation to the service fee, was received in the agenda pack for 27 August 2021; do you see that there?

20 MS FIORENTINO: Yes.

MS CHEE: Could we have document GWC.0003.0014.0019 on the screens, please? You can see it is an agenda paper dated 11 August 2021, where the department has provided information to help with an explanation for professional services fee?

25 MS FIORENTINO: Yes, this was included in our most recent GWC agenda meeting pack.

30 MS CHEE: This is the response you refer to at paragraph 19 of the statement?

MS FIORENTINO: This is the response, yes, yes.

35 MS CHEE: If we just scroll through the document, we can see that this document --- and if you pause right there, thank you --- provides information by way of certain percentage by accounts. And you can see that 70 per cent of the total cost of services is expended on liquor functions and the other 30 per cent is expended on the racing and gaming functions. If you can scroll down to page 2 please, and you can see that 28.75 per cent of the 30 per cent is attributable to the costs of providing support for the GWC.

40 I know you didn't draft this paper, Ms Fiorentino, but it might just be my misunderstanding, but do you consider or understand the reference to "RGL" being the abbreviation --- is that supposed to be "RG" instead of "RGL", just being "racing and gaming" rather than "racing, gaming and liquor"?

45 MS FIORENTINO: You'd have to ask whoever who prepared that paper, but RGL refers to racing, gaming and liquor.

MS CHEE: Yes, and if we take the figures from the paragraph before, where there's a breakdown of liquor being 70 per cent and then racing and gaming, separate to liquor, being 30%, it perhaps doesn't add up, so to speak, if it's meant to be RGL.

5

MS FIORENTINO: Yes.

MS CHEE: All right, and if you look further down the page on page 2, we can see that for the year 2018 to 2019, the percentage allocated to the GWC was 28.726 per cent; do you see that there?

10

MS FIORENTINO: 28.75 per cent.

MS CHEE: Are the targets, if you look at the Gaming Commission percentage?

15

MS FIORENTINO: Okay, yes.

MS CHEE: And then for the subsequent year, the 2019 to 2020, it was 39.53 per cent; do you see that there?

20

MS FIORENTINO: Yes.

MS CHEE: Could we have the document on the public screens, please? Thank you.

MS CHEE: In your view, did the department's response adequately explain the breakdown in how the services fee is calculated?

25

MS FIORENTINO: No, not as yet. Um, during the meeting, I did ask the question that this does not give me a sense of what comprises the service fee. I understand the majority of the services fee will be the department's salary and wages, but I don't have a sense of what else that services fee is comprised of, so an action item out of Friday's meeting is that the department will come back with an explanation of what exactly the services fee is comprised of. I just don't have a sense of that from Friday's meeting, and from this paper.

30

35

MS CHEE: Is this the first time that such an explanation about that 28.75 per cent figure has ever been provided to the GWC?

MS FIORENTINO: This is the first time it's been provided to this level of detail. Yes, to this level of detail, yes, but it needs further explanation.

40

MS CHEE: Has the department ever provided any data or information to the GWC as to the differences in those two percentages? So, the difference between 28 and the 39 per cent figure?

45

MS FIORENTINO: Not to my recollection, no.

MS CHEE: Has the GWC ever raised a concern about the jump in percentage?

5 MS FIORENTINO: Um, no, I don't recall that we have specifically asked for a response from the department, no.

10 MS CHEE: Is the GWC given any choice about the amount of service charge? So, perhaps if I use an example, is the GWC able to ask for more or less services in order to lower or raise the service fee?

15 MS FIORENTINO: Since my appointment in August 2018, the service fee is calculated by the department and provided as a set figure that this is what it costs us to run the compliance and inspection and audits on behalf of GWC. In my experience since 2018, it's never been something, or it hasn't been something that is negotiable.

MS CHEE: Do you think it should be negotiable?

20 MS FIORENTINO: I think we certainly need to know more about how that's comprised so that we can have, as a GWC, we can have a say over whether we think that's adequate. So, we need to get the information first to decide well, is it adequate, and should we be negotiating?

25 MS CHEE: In your evidence on 17 May, Commissioner Jenkins asked you some questions about the services fee for 2018 and 2019 and that it was a figure of some \$4 million; do you recall that?

30 MS FIORENTINO: Yes, I recall at the very end being asked questions about the services fee, yes.

MS CHEE: Do you consider the services fee to be the GWC's most substantial cost?

MS FIORENTINO: Yes, it is, yes.

35 MS CHEE: Do you think that the department should account for that cost directly to the GWC by way of, say, an itemised list or something similar?

MS FIORENTINO: Yes, I do, yes.

40 MS CHEE: So I'd now like to ask you some questions about KPIs, or key performance indicators. You've previously said in your evidence that there were a number of attempts on your part to have the KPIs reviewed; do you recall making that statement in your evidence, in your first evidence?

45 MS FIORENTINO: Yes, that's included in my first statement, yes.

MS CHEE: At the time you were pushing for that review, what, in your view, was wrong with the KPIs as they presently stand?

MS FIORENTINO: What I could see was that the KPIs presented, whilst they were acceptable for audit purposes for the office of the Auditor-General to meet those requirements, I didn't feel that the KPIs addressed what we as a Commission should be doing and are we achieving those. So, I didn't feel that they were fit for purpose to measure the effectiveness of what the Commission needs to be doing, and that was a much bigger piece of work review, because that was to the heart of what is it that we should be doing first? That's the first question, before asking well, how do we measure our achievement towards what we should be doing? And I knew it was a bigger piece of work. It wasn't just changing a couple of indicators, it was a bigger review.

MS CHEE: What did you express at the GWC meetings?

MS FIORENTINO: Initially --- this went back to my first meeting of August 2018, where I was concerned about approving indicators based on working documents that I felt weren't adequate, indicators that I felt weren't fit for purpose, and I expressed my concern during the meeting, during that first one and subsequent meetings, and I had the confidence to do that because of my chartered accounting background, that I knew what indicators should be, what their purpose is, and I just felt that these indicators satisfied audit requirements, but didn't satisfy what we, as a Gaming Commission, should be looking at in terms of how are we measuring the effectiveness of what we should be doing.

MS CHEE: So, you've mentioned now your experience as a chartered accountant. With that experience, what should these KPIs look at?

MS FIORENTINO: The first step is, what is it that the Gaming Commission has as its purpose? What is its remit? And that's not something I can answer right now, other than pointing to the Gaming and Wagering Commission Act. Broadly, that's what we should be doing. Well, let's put that now into quantifiable indicators and let's measure that. It is a big review, and it's obviously going to happen now as a result of this Royal Commission, but it wasn't something that could be done by an accountant in the department. It really needed a very comprehensive review.

MS CHEE: And so how much progress has been made on the KPI issue since May?

MS FIORENTINO: None.

MS CHEE: I have some questions now I'd like to ask you now about delegations.

MS FIORENTINO: Yes.

MS CHEE: Does the GWC have a single register where you can see all the delegations that have been issued?

MS FIORENTINO: I haven't seen it, so I don't know, I don't know. I haven't seen it

myself.

5 MS CHEE: Do you know if there is a GWC policy that requires exercises of delegation to be reported?

MS FIORENTINO: Yes well, every --- certainly with any exercise of delegation by the CCO, it was reported in every agenda meeting as a standing item.

10 MS CHEE: Can we please have GWC.0002.0016.0367 on the screen please?

You can see that this is the agenda pack for 23 March 2021 and you can see that you are listed as being present. Can we go to page 5, please?

15 We can see the resolution to appoint Mr Beecroft as the CCO and to delegate powers to the Director Strategic Regulation; can you see that?

MS FIORENTINO: Yes.

20 MS CHEE: I know you said in your witness statement that the April 2020 delegation was the only delegation you were aware of. Having seen this paper now, do you now recall this delegation?

MS FIORENTINO: Yes, yes.

25

MS CHEE: Looking at the person to whom the delegation is made, being the position is Director Strategic Regulation, do you understand that to be a reference to a GWC position or a departmental position?

30 MS FIORENTINO: That title is a departmental position title.

MS CHEE: And in relation to the April 2020 delegation that you've referred to in your witness statement, that was to the Deputy Director-General, wasn't it?

35 MS FIORENTINO: Yes, that's what I referred to in my second witness statement, yes.

MS CHEE: And do you understand that to be a GWC or a departmental position?

40 MS FIORENTINO: For the Chief Casino Officer --- sorry, the Deputy Director-General title is a departmental position title.

MS CHEE: If a delegation is issued to a person by reference to their departmental role, do you accept that they would be only entitled to exercise that power while  
45 acting in their departmental role?

MS FIORENTINO: Can you rephrase --- sorry, I'm not understanding that question.

MS CHEE: Certainly. So, if a delegation is issued to a person and the person's role is set out in delegation and it's a departmental position, do you agree that they would be exercising that delegated power while in the capacity as that departmental role?  
5 So Mr Beecroft, in this example, would be using his delegated power in his role as the director of strategic regulation?

MS FIORENTINO: My understanding with this resolution was that Mark Beecroft in his appointment as Chief Casino Officer, that the delegation was to Chief Casino  
10 Officer in this resolution, not, not to the director strategic regulation. It was to his position as Chief Casino Officer.

MS CHEE: Are you aware of any delegations that have been revoked?

15 MS FIORENTINO: I just don't recall which ones have been revoked, but clearly people who are not in those positions any longer wouldn't continue, wouldn't be able to have those delegation powers, but I'm just not recalling formal revocation of delegations.

20 MS CHEE: All right. I'd like to ask you some questions about conflicts of interest now.

So, you've given evidence previously that Mr Connolly disclosed he had a personal relationship with Mr Marais, who was Crown's general manager of legal and  
25 compliance. Do you recall giving that evidence?

MS FIORENTINO: Yes.

MS CHEE: And you said at the time that it gave you quite a level of discomfort; do  
30 you remember saying that on 17 May?

MS FIORENTINO: Yes.

MS CHEE: Did the disclosure of that friendship cause you to reconsider the  
35 impartiality of past advice given by Mr Connolly?

MS FIORENTINO: It certainly did cause me to rethink past advice, however, my recollection is that Mr Connolly presented matters and briefing papers to the Commission, but wasn't party to the decisions. That was up to members.  
40

MS CHEE: Has it made you reconsider any advice that he has given now?

MS FIORENTINO: Look, it's certainly caused me to reflect, yes of course, it has caused me to reflect.  
45

MS CHEE: How was the conflict managed by the GWC, if at all?

MS FIORENTINO: At that time, I recall it was noted, I looked at the Chair. He



clearly was aware of the relationship, and nothing further.

MS CHEE: Nothing further was done?

5

MS FIORENTINO: I don't recall anything further being done.

MS CHEE: What is the GWC doing now to manage conflicts between departmental or GWC staff and Crown staff?

10

MS FIORENTINO: So, there's a detailed conflict of interest register being maintained and updated. Any new members are required to complete it and also, being aware not only of actual conflict of interest, but also perceptions of conflict of interest as being of critical importance.

15

MS CHEE: So, aside from them being noted, are there any policies considering to be put in place to ---

MS FIORENTINO: Yes, there is a conflict of interest policy, yes. That's my understanding, yes.

20

MS CHEE: I'd like to ask you some questions now about EGMs or electronic gaming machines.

25 My first line of question is in relation to resolution 120 of 2019, which I can say you've made comments about at paragraphs 65 to 66 of your witness statement. Do you see that there?

MS FIORENTINO: Yes.

30

MS CHEE: Could we please have GWC.0002.0016.0285 on the screens, please? I think that's Ms Fiorentino's statement --- yes, that's the one. Could we go to page 2 please? That's great, thank you. Right there.

35 All right, so we can see here that we have a resolution of the GWC essentially approving two changes to the WA Appendix to the EGM National Standard; do you see that there?

MS FIORENTINO: Yes.

40

MS CHEE: So, can we please go to page 1 of GWC.0002.0016.0281?

Ms Fiorentino, the reference to the DDG there, is that Mr Michael Connolly?

45 MS FIORENTINO: The Deputy Director-General at that time, July 2019, was Michael Connolly, correct.

MS CHEE: Thank you. So, we can see this is the agenda item to which that

resolution relates, and if we just look at the grey highlighted section where it says "Recommendation", we can see it also relates to essentially the two charges that was resolved at the GWC meeting; do you see that?

5

MS FIORENTINO: Yes.

MS CHEE: So, can we please go to page 2 of that document? Thank you.

10

And if you look at the second last paragraph there, we can see that an amended version of the WA Appendix and corresponding sections of the EGM Policy refers to attachment 5; do you see that?

MS FIORENTINO: Yes.

15

MS CHEE: Can we please go to page 32 now. So, this is attachment 5, and then if we scroll down to page 33, we can see a number of marked-up changes to the policy.

MS FIORENTINO: Yes.

20

MS CHEE: And you can see that there are a number of changes made that were not captured in the recommendation?

MS FIORENTINO: Mm-hmm.

25

MS CHEE: And if we go to --- we could we have GWC.0001.0007.0192 on the screen? Go to page 3.

30

This was the final policy that was approved after the changes and you can see it is signed by the deputy chairman. At this time the deputy chairman was Michael Connolly?

MS FIORENTINO: Deputy Director-General was Michael Connolly, correct.

35

MS CHEE: So, the signature there, is that Mr Michael Connolly's signature?

MS FIORENTINO: I mean, I don't know his signature. I know the Deputy Director-General is Michael Connolly. I don't know his signature, that is.

40

MS CHEE: All right. Could we please have page 1 of GWC.0002.0016.0081 on the screen together with GWC.0002.0016.0285 page 2 side-by-side? Thank you.

45

In relation to the agenda papers that's on the right side of the screen, operator, would you mind just scrolling to page 3, please? Thank you.

Ms Fiorentino, do you see that the removal of the prohibition on multidirectional winning combinations was not expressly authorised by the resolution the GWC adopted?

MS FIORENTINO: So on the right-hand side, you're referring to point 4?

MS CHEE: That's correct.

5

MS FIORENTINO: That's not included in the resolution, correct.

MS CHEE: I understand that these agenda papers are often hundreds of pages long and the GWC members often only have a very short amount of time to review these documents. You've seen that attachment 5 was cross-referenced at the start of the agenda pack in Mr Connolly's overview, the changes. Do you normally read every page of an agenda pack?

10

MS FIORENTINO: I normally read every agenda paper. There are normally attachments and I'll certainly review them. I won't necessarily read every page of the attachments, but certainly the agenda papers themselves, I read every page, yes.

15

MS CHEE: Because of the length of the agenda packs then, do you typically rely upon the recommendation at the start of the agenda item to perhaps characterise the substance of the agenda item?

20

MS FIORENTINO: I certainly read the recommendation, I do not simply follow the recommendation, which is the point of the members having a meeting and discussing it.

25

MS CHEE: Do I take it then that you did not read attachment 5 in detail?

MS FIORENTINO: I, I certainly didn't read that note 4 was included and certainly our resolution didn't refer to note 4 as being a change to the appendix.

30

MS CHEE: To what extent did you rely on Mr Connolly in making this approval?

MS FIORENTINO: Mr Connolly certainly provided the briefing. The members, I recall, we had a number of meetings where we discussed this change in EGM game speed. It was not a decision we took lightly and my understanding was the resolution was clear, that it was to change game speed only where the games had additional features so that that game speed could be at 3 seconds, but the additional game features would extend it to 5 seconds or more, and removing reference to the independence of outcomes --- that was my understanding of the resolution, and that was confirmed when draft minutes are circulated that each of us members review and approve those minutes. So, I didn't realise that item 4, and certainly that wasn't my understanding that item 4, would be deleted from the appendix.

35

40

MS CHEE: So in paragraph 67 of your witness statement, you said that there were robust discussions in relation to the WA Appendix and those discussions took place between March 2019 and July 2019, so those robust discussions didn't pick up on this multidirectional line removal?

45

MS FIORENTINO: I don't recall the discussions focusing on this. The discussions were very much around the speed of play, and the impact to ensure that we still maintained compliance with the integrity of the machines not being poker machines.  
5 This was a very big focus for us members, is the speed of play.

MS CHEE: So Mr Connolly didn't mention this removal in discussions?

MS FIORENTINO: I just don't recall it, no. I don't recall it.  
10

COMMISSIONER JENKINS: Ms Fiorentino, when did you gain the understanding that multiline play was now available on EGMs in Perth?

MS FIORENTINO: Sorry, multiline play as in ---  
15

COMMISSIONER JENKINS: As in --- you see there 4, 3, multiline play, multidirectional winning combinations are not acceptable --- I'm not sure what else it says, can we scroll over a bit to see? "For example", and it's got some examples. I'm right, now that that is deleted from the appendix, Ms Chee?  
20

MS CHEE: I beg your pardon, Commissioner.

COMMISSIONER JENKINS: That 4 has been deleted from the appendix?

MS CHEE: That's correct. If we go back to the final policy, that's removed.  
25

COMMISSIONER JENKINS: That's what I'm asking you: when did you know that, in fact, multiline playing was now available for EGMs?

MS FIORENTINO: As a result of this process of going back and having to review all this.  
30

COMMISSIONER JENKINS: How long ago would that have been, in the last few days or before then?  
35

MS FIORENTINO: Oh, I would say in the last --- well, certainly in the preparation of my witness statement, yes, it became very clear to me.

COMMISSIONER JENKINS: Your second one, or your first one?  
40

MS FIORENTINO: Second.

COMMISSIONER JENKINS: Thank you.

MS CHEE: Ms Fiorentino, I'd like to ask you some more specific questions about the changing game speed from 5 seconds to 3 seconds, and it's in your statement at paragraph 67. Thank you operators, we can take the operators down. Could we  
45

please have GWC.0002.0016.0268 on the screen? (Inaudible).

MS FIORENTINO: Yes.

5

MS CHEE: Can we please go to page 77? Do you recognise this letter?

MS FIORENTINO: Yes.

10 MS CHEE: So, this letter, in essence, recommends, among other things, that the speed of play be reduced from 5 seconds to 3 seconds?

MS FIORENTINO: Yes.

15 MS CHEE: And if we go to page 83 please, we can see that this letter includes a section on responsible service of gambling; do you see that there?

MS FIORENTINO: Yes.

20 MS CHEE: In the first paragraph, you'll see that the last --- can you see where, towards the end of the passage, it says the RSK framework can be reiterated if the Commission thought it necessary.

MS FIORENTINO: Sorry, is that in ---

25

MS CHEE: I beg your pardon, I have confused you. The first paragraph underneath the responsible service of gambling, in the last sentence it says:

30 *We are nevertheless more than willing to reiterate this information, if the Commission feels this is necessary.*

MS FIORENTINO: Yes, I can see that.

35 MS CHEE: Did the GWC request any information relating to the responsible service of gambling frameworks following this letter?

MS FIORENTINO: The responsible service of gambling framework that Crown had in place, they presented it at that December 2018 meeting. I don't recall that we  
40 asked for that to be reiterated.

MS CHEE: Did the GWC give any consideration to the responsible service of gambling when approving this 5-second to 3-second reduction?

45 MS FIORENTINO: Yes.

MS CHEE: What was the content of that discussion?

MS FIORENTINO: So, there was discussion around the key elements in the WA Appendix towards protecting addictive, or preventing addictiveness and gambling-related harm from EGMs. So, it was, it was something that was very important to us  
5 members, that this change didn't lead to an increase in addictiveness and problem gambling relating to EGMs. So, yes, we definitely discussed it as members during a number of meetings.

MS CHEE: Was there any reliance on any literature, any sort of responsible  
10 gambling or problem gambling articles, or anything that an external source of information that could help you in decision making?

MS FIORENTINO: I don't recall that, nothing external, other than to rely on what was in the WA Appendix speed of play to ensure that we remained close to that  
15 speed of play, at that speed of play of the 5 seconds for EGM games, and what was presented to us was that because of the changes in technology around EGMs, that games, EGMs that had additional play features, those, the game speed was extending beyond 5 seconds and that was the whole basis for the change. And so with the change to 3 seconds, the additional game features extended the game to at least 5  
20 seconds.

MS CHEE: Part of the GWC's role is to approve games that are to be played in the casino; is that correct?

25 MS FIORENTINO: Correct.

MS CHEE: And that includes EGMs?

MS FIORENTINO: Yes.  
30

MS CHEE: Does the GWC have to consider a significant number of applications for EGMs?

MS FIORENTINO: There would be --- there would be a regular --- at each meeting,  
35 there would be a number of EGMs I recall being presented. They had to follow --- that Crown had to present those new EGMs for approval, yes, I recall that.

MS CHEE: Were there certain things that you had to consider when considering applications for EGMs?  
40

MS FIORENTINO: Yes, yes. Appearance of play, return to player, interaction by the player --- these were all measures towards ensuring that the EGMs were not poker machines.

45 MS CHEE: And why can the GWC not approve poker machines?

MS FIORENTINO: It's specifically prohibited in the Casino Control Act.

MS CHEE: How does the GWC distinguish between an EGM and a poker machine?

5 MS FIORENTINO: Well, that's stipulated in the WA Appendix guide to the National Standards.

MS CHEE: Is that your understanding to be the difference between the EGM and the poker machine, that it's located in the WA Appendix?

10 MS FIORENTINO: Yes, that's my understanding.

MS CHEE: Have you, or any other member of the GWC, taken any steps to inform yourselves of any literature now about problem gambling or the responsible service of gambling?

15 MS FIORENTINO: I did attend the Australian Casino Gamblers Conference that was held in Fremantle in May 2019. I recall discussions with other regulators who were present there. Whilst it wasn't evidence, the research that was provided, they explained the issues they were having with problem gambling in clubs and venues  
20 which held poker machines and the fact that we didn't have that here and that we, in WA, were following, I guess, a better way of protecting against problem gambling, but it wasn't research or external literature, no.

MS CHEE: Have you or any other member of the GWC ever asked Crown for  
25 copies of any material regarding problem gambling or the responsible service of gambling that they had in their possession?

MS FIORENTINO: No, I don't recall that.

30 MS CHEE: You say in your witness statement that the GWC approved the use of cashless payments to purchase gaming chips at designated areas and to purchase tickets for use on gaming machines. Do you recall that? That's at paragraph 54 of your statement.

35 MS FIORENTINO: Yes, yes.

MS CHEE: Can I please have GWC.0002.0016.0266 at page 218 on the screen?  
Thank you. Is this the agenda item in relation to paragraph 54 of your witness  
40 statement?

MS FIORENTINO: Well, I refer to 28 May 2019, so it's subsequent to this.

MS CHEE: Yes. It could have been the resolution?

45 MS FIORENTINO: Correct.

MS CHEE: So this is the agenda item for that resolution?

MS FIORENTINO: Well, I refer to a GWC meeting on 28 May 2019. This was discussed at a number of meetings, so this refers to 14 February 2019.

5 MS CHEE: All right, but there is a policy in place that was approved by the GWC?

MS FIORENTINO: Yes, relating to the use of EFTPOS and contactless debit cards, correct.

10 MS CHEE: When this was approved, was there any consideration of responsible service of gambling requirements by the GWC?

MS FIORENTINO: Yes, yes, we definitely considered it and put in place measures that the cards that patrons used had to be debit cards. They were not allowed to be  
15 credit cards. There were limits on daily withdrawal of cash. There needed to be RSG signs and notifications for patrons. So, whilst we were aware that society is moving towards a cashless economy in society, we also wanted to ensure we were doing this in a responsible manner.

20 MS CHEE: Those factors you listed just then, was that arising out of a presentation by Crown?

MS FIORENTINO: I recall these were initiatives that us members required, requested. I don't recall whether they arose from Crown, but I certainly know that  
25 they were important measures that, as members, we stipulated these had to be the parameters for use of EFTPOS and contactless payments.

MS CHEE: In your witness statement at paragraph 55 you set out a number of restrictions that the approval was subject to, and what is cited there is  
30 GWC.0002.0016.0307. Do you see that?

MS FIORENTINO: Yes, I see that.

MS CHEE: Can we bring that document up, please? Do you recognise this  
35 PowerPoint presentation, Ms Fiorentino?

MS FIORENTINO: Yes. That was presented to the Gaming Commission, yes.

MS CHEE: Yes. Can we go to slide 2. We see a number of restrictions they have  
40 set out in dot point form.

MS FIORENTINO: Yes.

MS CHEE: And a proposal, which is more or less similar to what you were listing  
45 out before?

MS FIORENTINO: Yes, they are.



MS CHEE: Was this PowerPoint insurance for you and the GWC when making your decision to allow cashless payments at the casino?

5 MS FIORENTINO: Can you rephrase that question?

MS CHEE: Were you assured by the factors they set out and the restrictions that Crown has set out?

10 MS FIORENTINO: Yes, yes.

MS CHEE: Such that you were more confident in making the resolution to allow cashless gaming at the casino?

15 MS FIORENTINO: Yes, yes.

MS CHEE: Did Crown explain pragmatically how they would ensure these sorts of gambling restrictions would be adhered to?

20 MS FIORENTINO: Well, certainly the RSG side of it they explained how that was going to happen. We requested reports, that there would be a reporting on this. We didn't just simply rely on Crown. We wanted to ensure this was working effectively, and requested reports once this had been put in place.

25 MS CHEE: Did you ask Crown how, practically, some of these restrictions would work or be monitored? For example, you can see there was a \$500 daily limit there?

MS FIORENTINO: Yes.

30 MS CHEE: Was there any information or any question by the GWC as to when the day starts and finishes?

MS FIORENTINO: No, I don't recall that, no.

35 MS CHEE: Do you agree that is important, given that could be the difference between \$500 in a 24-hour period or potentially \$1,000, depending on how a day is defined?

MS FIORENTINO: Yes.

40

MS CHEE: Looking at another example, there is a \$400 transaction limit and it seems to be silent as to whether it's per day, per hour. Do you see that there?

MS FIORENTINO: Yes.

45

MS CHEE: Do you consider it important to make these sorts of inquiries about the practical side of these sorts of restrictions?

03:01PM

MS FIORENTINO: Um, yes, yes.

MS CHEE: Can we please have GWC.0002.0016.0297 on the screens? Thank you.  
5 These are the minutes for the GWC meeting on 25 February 2020. Can you see that?

MS FIORENTINO: Yes.

MS CHEE: On page 10, you can see the GWC resolved to have the Problem  
10 Gambling Support Services Committee report to the GWC? That's point 5:

*..... request the Problem Gambling Support Service Committee to provide a  
briefing on meeting outcomes for the Commission after each meeting of the  
PGSSC.*

15

MS FIORENTINO: Yes, I see that.

MS CHEE: Look at the agenda item for that resolution. GWC.0002.0016.0296 at  
page 257. Do you recognise that agenda paper?

20

MS FIORENTINO: Yes.

MS CHEE: Can you see the recommendation does not, in fact, contain a reporting  
requirement?

25

MS FIORENTINO: No, it doesn't.

MS CHEE: Do you recall any discussions that were had between members of the  
GWC as to the reasons for including, essentially, a reporting requirement, if that was  
30 what was passed in this resolution ?

MS FIORENTINO: Can we refer back to the resolution again for that?

MS CHEE: Yes. Please go back to the minutes, GWC.0002.0016.0297 on page 10.  
35

MS FIORENTINO: What is the question? Can you repeat it?

MS CHEE: Were there any discussions between GWC members as to the reason for,  
essentially, including a reporting requirement?

40

MS FIORENTINO: Look, there certainly would have been discussion to have  
arrived at that resolution, but I just can't recall what those discussions exactly were,  
going back to February 2020.

MS CHEE: Has the Problem Gambling Support Services Committee since reported  
45 to the GWC, in accordance with that resolution?

MS FIORENTINO: Not to my recollection.

MS CHEE: Has the GWC implemented any policies in relation to the Problem Gambling Support Services Committee?

5 MS FIORENTINO: Can you elaborate on the question?

MS CHEE: Are you aware of any materials that the GWC have drafted themselves, in the form of a policy, relating to Problem Gambling Support Services?

10 MS FIORENTINO: No, I'm not aware of that, no.

MS CHEE: You state in your witness statement that the GWC receives a summary of Crown Perth's gambling statistics for the previous month. That is at paragraph 43 of your statement.

15 MS FIORENTINO: Correct.

MS CHEE: This is a standing agenda item?

20 MS FIORENTINO: Yes, it is.

MS CHEE: Why are these statistics provided to the GWC?

25 MS FIORENTINO: Well, this is related to responsible service of gambling.

MS CHEE: Does the fact they are provided to the GWC suggest that the GWC believes it has a role to play in ensuring that Crown's Responsible Service of Gambling systems are adequate?

30 MS FIORENTINO: Yes, yes.

MS CHEE: What is that role?

35 MS FIORENTINO: Well, we have a role --- one of the functions of the Gaming & Wagering Commission is the responsible service of gambling within WA and that includes the casino.

MS CHEE: Are the statistics reviewed by the GWC?

40 MS FIORENTINO: They're certainly --- yes, they're considered, they're reviewed, they're noted by the GWC at each meeting.

MS CHEE: Are they ever discussed?

45 MS FIORENTINO: Yes.

MS CHEE: Is there ever a response by the GWC to the RSG statistics?

MS FIORENTINO: If there is, it would be noted in the minutes, but I certainly can't --- I do recall actually, as a result of COVID during 2020, we did notice an increase in a number of these problem activities and we requested Crown to provide an explanation, which they did. So yes, we do discuss where we can see variances or large anomalies occurring month-to-month.

MS CHEE: What does the GWC do with those statistics?

MS FIORENTINO: In what way? What do you mean?

MS CHEE: If you identify if there is a problem or something of concern, have you, for example, written to Crown to ask for information, or what happens when you see something concerning in the statistics?

MS FIORENTINO: Well, that's certainly what we did during 2020 post the COVID lockdown. When the Crown Casino was allowed to trade again, when we could see a pattern of behaviour that was escalating in these statistics, we asked Crown to provide an explanation, which they did.

MS CHEE: Then what happened?

MS FIORENTINO: Nothing further.

MS CHEE: So the GWC did nothing further after receiving a response from Crown?

MS FIORENTINO: Not to my recollection , no.

MS CHEE: Was that because Crown's response was satisfactory or because it dispelled your concern?

MS FIORENTINO: We understood Crown had explained there was a significant increase in gambling, I guess antisocial behaviour as a result of additional funds within WA. People were unable to travel, so this did result in a change in these problem behaviours that were reported to the Gaming Commission and, yes, we understood that and noted it.

MS CHEE: Were any policies created subsequent to your concerns being raised to Crown in relation to the responsible service of gambling?

MS FIORENTINO: Not policies, no, I don't recall that.

MS CHEE: No other measures in place that are not formal policies, but mechanisms that have been put in place to address the concerns that you had in relation to the statistics and the responsible service of gambling?

MS FIORENTINO: No.

MS CHEE: At present, does the GWC intend to create any new policies in relation to responsible service of gambling?

5 MS FIORENTINO: What do you mean? Can you expand on that?

MS CHEE: Is the GWC, at present, currently considering the creation of any policies to address problem gambling or the responsible service of gambling?

10 MS FIORENTINO: Certainly in regards to the Problem Gambling Committee, we now have a GWC member who sits on that Committee. I understand the Committee now does meet regularly and the GWC member will report back to the GWC on harm minimisation measures implemented by the committee.

15 MS CHEE: Which member is that?

MS FIORENTINO: Katy Hudson-Thomas(?).

20 MS CHEE: But at current, the Problem Gambling Support Services Committee hasn't reported back to the GWC?

MS FIORENTINO: Not to my knowledge, no.

25 MS CHEE: Moving on to my last topic for today, Ms Fiorentino, it is in relation to the Ernst & Young review and the draft which was completed in May 2021. Are you aware of that draft report?

MS FIORENTINO: Yes, I am.

30 MS CHEE: Can we please have GWC.0004.0009.0002 at slide 12 on the screens? Are you aware of why the report is in draft?

MS FIORENTINO: No, I'm not, I'm not aware.

35 MS CHEE: Do you agree with the report's diagnoses and solutions offered and these are the detailed findings that they were set up from (inaudible)? Do you agree with the diagnoses and solutions offered?

40 MS FIORENTINO: They've provided those recommendations without considering the legislative constraints we operate within. I do not agree with every single one of the recommendations. Certainly there are some that are of merit, where they refer to a skills matrix for GWC members, where they refer to separation of chair, of the GWC from the Director of the Department. These are all good recommendations, but some of it is outside the remit of the legislation that we have to work within at  
45 the moment.

MS CHEE: Were GWC members interviewed for the purpose of that report?

MS FIORENTINO: No.

MS CHEE: Did you consider that to be a problem?

5

MS FIORENTINO: Yes.

MS CHEE: Why?

10 MS FIORENTINO: Given that the report scope was a review, as I understand it, a review of the regulation of gambling within WA, I think it would have been very necessary and appropriate to interview each of the GWC members towards preparing this report.

15 MS CHEE: Can we go to slide 14, please? Recommendation 2.1.16, can you see that, Ms Fiorentino? It is in the middle "Recommendation" column and it's the second recommendation?

MS FIORENTINO: Yes.

20

MS CHEE: That deals with relationships with third parties and the recommendation to that effect. Would you agree with that recommendation?

COMMISSIONER JENKINS: Where are we?

25

MS CHEE: I beg your pardon, Commissioner. Recommendation 2.1.6, essentially in the middle of the page.

30 MS FIORENTINO: That is a very broad recommendation, which, on reading this right at this minute, I don't think I can provide a comment. Can you narrow the scope of your question?

MS CHEE: I was just quickly asking your views on this particular recommendation?

35 MS FIORENTINO: So, to my understanding, this refers to memorandums of understanding with other organisations such as AUSTRAC, such as WA Police. Certainly I think it would be very helpful to have memorandums of understanding with other organisations, so we can work together in regulating gambling in WA.

40 MS CHEE: I have no further questions.

COMMISSIONER JENKINS: Thank you, Ms Chee. Does any counsel wish to question?

45 MS SEAWARD: Yes, Commissioner.

**CROSS-EXAMINATION BY MS SEAWARD**

5 MS SEAWARD: Ms Fiorentino, my name is Seaward and I represent the  
department. I have a couple of brief questions. You were asked questions about the  
Problem Gambling Support Services Committee and the extent to which they report  
back, did you receive any papers reporting on their progress to the commission's  
meetings. Is it the case that in the recent August meeting and the one before that, the  
10 July meeting of this year, there were some papers put up by the departmental  
officers, summarising what the committee had been doing in the last few months?

MS FIORENTINO: Look, I recall there was a paper presented about the  
contribution --- about who's a member or which organisation is a member of that  
15 Committee, and that GWC also has a member on that Committee. It was --- yes,  
there was a briefing pack within an agenda, either July or --- I think it was the July  
2021 meeting.

MS SEAWARD: If there were some agenda packs put up, we would look at the  
20 agenda pack and you would be able to identify the papers that were put up?

MS FIORENTINO: Yes, if they're included, they will be in that agenda pack, yes.

MS SEAWARD: Thank you. You were also asked some questions at the beginning  
25 of your evidence today about the departmental service charge.

MS FIORENTINO: Yes.

MS SEAWARD: And how in the recent August meeting, which was just last week,  
30 there was a paper put up and you were shown that paper, and that provided an  
explanation of how the service was calculated? Do you remember the paper that was  
put up by Counsel Assisting?

MS FIORENTINO: Yes, I do.  
35

MS SEAWARD: You were asked some questions about that. Do I understand the  
position is that that explanation has been provided but Commission members,  
including yourself, had further questions?

40 MS FIORENTINO: Correct.

MS SEAWARD: They were asked at the meeting last week?

MS FIORENTINO: Last Friday, correct.  
45

MS SEAWARD: The process now is that the departmental officers will report back  
at the next meeting with answers to the questions that were raised?

MS FIORENTINO: Correct.

MS SEAWARD: It was put to you by Counsel Assisting that an itemised list of how the service charge is calculated would be of assistance for you to receive?

5 MS FIORENTINO: Yes.

MS SEAWARD: Was that part of the request that was made last Friday to the department?

10 MS FIORENTINO: So, yes, I did specifically request for an itemised --- a listing of what the service charge is comprised of, to which the percentage is applied to that. So that was requested at Friday's meeting.

MS SEAWARD: Do you understand that that percentage, in broad terms, is a  
15 percentage of the total cost to the department and it is the total cost to the Department of running the entire Racing, Gaming and Liquor Division and from the cost of running that division, the percentage that represents the cost of supporting the GWC is what the GWC is charged?

20 MS FIORENTINO: That's my understanding.

MS SEAWARD: That's your broad understanding of how the service fee is calculated?

25 MS FIORENTINO: Yes.

MS SEAWARD: The questions you have are what comprises the cost of running the Racing, Gaming and Liquor Division of the Department?

30 MS FIORENTINO: That's right.

MS SEAWARD: No further questions.

COMMISSIONER JENKINS: Anyone else? Ms Wren.

35

MS WREN: Thank you, Commissioner.

#### **CROSS-EXAMINATION BY MS WREN**

40

MS WREN: Ms Fiorentino, my name is Wren and I represent the Crown entities. I have a few more questions on responsible service of gambling. I will try not to repeat anything you have already covered. In your second statement, you explain  
45 your understanding of Crown Perth's Responsible Service of Gaming framework and that was based on a presentation that was given by Crown Perth to GWC in December 2019?



MS FIORENTINO: Yes, I refer to that in my statement.

MS WREN: Paragraph 49, if you would like to have a look at it.

5

MS FIORENTINO: Yes.

MS WREN: During your time on the GWC, did the GWC give any directions or recommendations as to particular steps that Crown Perth could take to improve its RSG framework?

10

MS FIORENTINO: No, I don't recall that we did that, no.

MS WREN: Are you aware if the department conducted any audits or inspections with respect to Crown Perth's Responsible Service of Gambling framework or its RSG team?

15

MS FIORENTINO: No, I'm not --- I don't think --- well, I don't recall any specific inspections around --- that the department did on the responsible service of gambling, no.

20

MS WREN: Did the GWC ever direct the department to conduct inspections or audits with respect to responsible service of gambling through your time?

MS FIORENTINO: Not to my knowledge, no.

25

MS WREN: I want to talk about the Gaming Machine National Standard. It sets out the standards to guide manufacturers in the design of gaming machines and gaming machine software, and there's a WA Appendix to it. That sets out WA-specific requirements that are in addition to or different from the National Standard?

30

MS FIORENTINO: Yes.

MS WREN: It is the GWC that is responsible for setting the content of the WA Appendix?

35

MS FIORENTINO: Yes, that's my understanding, yes.

MS WREN: Developers of new EGM games have to have games tested and certified by an independent, accredited testing facility, as complying with those standards in the WA Appendix?

40

MS FIORENTINO: Yes.

MS WREN: Amongst other things, are there requirements of the National Standard and the WA Appendix intended to support the objective of promoting responsible service of gambling?

45

MS FIORENTINO: Can you rephrase that? What do you mean?

5 MS WREN: The requirements set out in the National Standard in the WA Appendix, is one of the rationales behind some of those requirements addressing problem gambling and seeking to promote responsible service of gambling?

10 MS FIORENTINO: My understanding is that the WA Appendix, the guidelines there, are towards responsible service of gambling and ensuring that the EGMs within the casino are not poker machines.

15 MS WREN: Do I understand from your responses to Counsel Assisting earlier this afternoon that the GWC never undertook any analysis of the research as to the impact of particular design elements of EGMs with respect to problem gambling?

MS FIORENTINO: Which research are you referring to?

20 MS WREN: Any research. Did the GWC undertake any analysis of any research as to which particular elements of game design might cause problems for problem gambling in EGMs?

MS FIORENTINO: Sorry, can you repeat that?

25 MS WREN: Did the GWC ever look at any research or analysis as to what particular elements of EGMs might be a problem with respect to increasing the addictiveness of EGMs?

30 MS FIORENTINO: Since my appointment, I don't recall any of that research being undertaken by the GWC.

COMMISSIONER JENKINS: Just to assist hopefully, Ms Wren, I think the question was also whether GWC looked itself at research that may be third parties had done into the addictiveness of EGMs.

35 MS FIORENTINO: Certainly not to my knowledge while I've been on the GWC. I don't recall seeing any of that analysis, no.

40 MS WREN: Thank you, Commissioner, for clarifying that. Thank you, Ms Fiorentino.

MS FIORENTINO: Thank you.

45 MS WREN: Has the GWC given any consideration as to what further requirements or what further elements should be included in the WA Appendix to address problem gambling with respect to the design of EGMs?

MS FIORENTINO: No, not --- I don't recall that there's anything further the GWC

requested to add to the WA Appendix towards reducing gambling harm in EGM players.

5 MS WREN: Do you agree it is the GWC's responsibility to determine and mandate appropriate requirements to address our responsible service of gambling concerns with the design of EGM games in WA?

10 MS FIORENTINO: My understanding is that the WA Appendix, those guidelines are towards reducing addictiveness of EGMs, and GWC as a group, we ensure that that's adhered to.

MS WREN: I think you accepted a little earlier that the GWC is also responsible for the content of the WA Appendix?

15 MS FIORENTINO: Yes, yes.

MS WREN: During your time on the GWC, Crown Perth regularly presented to the GWC, seeking in-principle approval for particular EGM games?

20 MS FIORENTINO: Yes. Yes, that's true.

MS WREN: Do you agree that Crown Perth put forward those games for approval on the understanding that the new games would be designed by the manufacturers in accordance with the requirements of the WA Appendix and National Standard?

25 MS FIORENTINO: Yes, that was my understanding, yes.

MS WREN: And that they would be tested and certified as complying with them?

30 MS FIORENTINO: Yes, that was my understanding.

MS WREN: Did the GWC itself, in considering approval of individual EGM games, ever conduct or commission any assessment of whether that particular game might have features that would encourage problem gambling?

35 MS FIORENTINO: Can you repeat that?

MS WREN: In considering whether to approve individual EGM games that were put up by Crown Perth, did the GWC ever conduct or commission any analysis as to whether there were features of that particular EGM game that were of concern with respect to problem gambling?

45 MS FIORENTINO: No, I don't recall that.

MS WREN: Has the GWC ever directed Crown Perth to conduct an assessment of EGMs after their introduction at the Perth Casino, to assess whether they might have features that encourage problem gambling?

MS FIORENTINO: Other than the inspections and audits that were conducted by the department, I don't recall any other further investigations by the GWC into EGMs and their addictiveness, no.

5

MS WREN: Thank you. I will move on to a different topic relating to the amendments to the WA Appendix in 2019. Can I ask the operator to bring up GWC.0002.0016.0276? It is minutes of the meeting of the GWC on 28 May 2019. I think in your statement you said these proposed amendments were the subject of robust discussions between GWC members between March 2019 and July 2019. This particular meeting is in May 2019, to orientate you. Could you go to page 2, the fourth paragraph under item 5.1. It records:

15 *The matter of amendment to the WA Appendix to the National Standard for Gaming Machines has been deferred to the June meeting to permit expert technical advice to be sought.*

MS FIORENTINO: Yes, I can see that.

20 MS WREN: Do you recall that?

MS FIORENTINO: Look, this goes back to May 2019. I mean, the minutes refer to that so it obviously happened, but I don't recall that exact discussion point.

25 MS WREN: Do you recall if any expert technical advice was, in fact, sought?

MS FIORENTINO: I just don't recall. I don't remember.

30 MS WREN: Do you recall seeing any expert technical advice or relying on any expert technical advice with respect to these amendments?

MS FIORENTINO: I really don't recall, I just don't.

35 MS WREN: No further questions, thank you.

COMMISSIONER JENKINS: Thank you. Any other counsel?

#### 40 **QUESTIONS BY THE COMMISSION**

COMMISSIONER JENKINS: Ms Fiorentino, I have a few questions to clarify some of your evidence. The conflict of interest declared by Mr Connolly, in your statement you say you became aware of Mr Connolly's relationship with Mr Preston and Mr Hulme more recently through media related to this Commission. Can you give me a bit of a timeframe when that was and the context of that?

MS FIORENTINO: I think it was once those individuals gave evidence to this Royal Commission and the media reporting from that, that I became aware that, in fact, Michael Connolly's close personal relationship was extended to Joshua Preston and -  
5 --

COMMISSIONER JENKINS: And Mr Hulme?

MS FIORENTINO: Hulme, yes.  
10

COMMISSIONER JENKINS: Do you think Mr Connolly should have disclosed those relationships to the GWC, too?

MS FIORENTINO: Yes.  
15

COMMISSIONER JENKINS: Do you think, in the absence of him doing so, that the Director-General or the Casino --- well, it would have been the Director-General. If he had known about them, he should have mentioned them to the GWC?

MS FIORENTINO: To the GWC, yes.  
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COMMISSIONER JENKINS: Was that Mr Ord at the time?

MS FIORENTINO: Correct.  
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COMMISSIONER JENKINS: I suppose he had gone by the time these matters were brought to your attention?

MS FIORENTINO: So, October 2020 was when Mr Connolly declared the relationship, the friendship, he had with Claude Marais. That was at October 2020. And Duncan Ord was no longer chair from early this year, I think March 2021.  
30

COMMISSIONER JENKINS: So it was after that that you became aware of these relationships?  
35

MS FIORENTINO: Correct. Correct, yes.

COMMISSIONER JENKINS: Tell me, in terms of GWC's conflict of interest policy and procedures now, is there a form that, say, the Casino Control Officer has to fill out in relation to conflicts, or is it only still a reactive situation whereby if the Casino Control Officer thinks he or she has a conflict of interest, they then report it to the GWC? Do you understand the difference? There might be a form and once you become a Casino Control Officer, you might have to fill out a form ---  
40

MS FIORENTINO: Yes.  
45

COMMISSIONER JENKINS: --- whereby you have to answer questions like "Do you have a friendship or relationship with any employee at the casino?" There might

be that kind of procedure. Alternatively, there might be one which just requires the Casino Control Officer to advise the GWC if they have what they regard as a conflict of interest. I am just wondering what the situation is.

5

MS FIORENTINO: There is definitely a heightened reporting requirement on conflicts of interest, actual and perceived. So, in fact, to err on the side of caution and report all, even potential conflicts of interest, perceived or otherwise, to the GWC. That's my understanding.

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COMMISSIONER JENKINS: Do you know whether there is a policy and procedure whereby someone who commences to work on behalf of the GWC, for example the Casino Control Officer, has to complete a form which interrogates them, in effect, as to what, if any, conflicts they might have?

15

MS FIORENTINO: Yes, that would be within the Conflict of Interest Register. There's completion of that required and declaration to the GWC meeting. All of that has to happen, yes, yes.

20

COMMISSIONER JENKINS: In respect of the changes that occurred in, I think, 2019 to decrease the speed of play or rate of play and which also, as we are now aware, allowed multiline betting, your evidence is you have only become aware recently that multiline betting was permitted as a result of those changes; is that your evidence?

25

MS FIORENTINO: So, I didn't --- yes, I did not realise. My understanding was exactly that the resolution we agreed to and that was passed and was confirmed in the minutes was that there was a change to the speed of play and the independence of outcomes. I certainly didn't go back and audit and check what changes had been done subsequent.

30

COMMISSIONER JENKINS: That's fine. What I am getting to is something a bit different: now that you are aware of that, do you intend to do anything in relation to it?

35

MS FIORENTINO: Yes, yes. We --- yes, we need to --- yes, we do need to do something about it, and I need to speak --- I haven't spoken to my other fellow GWC members on that, whether that was their understanding as well.

40

COMMISSIONER JENKINS: There is an aspect of that I want to clarify. That is, is it your evidence that the removal of the prohibition to multiline betting was not discussed by the GWC and resolved, or you simply cannot recall?

45

MS FIORENTINO: I can't recall and so I rely on what's in the minutes and I don't see it there in our resolution and I know our meeting minutes --- certainly I scrutinise them and each of the members has an opportunity to review them before they're confirmed. So the fact that's not included in the resolution leads me to the conclusion that it wasn't something that was supposed to be approved, that deletion. But I just

don't recall that exact discussion.

5 COMMISSIONER JENKINS: Next, in relation to the reduction in the speed of play, I want to understand what you understand by the resolution.

MS FIORENTINO: Mmm.

10 COMMISSIONER JENKINS: For example, after GWC's resolution and when it was implemented, what would you understand would be the speed of play on a losing game?

MS FIORENTINO: What do you mean by "losing"?

15 COMMISSIONER JENKINS: Well, someone pushes a button to start a game and they lose.

MS FIORENTINO: Mm-hmm.

20 COMMISSIONER JENKINS: How long would it be before they could then push the button to recommence a new game?

25 MS FIORENTINO: 5 seconds. If it doesn't have any additional features like, you know, free games, it still needs --- it then needs to be a 5-second game. That's my understanding.

30 COMMISSIONER JENKINS: Then on a winning game without any extra features, how long would you say the game --- it has to be between when they push the button to start the game and when they can recommence the next game?

35 MS FIORENTINO: So my understanding --- and, again, this is my limited understanding because it's quite a technical area, but my understanding is whether it's a winning game or a losing game, if it doesn't have additional game features, it's supposed to be at least a minimum of 5 seconds, unless it has the additional game features, in which case it reduces to 3 seconds and the additional game features extend that game to at least 5 seconds. That's my, I guess, limited understanding.

40 COMMISSIONER JENKINS: As a result of those changes and others that have taken place, what do you see now as the distinction between a Western Australian EGM and a poker machine?

45 MS FIORENTINO: So, my understanding, a poker machine there's continuous play, whereas in WA there needs to be player initiation. Speed of play is much less than 5 seconds with a poker machine. Return to player is less than 90%, whereas in WA it has to be 90%. There's also the appearance. My understanding is poker machines are allowed to have the spinning wheel appearance. In WA, it's not allowed.

COMMISSIONER JENKINS: Thank you.

MS FIORENTINO: That's what I understand are the distinctions.

5 COMMISSIONER JENKINS: Thank you. Moving on to the Problem Gambling Support Services Committee, what do you understand to be the relationship between that committee and the GWC?

10 MS FIORENTINO: The GWC contributes funding to that committee. We now have a member who's on that committee and the committee is there to support gambling helplines, promote awareness around problem gambling and the help available. That's my understanding.

15 COMMISSIONER JENKINS: Do I understand from that that you don't think the Problem Gambling Support Services Committee is a subcommittee of the GWC?

MS FIORENTINO: I now understand it is a subcommittee of the GWC, yes, because we received a briefing paper on that, I think it would have been the July or the August most recent meeting, that it is a subcommittee and, hence, we have a member on that subcommittee.

20 COMMISSIONER JENKINS: Before you received that briefing paper, what was your understanding?

25 MS FIORENTINO: I knew it existed but not that it was a subcommittee of the GWC, no.

30 COMMISSIONER JENKINS: As a subcommittee, do you know whether the GWC has delegated any of its powers to the subcommittee or its chair, as chair of the Problem Gambling Support Services Committee?

MS FIORENTINO: Delegated powers of the GWC? No, I'm not aware that we've delegated powers to the subcommittee.

35 COMMISSIONER JENKINS: I am just wondering, then, on what basis does the subcommittee act?

40 MS FIORENTINO: Good question. Good question. My understanding is it's part of our remit towards gambling harm minimisation that the subcommittee supports these initiatives, the Gambling Aware and hotline and counselling services.

45 COMMISSIONER JENKINS: In light of the fact you and other GWC members might have only recently been advised it is a subcommittee of the GWC, has that prompted the GWC to think more about how it should be directing and controlling the work of that subcommittee?

MS FIORENTINO: Yes. So, at the most recent meeting, which was Friday, I recall the GWC approved that the Department's Deputy Director-General chairs that



subcommittee to report back regularly to the GWC.

5 COMMISSIONER JENKINS: Thank you. Do you know how the GWC decides how much money to contribute to the support of that committee?

10 MS FIORENTINO: No. The previous chair did increase the level of funding support to that committee, but that was without members' awareness. So that's been discussed and it's going to be, in the future, something the GWC approves rather than we get told after the decision.

COMMISSIONER JENKINS: On another topic, did the GWC authorise the Perth Casino to operate the Pearl Room during any lockdown in Perth during COVID?

15 MS FIORENTINO: I don't recall that. During lockdown --- which lockdown?

COMMISSIONER JENKINS: During any lockdown?

20 MS FIORENTINO: No, I don't recall that we authorised that, no.

COMMISSIONER JENKINS: Can I ask you about the current relationship between the GWC and the department. There have obviously been changes in personnel in the department. I want your analysis of whether things like matters of communication and direction and people understanding their roles, is that improving, not improving, going backwards, going forwards? What is your assessment, as a member of the GWC? I am talking specifically now about the GWC's relationship with the department and its officers.

30 MS FIORENTINO: Commissioner, can you be more specific?

COMMISSIONER JENKINS: I really want to give you the opportunity to tell the Commission anything and so, in some ways, I don't want to be specific. I want to give you the opportunity to tell us about anything you see as particularly favourable, or things you think are still negative --- sorry, I shouldn't say "still negative", but are negative about the relationship. Just how it's going. If there's nothing you want to tell me, that's fine.

40 MS FIORENTINO: Well, there has certainly been a number of changes within the department staff, change to the department's Director-General. The conflicts, the tension still exists with that person holding the position of GWC Chair and Department Director-General. That is there just by virtue of legislation. The changes that have been occurring in the department, it's certainly had an impact because we rely entirely on the department for support and there's been a significant turnover of staff. We are all doing the best we can.

45 COMMISSIONER JENKINS: In relation to the current operation of the GWC, are there any changes to the audit program that have been foreshadowed by the GWC or recommended to the GWC by the department? I am thinking now --- I'll be a bit

more specific --- about whether there is any proposal to audit the RSG program at the GWC, or audit the AML/CTF --- sorry, the RSG program at the casino, or to audit the AML/CTF program at the casino, anything of that nature?

5

MS FIORENTINO: Yes. So, yes, we certainly --- that's on our matters that are being actioned by the department. The GWC has certainly requested a number of investigations and reviews into Crown, particularly around AML into bank accounts, yes. So this has been requested, yes, it has.

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COMMISSIONER JENKINS: Has there been any recommendation or consideration given to auditing Crown's Responsible Service of Gaming program, as part of the regular GWC audits of the Casino?

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MS FIORENTINO: I don't recall Crown's RSG as being a specific item to be audited. No, I don't recall that.

COMMISSIONER JENKINS: Those are all the questions I have. Is there anything else you want to tell the Commission?

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MS FIORENTINO: If there's any further questions, I ---

COMMISSIONER JENKINS: Mr Sadler will now be given the opportunity to ask you some questions, so thank you, Mr Sadler.

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MR SADLER: I have no further questions.

COMMISSIONER JENKINS: Was there anything, Ms Fiorentino, before you conclude?

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MS FIORENTINO: Nothing further, thank you.

COMMISSIONER JENKINS: Thank you very much, Ms Fiorentino. Your evidence this afternoon is completed. We will leave the summons in place, because the other Commissioners have to have the opportunity to review your evidence. They may have some questions arising out of today's evidence, but you are certainly free to leave now. Thank you very much for your help in the Commission's inquiry.

35

40 **THE WITNESS WITHDREW**

COMMISSIONER JENKINS: Thank you, counsel. The inquiry will now adjourn until 10 am tomorrow.

45

**HEARING ADJOURNED AT 3.52 PM UNTIL TUESDAY, 31 AUGUST 2021  
AT 10.00 AM**

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