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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 33

10.01 AM WEDNESDAY, 2 SEPTEMBER 2021

COMMISSIONER C F JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MR DAVID LEIGH as Counsel Assisting the Perth Casino Royal Commission

MS RACHAEL YOUNG as Counsel for Consolidated Press Holdings Pty Ltd and CPH Crown Holdings Pty Ltd

MR PAUL D EVANS 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

MR JOSEPH GARAS SC and MR JESSE WINTON 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

MR NICHOLAS MALONE as Counsel Mr Michael Connolly

10:01AM

COMMISSIONER JENKINS: Good morning. Please be seated. Ms Chopping, would you like to come forward, please. Could you just remain standing. Would you like to take an oath or an affirmation?

5

WITNESS: Affirmation, please.

LANIE-MAREE CHOPPING, AFFIRMED

10

COMMISSIONER JENKINS: Thank you, Ms Chopping. Please take your seat and make yourself comfortable. Yes, Ms Seaward?

15 MS SEAWARD: May it please the Commission.

EXAMINATION-IN-CHIEF BY MS SEAWARD

20

MS SEAWARD: Ms Chopping, you are the Director-General of the Department of Local Government, Sport and Cultural Industries?

MS CHOPPING: Yes.

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MS SEAWARD: You received a witness summons to appear at this Royal Commission?

MS CHOPPING: Yes.

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MS SEAWARD: Attached to that summons, or accompanying it, was a list of questions and you made a statement in relation to those questions?

MS CHOPPING: Yes.

35

MS SEAWARD: In front of you should be a copy of a document. Is that a copy of your witness statement that you prepared, dated 31 August?

MS CHOPPING: Yes.

40

MS SEAWARD: On the back page, you have signed it?

MS CHOPPING: Yes.

45 MS SEAWARD: If you turn back two pages, it is a total of 74 paragraphs?

MS CHOPPING: Yes.

10:03AM

MS SEAWARD: Were there any errors you noted when you were looking at it this morning?

5 MS CHOPPING: No.

MS SEAWARD: Are the contents of this witness statement true and correct to the best of your information, knowledge and belief?

10 MS CHOPPING: Yes.

MS SEAWARD: May it please the Commission, I tender Ms Chopping's witness statement which is DLG.0001.0009.0227.

15 COMMISSIONER JENKINS: The statement of Ms Chopping carrying that number will be an exhibit in the Commission.

20 **EXHIBIT #DLG.0001.0009.0227 - WITNESS STATEMENT OF LANIE-MAREE CHOPPING, DATED 31 AUGUST 2021**

COMMISSIONER JENKINS: Thank you, Ms Seaward. Yes, Mr Leigh?

25 MR LEIGH: Thank you, Commissioner.

CROSS-EXAMINATION BY MR LEIGH

30 MR LEIGH: Ms Chopping, I am one of the Counsel Assisting the Commission. The first question I have for you is in relation to paragraph 4 of your witness statement, where you explain that on 31 May 2021 you were directed to act in the position of
35 Director-General of the Department of Local Government, Sport and Cultural Industries. For the remainder of this hearing, I will generally refer to that as "the Department" for ease of reference. You explain you were directed to act as at that date and your ordinary substantive position is with the Department of Mines, Industry Regulation and Safety; is that correct?

40 MS CHOPPING: Yes.

MR LEIGH: Is it right to say the DG position for you is only an acting position?

45 MS CHOPPING: It is an interim position. So the appointment is for a period of six months and then the position --- there are a range of Director-General positions that had been filled at that time, through various rotation or acting interim placements, and then those positions that are vacant due to retirement of the previous Director-General will be advertised in due course. One of them has already been

advertised. This position is yet to be advertised. But, yes, I am the Interim Director-General of the Department.

5 MR LEIGH: You explain to us that, for the moment, that is a six-months appointment but, as yet, no advertising for a permanent position. Is it possible that might extend to a further six months or longer?

10 MS CHOPPING: I don't have any information about what happens next. All I know is that my direction to act is for a period of six months.

MR LEIGH: You also explain in your witness statement at paragraph 10 that although you have very extensive experience as a public servant and a regulator, you don't have any experience in relation to casino gaming or racing and wagering; is that correct?
15

MS CHOPPING: That's correct.

MR LEIGH: You explain that you have taken steps to initiate membership of the International Association of Gaming Regulators. Can you explain to the Commissioners, membership for who, the department or the GWC?
20

MS CHOPPING: So my staff are currently exploring the different versions of membership that could be created with the international association. I was surprised we weren't already a member, so I've asked them to explore what our membership history has been, both for GWC and for the department, and for individuals or as organisational members. That is yet to be resolved.
25

MR LEIGH: When you say you were surprised to find out you weren't already a member, is it your knowledge or understanding that other regulators around Australia are members?
30

MS CHOPPING: Some other regulators are members.

MR LEIGH: You mention the membership will allow access to professional development for you and relevant team members. Who do you encompass in that description of relevant team members?
35

MS CHOPPING: It is my strong view that all of the staff who work on gaming-related matters require capability development. That is definitely part of our forward work program. Understanding my needs for development, the GWC board members' needs for development and then cascading downwards, right down to the person who answers the telephone, in terms of each of their capability requirements for further professional development is part of the work being undertaken at the moment in the organisation.
40
45

MR LEIGH: In that answer you mentioned GWC board members.

MS CHOPPING: Yes.

MR LEIGH: Does that mean you are considering or intending that those persons
5 would also have training through this organisation if it is available?

MS CHOPPING: Definitely. When I first met with the GWC board members at my
very first meeting, I indicated to them I felt that intensive training in relation to
regulation would be beneficial for all members, and a number of the members
10 indicated they would like to take that opportunity and that is definitely part of our
forward work program. Whether some people, such as myself, would benefit from
greater technical understanding of casino regulation, in particular, or gaming and
racing regulation, other people may benefit from more regulatory theory and
practice, capability, approach-type training. So there will really be a need to assess,
15 and for individuals to assess their own needs, and then for an assessment to be
undertaken more broadly of what the needs are in the department and across the
GWC board.

MR LEIGH: One of the other things you mention in relation to training is at
20 paragraph 20 of your statement. You say you have received a presentation from the
SSO, helping explain the legislative framework. You mention that you would
encourage other people to take advantage of that. Are you aware whether any
persons at the GWC have yet taken advantage of that program or training?

MS CHOPPING: I do not believe that --- since I have been in the role, I have made
that offer available to people, for people to have further training in relation to the
legislative foundation, the purpose of each of the pieces of legislation that the GWC
is responsible for. That is yet to be accepted. But the GWC members have
prioritised some of the other needs they have had around their strategic planning, for
30 example. I have no doubt that in due course, when those training programs are
offered, they will be accepted by people. But I have indicated to people that training
would have been available on the day of the strategic planning day. Members felt
they wanted to take a different approach on that day. And that was very early in my
term. But definitely, I asked for the State Solicitor to put together training. Well,
35 first, I asked General Counsel within the department to put together some training,
but it was clear that General Counsel had not provided that kind of training or
induction for gaming-related matters previously. I then asked her to attend with me
the training session with SSO to get a foundation understanding of the legislative
context.

40 MR LEIGH: Shifting gears for a moment, at paragraph 18 of your witness statement
you explain that you don't think the chairperson of the GWC and the DG of the
department should be the same person because it would create potential conflicts of
interest in that role. Am I correct in what I read in paragraphs 17 and 18, that you
45 don't consider such a conflict has yet arisen for you in your discharge of those roles?

MS CHOPPING: I think it is a suboptimal arrangement to have a director-general of
a very large department also holding the role of chairperson of a statutory authority,
just simply in terms of the workload that is required. Duncan Ord has, I understand,

given evidence to that effect previously with the Commission. So it is suboptimal in terms of the amount of hours that are available in the day to dedicate. I have worked in statutory authorities with regulatory functions where there has been a full-time chairperson and a full-time CEO. So I can see the benefit of that kind of model of having a full-time remunerated chairperson separate to the director-general. More specifically, obviously, it comes up in relation to issues, for example, where --- it's an odd scenario to be in where part of the department is delivering compliance and audit function, for example, and I am representing both the departmental head, as the accountable authority for the department, as well as the chair role. To date, I haven't had a conflict because I'm very clear with people about what the expectation is for their improvement or the change in the way that the functions are achieved. And that is simpatico, I believe, with the GWC board members' expectations.

MR LEIGH: One of the things you talked about there was the challenge of having a finite number of hours in a day and how that impacts upon a person who is carrying out two roles. Do you think the same difficulty can arise in relation to other persons who are carrying out two roles? Here, I am specifically thinking about a person carrying out the function of Chief Casino Officer, while simultaneously being the Executive Director of Racing, Gaming and Liquor. Do you think those same tensions can arise in terms of resourcing and prioritising in that role as well?

MS CHOPPING: It is very soon in my tenure to be making bold statements about what I would want to see as a platinum standard in terms of structure, function and how the department would discharge the responsibilities it has to the GWC. I would never say no to additional resources that would create a separation between a person dedicated to deal with the statutory delegated functions and a person to deal with the executive management functions. It's a step in the right direction, which is one of the reasons I appointed an executive manager at a senior level, an experienced person to come and provide some executive functioning between the GWC and the department. It's hard for me to say yet exactly what the optimal model would be, but more resources and a greater ability to focus purely on the statutory function versus the executive function, I think, would be a step in the right direction for the Director-General role.

MR LEIGH: That answer went into some detail about, as you said, statutory function versus executive function. I have a similar question, but this time in relation to people carrying two departmental roles. This Commission heard evidence yesterday from Ms Sherdiwala in relation to the Chief Finance Officer role. As I understand that evidence, and I only listened to bits of it, there were instances where, she explained to the Commission, on occasion she would issue an invoice in her capacity as Chief Financial Officer for the Department and then subsequently approve or deal with that invoice herself again as Chief Financial Officer for the GWC. So that kind of arrangement where a person is, essentially, dealing with themselves as a finance officer on both sides of the ledger, is that something which also, in your view, might be suboptimal or create tensions?

MS CHOPPING: I believe it has already --- the information has been provided to the

Commission through accompanying documents. The interim structure I have put in place, in consultation with the Public Service Commission, within the department makes a series of changes in terms of the roles within the department and responsibilities. Importantly, there is a new Deputy Director-General who oversees a range of --- well, there are two new Deputy Directors-General. One oversees the functions of finance and procurement and a range of other corporate services type functions. He comes in with financial acumen, experience in the past working for Treasury, most recently working for one of the Government trading enterprises, the Water Corporation. He started two weeks ago, I believe. He is able to provide further oversight of our finance and procurement area, but, importantly, look at what our needs are going forward for both systems, processes, roles and responsibilities. So, he has started.

Also, I have organised for a placement from Treasury, who I believe has commenced, so a senior officer from Treasury to assist us with reviewing some of the ways we work.

Also in relation to the interim structure, we are sitting under the Deputy Director-General. Portfolio Coordination is a new role titled Executive Director of Strategy, Accountability and Performance. That person started on Monday. That person's name is Robyn Ho, who has come to us from the Department of Premier and Cabinet. Part of her work will be to --- I gave her priorities on Monday. Those priorities included the need for us to have a very clear understanding of roles, responsibilities, governance, service level agreements, reporting requirements and accountability requirements that exist between ourselves and statutory authorities and boards across the broad agency --- the broad department. I see that as being a really strong step in the right direction in terms of making sure everybody is absolutely crystal clear about roles, responsibilities and governance arrangements in terms of how things should be functioning in relation to such things as the financial accountability that exists between the department and GWC.

MR LEIGH: Thank you, Ms Chopping.

The next question I will take you to is what you deal with at paragraphs 19 to 24 of your witness statement, which is the powers, duties and obligations of the GWC. At paragraph 22a(i), you comment that you don't consider there has been preexisting policies of the GWC that display a consistent theme or objective. At paragraph 23, you say one of your most urgent priorities, both as Chairperson and Director-General, is to clarify those regulatory objectives and philosophies across the GWC and the Department.

Am I right in understanding from those paragraphs that your intention is to carry out a wide-ranging and fundamental review of the entirety of what is done by the GWC and the Department, which I think fits in with your earlier answer as well?

MS CHOPPING: Yes, definitely, and that work has already commenced. Bringing in a dedicated Executive Director of Racing, Gaming and Liquor who has --- whilst

she does not yet have, the same as I, the technical detail in the gambling space, that can be learned. What she does have, importantly, is she is the most, I believe, qualified person within the Public Service in terms of regulatory reform and regulatory capability development. She is widely respected amongst her colleagues and was recommended --- I already knew her. She was recommended to me as being the best placed person by a number of people who I respect who work in regulation across Western Australia.

10 She has immediately hit the ground on the basis that she needs to understand the current framework, understand how we, as GWC, are discharging that framework and how the department is operating to ensure that framework is operating effectively and what changes would need to be made. That starts with having a crystal clarity across everyone about what is the legislative purpose outlined to the GWC and then is the current way that legislative purpose is being met, is that the best way for it to be met. What is the optimal way.

Now, both Germaine Larcombe and myself, and others who have commenced with the agency and, indeed, people who already work in the department and, indeed, as I understand it from my GWC colleagues, would agree the current way it is being done is not the best way it could be done. We have definitely started on a journey to make it the gold standard in terms of gaming and racing regulation in Western Australia.

MR LEIGH: This might not be something you can answer at this stage, it might be a work in progress, but you mentioned "purpose" on a few occasions in that answer. Are you able to articulate what you currently understand to be the purpose of the GWC?

MS CHOPPING: My understanding from the legislation is the purpose of the GWC is to regulate the gaming and wagering system in Western Australia, including the casino. In doing so, it needs to form --- to keep an overview, an understanding of what is occurring within the market, to report on any issues of concern to the minister in relation to the operation of gaming and wagering and the casino in Western Australia, to undertake recommendations to the minister around his approval requirements under the legislation, to ensure that the licensing functions that are conveyed upon the GWC to licence certain operators or participants within the market are done efficiently and effectively and, importantly, to ensure it understands the role of gambling within the broader community and that it understands gambling harm and harm minimisation and how that is to be addressed.

MR LEIGH: I will come back to the issues of harm and harm minimisation a bit later on.

MS CHOPPING: Okay.

MR LEIGH: At the moment, do you have a sense of how long this reform agenda will take to implement or is it not possible to say at this point?

MS CHOPPING: I believe we have already achieved a significant start in relation to a range of issues that need to be remediated. Those issues include the issues outlined in the Interim Report from the Royal Commission, the issues raised through internal review, internal audit and the issues apparent upon arrival within the department.
5 We are really in a remediation phase at the moment and a restocking phase. There has been a period of significant disruption to the organisation, obviously, with the Director-General leaving, retiring, and with the Deputy Director-General Regulation, who was also the CCO, commencing long-term --- well, being removed from
10 involvement in racing and gaming matters and then commencing a long period of leave. Under that person were also other people who carried significant corporate knowledge who have now gone on long-term leave.

The immediate priority for us is to ensure we address the risk associated with the loss of corporate knowledge. Remediation around that has meant we have brought in
15 additional staff on loan from the Department of Premier and Cabinet to document, document, document. To basically construct, where they don't exist, records of the ways of working within the organisation, policies and procedures, other important information that exists mainly within the people who have actually been doing those
20 jobs. So we are in a remediation phase.

We then move into a planning phase. We have done strategic planning as a GWC, we have commenced that work. Approved last Friday at the August meeting was the results of that strategic plan. The executive manager is now progressing that into a
25 project plan with proposals for priority work and costings associated with that work, with a view to that being presented at the September 2021 meeting for the GWC to identify the priorities and then confirm which matters will be taken forward in terms of implementation.

I can't say when --- because I am not sure exactly what the GWC will prioritise and, obviously, the costings associated with that work, I'm not sure when the
30 implementation will occur. But what I can say, hand on heart, is the organisation has significantly progressed in the 12 weeks I have been there and you can tell the difference from the remediation already.

35

MR LEIGH: So, September is obviously shaping up to be a significant milestone then, in terms of assessing where to next from the GWC's perspective?

MS CHOPPING: From a GWC perspective.

40

MR LEIGH: Yes.

MS CHOPPING: They will be presented, yes, with our assessment of the work they did in strategic planning. But also, importantly, the work we have done internally
45 and what we think needs to be done as well. Because the people who work internally and who have come in internally have a particular understanding of some of the things that need to be done within the organisation, and that needs to be communicated clearly to the GWC as part of any consideration about what the

priorities are going forward.

5 MR LEIGH: You have detailed a significant amount of information in your answer about the work the department is doing, documentation of the work, work with the GWC. One of the things you haven't yet mentioned is in terms of, perhaps, the relationship between the regulator and the casino.

10 MS CHOPPING: Yes.

10 MR LEIGH: You touch on that at paragraph 22b of your statement, where you say you formed the view that there had been "a large amount of trust and confidence" placed in the licensee in the past. It may be too early for you to answer this question now, but are you able to comment as to whether you have a preliminary view as to
15 whether that level of trust was excessive?

MS CHOPPING: Yes, I think that level of trust was excessive.

20 MR LEIGH: Do you consider that perhaps the attitude or approach from the regulator to the casino is evolving and changing and, if so, how?

25 MS CHOPPING: I definitely think there is exposure in relation to some of the shortcomings of the department. There is definitely some exposure on some of the shortcomings of the GWC. I think, in having that exposure and in having fresh eyes asking questions, there are some moments of realisation within the GWC board members and within the departmental staff that they were perhaps not as suspicious as they should have been in relation to the GWC members, in terms of the information that was put to them by the regulated entity or, indeed, by the staff within the department.

30 There is definitely a healthy level now, I believe, of discussion going on in relation to issues, for example, of independent verification. I, personally, have been very strong in asking departmental staff, when providing papers, to provide a range of additional information that wasn't apparent in papers previously and to attest to the veracity of
35 the independent verification or otherwise of assessments being undertaken in relation to information provided by the regulators.

40 MR LEIGH: In a moment I will ask you to give an indication, perhaps, at a high level as to what you consider to be an appropriate regulatory posture for a regulator like the GWC to adopt in respect of a statutory (inaudible) enterprise like the Perth Casino. But while you think about that issue or that question, I will draw your attention to what was said by Mr Duncan Ord, the previous Director-General, in his first witness statement to this Commission. He said of the GWC's purpose:

45 specifically of protecting the public interest and being a model regulator *that uses power with the presumption in favour of education and improvement over punishment.*

For the transcript, that is DLG.0001.0002.0001 at 49(d). My question to you is: thinking about the posture to be adopted by a regulator, do you agree with that approach, that a regulator should be one with a presumption against punishment?

5

MS CHOPPING: No.

MR LEIGH: What is your view as to what is an appropriate posture for a regulator to adopt?

10

MS CHOPPING: I think a regulator needs to understand the regulated entity, understand the market in which the regulated entity operates and understand the harms that may eventuate within that market. They need to have a very deep and clear understanding of harms. From there, they then need to understand which harms they will focus on addressing and how they might go about addressing those harms. Well, firstly, they need to understand the prevalence of the harms and then understand how they will address the harms.

15

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In addressing the harms, the ability to be able to address the harms will depend on a range of factors, including the nature of the regulated entity. If the regulated entity shows a propensity towards compliance and is able to be independently assessed as compliant, without the need for enforcement at the higher order, in terms of disciplinary action or licence suspension or any of these higher order interventions, if they are able to be independently verified as compliant through education and through corrective action or through any number of other intervention tools, then so be it. But it shouldn't be that the approach should always be softly, softly, particularly if softly, softly is not resulting in your regulatory purpose.

25

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Now, it is too soon for me to tell whether or not the regulatory purpose has or has not been achieved in relation to all of the responsibilities of GWC. Some, it appears it may not be the case, but it is too soon for me to tell in any fulsome way. But definitely, I am a very strong subscriber to the idea that you use all of the tools available to you as a regulator to achieve compliance, but that having a deep understanding of the market, the harms and the regulated entity is the best starting point for that.

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MR LEIGH: Thank you, Ms Chopping. You note at paragraph 22d of your statement that the GWC doesn't, to your present understanding, appear to have had any preexisting policies in respect of junkets, money laundering and criminal infiltration of the casino, consistent with the view then held that it came within the remit of other regulators. What is your view today as to whether or not those matters come within the remit of the GWC?

45

MS CHOPPING: I think there is a significant amount of work to be done with the other regulatory agencies responsible for, for example, anti-money laundering, identification. That is definitely on our work program. So the degree --- my current view is there is a co-regulatory responsibility for money laundering and that it is not uncommon for regulators to want to have a very strict understanding of what is their

responsibility and what is someone else's responsibility because regulatory work is complex work and staying in your lane is often the case.

5 In my experience, the best way for us to discharge our responsibilities as regulators is to work firmly hand-in-glove with our co-regulators in any space. In my background, that has been very much the case in situations such as product safety and fraud. All those kinds of areas have always had co-regulatory responsibilities that are clearly outlined, and an intention is expressed and understood around
10 information sharing and around who will do what to who.

MR LEIGH: To put it in short summary ---

15 MS CHOPPING: Sorry.

MR LEIGH: No, no. If it is co-regulation, that obviously means others may have a part to play too, but the GWC has a role to play in each of those areas?

20 MS CHOPPING: I believe the GWC has a role to play in relation to that area, those areas. I have sought advice from the State Solicitor.

MR LEIGH: Don't let us know the content of that advice.

25 MS CHOPPING: I'm not going to. In relation to how we might best go about discharging our responsibilities.

30 MR LEIGH: You mention in your witness statement some information about anti-money laundering and programs that are going on in relation to that. We will come to that a little later.

I want to ask in relation to junkets and casino infiltration by criminal elements, are those matters where you consider there might be scope as well for the department and GWC to develop audit programs? Likewise --- and you are nodding as that
35 answer.

MS CHOPPING: Sorry.

40 MR LEIGH: Likewise, in relation to Responsible Service of Gaming and Harm Minimisation, are those things that also could be provided with an audit program?

MS CHOPPING: Yes.

45 MR LEIGH: Moving away from those series of questions, I will take you to paragraph 24b of your statement, where you explain that you have tasked, Ms Larcombe, who is now the ED RGL to separate officers, so they work solely on liquor, on the one hand, or racing and gaming, on the other. My question is: does that include inspectors, such that there might now be people who are carrying out inspection functions solely as casino inspectors, or is that something different?

MS CHOPPING: That does include inspectors. So part of my request to Germaine has been to separate racing and gaming from liquor and then to hygienically seal the casino functions within the racing and gaming area, so we can focus those people on exactly the tasks that need to be completed. In my experience, and I'm not saying this is what has happened here but in my experience, there is a tendency amongst inspectors to sometimes gravitate towards inspections that are less onerous. So being able to make sure you have a robust, supervised audit program that is well-thought out and approved by the Gaming and Wagering Commission, the best way to do that is have small numbers of skilled people who you are able to develop. You can have appropriate systems and processes in place and there is no necessity for those people to be liquor inspectors.

MR LEIGH: Thank you, Ms Chopping.

Now, I can have it on the screen for you to review, if you like, but I have in mind one of the documents you gave to us as part of your witness statement, which is the draft response to the Auditor-General's report, where they had looked at the tax verification being carried out by Departmental officers. I can have it on the screen if you want, but the only point I want to draw to your attention is the comment in the draft response which says "the review recommends the reintroduction of a dedicated inspection presence at the casino". Does that mean the Department is also thinking about making it 24-hour-a-day supervision at the casino?

MS CHOPPING: I think I indicated previously we are looking at our regulatory function from end-to-end and nothing is out of the question in terms of what we would propose to the GWC in terms of what would be a way forward in terms of what would achieve the best practice for them. But it is way too soon to say whether or not that would actually be a proposal or, indeed, whether or not it would be the one that GWC decides to go with. Yes, we are considering all options in terms of the way in which the casino is regulated.

MR LEIGH: You said before you think it is a good idea to have small numbers of skilled inspectors carrying out particular tasks. Has there been any decision made, or is it still in the process of being decided, how many inspectors will be that small number at the casino?

MS CHOPPING: I have started familiarising myself with the historical information in relation to the Department of Racing, Gaming and Liquor and the numbers that existed some time ago and the numbers that exist now. And I would be highly surprised if our review of the regulatory arrangements for the casino didn't include additional staff. Whether that includes additional inspectors, employed in the same way they are currently employed, it's too soon to tell.

MR LEIGH: Moving to 24c in your statement, in relation to a costing model which you have directed officers develop for the purpose of the GWC. I want to understand the parameters that will be involved in the costing model. Is it your intention to try to ascertain the actual time spent by persons doing GWC and then work out the actually

salary costs of those persons, plus actual overhead costs, rather than doing an aggregated cost and then dividing by areas?

5 MS CHOPPING: Yes.

MR LEIGH: Thank you. Is that the same point you pick up generally at paragraphs 57 and 60 of your witness statement, where you talk about wanting to see the development of a service level agreement setting out the terms and expectations by which the Department provides services to the GWC and seeks cost recovery for those services?

MS CHOPPING: Yes.

15 MR LEIGH: That will ultimately be a written agreement in accordance with what is contemplated by section 18 of the GWC Act? I can bring that up, if you would like to see that provision?

MS CHOPPING: It will be a written agreement and it will ensure compliance with the legislation, yes.

MR LEIGH: Thank you. One last question on this area. You mentioned earlier that there was a new person, I'm not sure if it was an executive manager or general manager now allocated to the GWC. Is that Ms Sophie O'Keefe?

25 MS CHOPPING: Yes.

MR LEIGH: Can you explain in a little more detail for the benefit of the Commissioners what is contemplated to be entailed in Ms O'Keefe's position?

MS CHOPPING: When I first arrived, what struck me as unusual was that some of the issues that had emerged appeared to be because there was a lack of clear governance arrangements between the GWC and the Department who were delivering services on behalf of the GWC. So I asked the question as to who is responsible for the governance, the roles and responsibilities, the planning, how GWC functions, their strategic plan, their annual report, et cetera, and I wasn't able to find a clear answer. I was given a mixture of answers between, oh, we sort of share the work around within the strategic regulation area or within the regulatory division that the previous Deputy Director-General operated. So, clearly, from my very first meeting with the GWC members, clearly there were screaming issues in terms of a lack of understanding around governance issues, roles and responsibilities, induction, the basics. A lot of the things they came up with at their strategic planning day with GWC members are the kind of things you would expect to see in a well-functioning governance arrangement.

45 Sophie has been appointed to undertake those kinds of --- to deliver those kinds of things, to ensure they have a strategic plan, that the strategic plan is actually on point and addresses the things they need to address, that there is an actual implementation

plan for that and that there is appropriate governance systems operating. That will include things like improvements in the agenda packs that are provided to GWC members in terms of quality, timeliness, context, the way that papers are put together and other enhancements. So GWC members would like to see a digitisation through a software package, so they are able to access information in a better, more modern way. Sophie will be responsible for some of the project work that goes around making GWC function more effectively.

MR LEIGH: It is envisioned at this stage that Sophie will be doing, as you say, a lot of project work. Once those projects are completed, is it envisioned that she will remain on or is it uncertain at this stage?

MS CHOPPING: I am here for six months and the people --- so the Deputy Directors-General are appointed for six months. The structure is an interim structure that is subject to approval from the Public Sector Commissioner. If I am here and the Deputy Directors-General are here, then myself, as the employing authority of Sophie's position, will be --- I can't imagine a circumstance where that position would not be made a permanent role. Whether Sophie will be doing the job or not, however, will depend on recruitment arrangements. She's there for six months at this point on secondment.

MR LEIGH: Thank you.

Moving now to another matter which is quite a discrete question. That is in relation to an MOU currently in existence with the Department and the Department of Communities.

MS CHOPPING: Yes.

MR LEIGH: You mention in your witness statement that that MOU has essentially expired at the moment. The PCRC has been provided with a proposed MOU from the Department of Communities, which is proposing additional funding of \$500,000 for the next three years. You say, I think, it is paragraph 29 of your statement that you are yet to consider the MOU. Is there any reason that hasn't yet been considered?

MS CHOPPING: To the best of my knowledge, it hadn't been submitted to me when the statement was being prepared. Whether or not it is in my office of the Director-General, awaiting my consideration, it likely is because it has now been the subject of this, but I don't know why it hadn't come to me yet. I can't answer that.

MR LEIGH: I might be putting you on the spot, you may have to reflect upon this, but if it is waiting for you back at your office when you return, do you have a present view as to whether that MOU will be extended or is that yet to be decided?

MS CHOPPING: So that will need to be --- the MOU for financial counselling services, I believe, should be extended. The Problem Gambling Support Services Committee, I think, needs to --- it is working on a range of things, including its terms

of reference and consolidation of membership. Erin Gauntlett, the other Deputy
Director-General within the Department and also the ministerially appointed Deputy
Chair of the GWC, has been appointed as the new chair of that subcommittee. Part
5 of their work, obviously, is to do the terms of reference and planning work, but also
to commission research in relation to gambling harm. Part of that will look at the
issue of ongoing funding in relation to financial counselling.

10 Having reviewed the content of the program, I'm familiar with financial counselling
because I have worked in community legal centres that operate financial counselling
services. I was surprised to find the ratio of people reporting problem gambling was
0.8 per cent, which surprised me because, in my experience, I would have thought
that number would have been higher. I can't see any reason why financial
counselling support wouldn't continue.

15

MR LEIGH: Thank you, Ms Chopping.

The other question I have we may not need to go into in detail, based on your earlier
answer. It is in relation to Mr Connolly. You mentioned previously that Mr
20 Connolly is no longer working in the racing, gaming and liquor area. I think you
mention this at paragraph 41 of your witness statement. You say he has been
transferred to a new position and will not be returning.

25 MR MALONE: Commissioners, that paragraph is subject to a non-publication order
as at this morning, in relation to it being shown on the public screens.

COMMISSIONER JENKINS: Fine. Was it paragraph 41?

30 MR LEIGH: Yes, Commissioner.

COMMISSIONER JENKINS: For the time being, can paragraph 41 not be shown
on the public screens. Thank you.

35 MR LEIGH: I don't need to go into this line of questioning, depending on your
answer to my next question. Do I understand what you say at that paragraph to mean
that Mr Connolly's transfer is permanent and he will not, while you are the DG, be
transferring back to racing, gaming and liquor?

40 MS CHOPPING: Whilst I am the Director-General, he will not be working in
racing, gaming and liquor upon his return. If he does, indeed, return from leave to
the Department, he will not be working in racing, gaming and liquor.

45 MR LEIGH: I will move to questions in relation to the capabilities of GWC
members and the CCO. At paragraphs 46 to 48 of your witness statement, you deal
with the appointment of the Chief Casino Officer, or the CCO. You don't expressly
say so in your witness statement, but is it your understanding that the appointment of
that person is a responsibility that falls to you as DG?

MS CHOPPING: Yes, yes, it is, because the person is appointed under the Public Sector Management Act and, yes, I employ the person. I understand that is the case.

5 MR LEIGH: I guess as a corollary of that understanding, it is your view that is not a role for the GWC to perform to appoint that person?

MS CHOPPING: Not at this stage. But I also --- yes, not at this stage.

10 MR LEIGH: Again, without going into the content of any advice you may have received, is that a subject in respect of which you have received advice, the proper person for the appointment of the CCO?

MS CHOPPING: The proper process for the appointment of the CCO?

15

MR LEIGH: As to which person should be the person who appoints the CCO, whether it should be you as Director-General or, alternatively, the GWC as an entity?

MS CHOPPING: I have received preliminary advice. I ---

20

MR LEIGH: I won't take that any further.

MS CHOPPING: Okay.

25 MR LEIGH: I was just curious as to whether that was a matter being considered.

MS CHOPPING: Yes.

30 MR LEIGH: The next question is in relation to the appointment of Ms Larcombe. Did the GWC members have any input into her appointment before that selection was made?

35 MS CHOPPING: I provided the GWC with a presentation on my intentions and the approved interim structure I have developed in consultation with the Public Sector Commission. That included the establishment of a unique new position of Executive Director of Racing, Gaming and Liquor and the full senior executive service contingent of the new structure, which meant the temporary level 9 position that held the CCO delegation came to an end on 30 June. The question then for me was where would the CCO role best fit after the new structure had been put into place.

40

MR LEIGH: I might not be making myself clear in terms of my question.

MS CHOPPING: Yes.

45 MR LEIGH: What I'm really asking is, in terms of the identity of the person, did you seek the views of the GWC?

MS CHOPPING: No.

MR LEIGH: Did you let them know beforehand who it was going to be, in case they could comment?

5 MS CHOPPING: I said to them I was looking for the person who would be best placed to be the ED of Racing, Gaming and Liquor under the current circumstances we found ourselves in and I would do my best to have someone who would be able to have a focus in relation to the areas that were being identified as problems. But, no, I didn't ask them to review --- they are not the employing authority for the ED,
10 Racing, Gaming and Liquor, so I didn't ask them to review any content prior to the appointment.

MR LEIGH: You would accept it is of critical importance to ensure there is a good working relationship between the GWC and the CCO?

15

MS CHOPPING: Yes.

MR LEIGH: This is even more likely to be the case in the future, if the GWC takes a stronger stance on oversight of the CCO? I think you flag that at paragraphs 61 and
20 62 of your witness statement. You suggest there hadn't been very much oversight in the past and, if I read your statement correctly, suggest there might be stronger oversight in the future?

MS CHOPPING: When I say "oversight", I am not referring to a
25 supervisor/supervisee type relationship. That's not what I am referring to. I think there is a good --- sorry, can you ask the question again?

MR LEIGH: What I'm really driving at is in circumstances where the GWC is highly dependent on the CCO, they have a very close working relationship, do you
30 think it might be better, as an ideal practice, for the GWC to have input as to which person will be the CCO or, at the very least, to have the proposed CCO told to the GWC so they can raise any concerns they might have as to that person being appointed?

35 MS CHOPPING: I hadn't considered that but I would be open to that and I would be open to discussing that with the GWC and with the Public Sector Commissioner and with the Deputy Director-General, who is responsible for the employment, is the supervisor of the person who holds that position in the organisation.

40 MR LEIGH: In that case, I move on to ask you more detail about what you discuss at paragraph 51 of your witness statement, which is the anti-money laundering audit proposal. If I read it correctly, the plan is that each year an AML expert will be appointed. That person will go through and audit the bank accounts from the casino. They will confirm that the Casino Manual properly reflects the AML program the
45 casino has and then they will produce an audit program, which inspectors will then audit for the forthcoming year. Is that correct?

MS CHOPPING: I have asked very early on, upon my arrival, for quotations to be

sought on the engagement of external experts to review the current AML/CTF arrangements in place, to then understand the information that has been provided by the regulated entity and to provide advice on the compliance state, and the degree to which a design of the audit program --- how far that will go, in terms of whether that would design an audit program for our current inspectors to inspect versus a different form of audit that might exist in the future, I don't --- so that last part, I think, needs some further work. There definitely will be an audit program recommended as part of that work, but whether or not it ends up being the inspectors themselves doing that work or whether there is some other way that gets achieved, I couldn't confirm that at this point. It's under development.

The costings associated with doing that need to come back to GWC as part of the prioritisation of what they need to --- what we, as GWC, need to authorise as work to be done by the Department to meet our regulatory purpose in the best possible way.

MR LEIGH: Your point about costings leads me to my next question, which is in terms of whether there has been any analysis by the Department or GWC to try to ascertain whether a program of making use of external consultants will be more cost-effective or efficient than attempting to have staff brought inhouse with perhaps the same skill sets. I'm not sure if that has been considered?

MS CHOPPING: I think the starting point assumption I had was that the level of expertise that is required to do the work in a highly specialised area is unlikely to be able to be brought inhouse in terms of Public Service wages, so getting expertise externally was our starting point. Indeed, not to say we wouldn't look at being able to employ someone internally. If that was made available as an option, we could definitely look at that, to put that to GWC.

MR LEIGH: My last question in relation to that issue. There is discussion about the AML program in your witness statement. Are you open to considering similar types of programs with perhaps consultants building a scope of audit or similar for those other matters you mentioned earlier in your evidence today, junkets, infiltration of the casino and possibly minimisation of harm from gambling?

MS CHOPPING: Yes.

MR LEIGH: I move on now to questions about the Department's auditing of the casino's taxable revenue. I have already mentioned the draft response the Department put together responding to the Auditor-General's review of the current process by which the casino taxable revenue is checked. Are you aware in that draft response there is a proposal to engage an accredited testing facility to carry out a review of Crown's systems and, essentially, repeat a review last done in 2017?

MS CHOPPING: Yes.

MR LEIGH: Have you been made aware the report for that 2017 audit contains multiple recommendations for things it was said the Department or GWC should

implement, which recommendations were themselves a repeat of 2015 recommendations?

5 MS CHOPPING: I am not aware of that. I am not aware --- sorry, I'm not aware of
the detail of that. I have specifically asked the question, when I became aware that
the work --- well, firstly, I asked the question as to whether the work was being
independently verified and I was told it wasn't. Then I asked the question of whether
10 or not --- why not, and I wasn't able to get an answer. When I asked the question of
when was the last --- well, has it ever been done, I was advised it had been done but
the last time it had been done was 2017. So I asked why that was and no one was
able to provide me with an answer to that question. Then I said that and anything
else done in 2017 and has not been done in the intervening period, the GWC needs to
15 have full line of sight of that, please report back. That is a current action for the
department.

MR LEIGH: I won't have it on the screen but for the benefit of the transcript, the
2015 report is GWC.0002.0008.0001 and the 2017 report is DLG.8001.0045.5733. I
appreciate your answer that you hadn't seen those reports and had not been told about
20 the recommendations in those reports not being implemented.

My question now, of course, given what I have told you about these apparent
recommendations not being implemented, what can you let the Commissioners know
about your intention to ensure those recommendations are reviewed and, if
25 appropriate, implemented?

MS CHOPPING: Earlier on today, I outlined that the new structure of the
organisation includes two new Deputy Directors-General who are responsible for ---
one is responsible for portfolio coordination, the other one is responsible for portfolio
30 capability. That person, Cory Dykstra, has now appointed on an interim basis,
Robyn Ho, who comes on secondment from the Department of Premier and Cabinet.
Part of her role is overseeing the audit area. I have made it clear to her that
understanding the full gambit of all audit and review work that has been undertaken
and the recommendations from both the Office of Auditor-General but also from
35 internal audit and also from within the operational areas, audits or reviews that have
been undertaken and recommendations, are clearly understood, that there is a clear
line of sight and a clear implementation plan and tracking and reporting in relation to
those issues, both reporting upline, so that I am able to report to our ministers but,
importantly, uplined to GWC and, indeed, to other statutory authorities that are
40 involved with the organisation. So that will be one of the elements of the work she
will be doing.

I have also commenced regular meetings with the Chair of our independent Audit and
Risk Committee since my arrival and have had several free and very frank
45 discussions with him about what needs to happen within the Department to address
the internal audit findings and the Office of Auditor-General findings. I have also
met recently and intend to --- we have agreed to meet, I believe, quarterly with the
Auditor-General herself to discuss the situation in terms of our ongoing concerns in

relation to our addressing of audit findings.

5 I have committed to both Ms Spencer and Mr Piper that we will improve the audit culture of the Department, and that includes ensuring that every single staff member in the organisation has an appreciation of the importance of audit, the importance of the management response being implemented and that people need to --- and we have systems and processes in place now that will assist that. So the ones I just referred to, plus a training program to be designed and delivered across the
10 organisation in relation to audit, understanding audit, the importance of audit and the risks associated with us not implementing recommendations from audits.

I could not be more --- as you can --- I am very passionate about the need for regulators, in particular, but for all public servants, to be absolutely diligent about
15 their response to audit.

MR LEIGH: Thank you, Ms Chopping.

20 You would be aware that one of the issues that came out of the Victorian Royal Commission was the concern that Crown had been incorrectly claiming expenses and using them to deduct against casino revenue. Are you aware of that?

MS CHOPPING: Yes.

25 MR LEIGH: Are you aware as well that there has been an investigation conducted here by the GWC and officers of the GWC in relation to that matter?

MS CHOPPING: I --- yes.

30 MR LEIGH: We have the agenda for the July 2021 meeting of the GWC in which that investigation is discussed and the findings of that investigation. Are you satisfied now, on the evidence available to you today, that it does not appear that Crown Perth was engaged in that same practice of improperly deducting expenses?

35 MS CHOPPING: I am not yet satisfied.

MR LEIGH: Can you tell us what further investigations, if any, are being conducted at the moment?

40 MS CHOPPING: This item is one of the matters where I've asked for independent verification and where I have spoken to the under-Treasurer in relation to assistance that may be provided by Treasury, ultimately, in relation to that issue. There is more work to be done in that space.

45 MR LEIGH: In a related question and, again, you might not know this, but the 2015 and 2017 reviews or audits of Crown's systems were conducted by a company called GLI Australia, which is that accredited testing facility. Were you aware of that?

MS CHOPPING: I am aware of GLI but I am not aware that they --- I don't believe I'm aware --- I don't recall being aware that they specifically were the entity that undertook that --- well, no, the ---

5

MR LEIGH: The reason I ask that question is not so much about that particular company but, rather, because in April 2019 there are minutes of a GWC meeting in which it was noted by the then Deputy Director-General that:

10 Crown Perth is now a client of GLI. This leaves the Department with no *independent testing laboratory in Australia.*

For the transcript, that is GWC.0002.0016.0274 at page 4. I don't know the current status of whether it is the case that Crown is still a client of GLI, but if they were, what would that mean, as far as you are concerned, as to the suitability of using a company like GLI to conduct an audit?

15

MS CHOPPING: The satisfactory or otherwise nature of testing facilities and, indeed, their ability to be able to undertake work both for the regulated entity and the regulator is a matter that will be under, or is under active consideration as part of the regulatory review. It was discussed on Friday in relation --- I believe either at the GWC meeting or immediately after the GWC meeting, there was a discussion between myself and members as the meeting was ending where the issue about the independence of independent testing facilities was discussed. I indicated at the time that we will need to look at that issue.

20

25

MR LEIGH: In terms of looking at it, and I appreciate you may not yet have a fixed view ---

30 MS CHOPPING: Yes.

MR LEIGH: --- is this an issue where you think it may ultimately be necessary for the Department or the GWC to have its own expertise inhouse to avoid the sorts of issues of independence that apparently have occurred in the past?

35

MS CHOPPING: It's too soon for me to say it would be an inhouse expertise but definitely we would need to --- if it was proven that the testing facility wasn't sufficiently independent, then we would need to look for an alternative to that. Bringing resources inhouse may well be one of those alternatives.

40

That said, in my experience in other regulatory systems, the concerns with testing facilities and their appropriateness or independence are not unique to casino regulation. It is an ongoing concern for regulators more broadly. How to address that, whether you rebuild technical capacity within your own regulator or whether you use alternatives or develop alternatives that are offshore, for example, are practice considerations.

45

MR LEIGH: One final issue I want to ask about is in relation to taxation. This deals

with the manner in which the version of reward points from Crown Reward loyalty members into gambling products is treated for the purpose of taxation, whether it is treated as revenue or not treated as revenue. Can we please bring up
5 PCRC.0002.0019.0001 at pages 8 and 9 side-by-side. This is one of the section 8A answers you provided to the PCRC in response to a request for a statement.

At the bottom of page 8, you explain your understanding about how the conversion of points works for use in table games. Then on the top of page 9, you explain your
10 understanding as to the conversion of points for electronic gaming machines, or EGMs. I will let you read that to remind yourself.

MS CHOPPING: Yes. Can I just say, the notices to produce are not written by me.

15 MR LEIGH: They are just under your hand?

MS CHOPPING: Well, as the accountable authority, but the volume and the nature of the ---

20 MR LEIGH: I don't say that critically, I am just confirming that ---

MS CHOPPING: Sorry, yes, yes, I do, unless I'm unavailable, in which case the Deputy Director-General would sign but --- okay. Sorry.

25 MR LEIGH: Perhaps I will ask this question: is it the case you have had the opportunity to give independent consideration and thought as to the treatment of the taxing aspect of loyalty conversions for table games versus loyalty conversions for EGMs?

30 MS CHOPPING: I think further work needs to be done in this space for the GWC to be appropriately informed and satisfied of the way in which this matter and a range of other matters work.

MR LEIGH: Perhaps I don't need to go through this in great detail then. The point
35 that I was going to suggest to you is that was differential treatment for the conversion of loyalty points depending on whether it is table games or EGMs. It appears to be, based on your answer and our understanding as well, that if you are converting loyalty points and using them on table games and vouchers are produced and those vouchers are counted as revenue and the casino ultimately pays tax on them. But if it
40 is the case you use the conversion of loyalty points for electronic gaming machines, then there is no tax paid on that conversion, notwithstanding that the process of using that conversion requires a patron initially spending their own money. Having explained that in those terms, would you accept that that seems consistent?

45 MS CHOPPING: Yes.

MR LEIGH: Having said that to you, and I realise I'm putting you on the spot, is that something you consider might be appropriate to have further consideration or advice?

11:11AM

MS CHOPPING: Yes.

5 MR LEIGH: Commissioners, if that is a convenient time then that is the end of that topic.

10 COMMISSIONER JENKINS: Certainly, Mr Leigh. We will take a break for 15 minutes which takes us to about 11.25. Ms Chopping, we will take morning tea and we will adjourn.

ADJOURNED [11:11A.M.]

15 **RESUMED** [11:30A.M.]

COMMISSIONER JENKINS: Thank you. Please be seated. Yes, Mr Lee.

20 MR LEIGH: Thank you, Commissioner.

25 Ms Chopping, I will now ask you some questions about Responsible Service of Gaming, or RSG. First, at a very basic level, would you agree that the notion of Responsible Service of Gaming encompasses having measures, restrictions or conditions on the manner in which gambling operators can provide gambling services, so as to ensure that the harm caused by those services is kept to the minimum reasonably possible?

30 MS CHOPPING: Yes.

MR LEIGH: Secondly, are you aware that one of the duties of the GWC imposed by section 7(1)(ea) of the GWC Act is to formulate and implement policies for the scrutiny, control and regulation of gaming and wagering, taking into account, amongst other things, the need to minimise harm caused by gambling?

35 MS CHOPPING: Yes.

MR LEIGH: What do you understand to be meant by that obligation?

40 MS CHOPPING: Well, two-fold. There should be proactive policy expectations and program expectations set for the regulated entity that are likely to --- that are capable of being evaluated or audited and observed to be effective. Secondly, that in approving other elements for the regulated entity, in terms of games or other procedures and policy, not do anything that would --- not allow anything to be done
45 that would inadvertently cut across that or cause a negative outcome.

MR LEIGH: At a broad level, recognising that it may be too early for you to say in

any great detail ---

MS CHOPPING: Yes.

5

MR LEIGH: --- what is your view as to how the GWC should discharge these obligations of developing policies? With what degree of specificity or control should the GWC be exercising these policies?

10 MS CHOPPING: It is too early for me to say with anything other than a broad statement, which is that forming a foundational, agreed understanding at GWC of their purpose and the nature of the harms that exist in the market and then the opportunities that currently exist for those harms to be ameliorated and the degree to which there is a gap there and then looking at the range of options that might be
15 available if you were to take further regulatory intervention into the system and what that might look like.

MR LEIGH: Would you agree that before the GWC could be in a position to devise appropriate policies to deal with minimising the harm caused by gambling, it would
20 first need to know how much gambling harm there actually is?

MS CHOPPING: Yes.

MR LEIGH: In order to know that, it would have to have access to comprehensive,
25 up-to-date research?

MS CHOPPING: Yes.

MR LEIGH: Would you also agree that the gambling environment in Western
30 Australia is quite different to the gambling environment in many other States and Territories because, for example, they have poker machines in hotels and clubs, whereas we don't have that here in Western Australia?

MS CHOPPING: Yes.

35

MR LEIGH: So there would have to be bespoke research for WA?

MS CHOPPING: Yes.

40 MR LEIGH: The PCRC understands that the last research into gambling prevalence in Western Australia was conducted by the Productivity Commission in 1999. Are you aware of that report?

MS CHOPPING: Yes, I am. I'm not currently familiar with the detail. I'm aware of
45 the existence of the report, but the detail of the report I'm yet to review.

MR LEIGH: I should note, for completeness, that the Productivity Commission did a follow-up report in 2010. However, in that report they expressly noted they did not

carry out a further national survey and they also noted in that report that WA itself had not independently carried out any survey work since 1999. For the transcript, the document reference to the 2010 report is PUB.0007.0014.1100 at page 86.

5

Putting aside those Productivity Commission reports, are you aware of any other up-to-date research specifically dealing with the WA context?

10 MS CHOPPING: Upon my arrival in the department, I asked the question as to what mechanisms were in place to address harm minimisation and problem gambling, and was advised of the existence of the Problem Gambling Support Services Committee. I made inquiries as to the contingency of that committee and its work program, its terms of reference and whether or not it had commissioned research in relation to the current circumstance, the baseline of what harm looks like in Western Australia from
15 problem gambling, and received advice. Information has then been provided and will continue to be provided on a monthly basis to GWC as part of a standing item on the agenda. That group has been tasked with commissioning of research into that foundation baseline, harms of gambling in Western Australia. I understand they have made approaches to two universities and have received a response from one
20 university and are waiting on a response from the other university.

MR LEIGH: Circling back to my question in relation to whether you are aware of any other existing research, is the answer "no", but there is research about to be undertaken?

25

MS CHOPPING: Yes. I'm not aware of any fulsome research about Western Australian problem gambling that's in existence. I do, however, note that amongst financial counsellors, community legal centres and welfare service providers there is anecdotal information around the impact of gambling. But I wouldn't take that
30 information as the foundation for the kind of research the GWC would need to make an informed decision in relation to what its regulatory approach on problem gambling will be in Western Australia going forward.

MR LEIGH: Understanding there has now been some engagement with the
35 universities and obviously there is a dialogue going on there, are you yet in a position to know what is likely to be the cost of any research?

MS CHOPPING: No.

40 MR LEIGH: If that cost was to be substantive, perhaps more than could be borne individually by the GWC or the Department, do you think it would be appropriate to approach government to seek whatever costing might be required to provide comprehensive quality research?

45 MS CHOPPING: Yes.

MR LEIGH: I will touch now on some of the specific policies of the GWC in relation to harm minimisation. In particular, I will ask about the ATM EFTPOS

policy, which I understand a revised version was approved by the GWC at its June meeting, which was the first meeting where you were there as the chair; is that correct?

5

MS CHOPPING: Yes.

MR LEIGH: Do you recall the item being considered, the ATM policy?

10 MS CHOPPING: I do but I don't recall the detail. I recall there was a discussion about the use of EFTPOS machines.

MR LEIGH: I will call up the policy for you to see.

15 MS CHOPPING: Thank you.

MR LEIGH: PUB.0028.0001.0001 at pages 1 and 2 side-by-side, please. The essential change was that previously the policy had dealt solely with ATM machines and then, subsequent to the amendments, it introduced the instructions in relation to EFTPOS and contactless payments, that you see on page 1. Taking you first to page 20 2, the ATM section, the first paragraph explains there are restrictions on the placement of ATMs within the Crown hotel, and the second sentence says:

25 *Limiting access to ATMS encourages patrons to have breaks in play as part of harm minimisation requirements.*

Does that explanation in the policy match your own understanding as to why this policy exists?

30 MS CHOPPING: It matches my understanding of the advice that GWC received in making its decision in relation to this issue. Whether or not that initiative or that decision actually results in the intended harm minimisation is a matter I believe requires further analysis. I think I said before that the evaluation of intervention strategies the regulator puts in place or rules the regulator puts in place is really 35 important. Sometimes regulators will be in a position of making decisions where they think the thing they are doing is actually creating that outcome but, in fact, it creates a perverse outcome or it doesn't actually do anything to impact the issue.

MR LEIGH: I want to draw your attention to this: that explanation as to encouraging 40 breaks in play seems to be directed to a situation where a person goes to the casino with a certain amount of cash, they lose that cash playing on a game and they are then forced to get up and leave the table and head outside to an ATM machine to get more money if they want to keep playing. That gives them a chance to clear their head and decide whether they really think it's a good idea, in the process of the walk. 45 Does that general explanation match your understanding of what ---

MS CHOPPING: Of what the intention is, yes.

MR LEIGH: The reason I ask the question is because the changes which have now been brought in, which you see under the EFTPOS contactless payment system, talk about how it is now possible for patrons --- this is in the second paragraph. They are permitted to purchase gaming chips at designated areas in the casino, at a gaming table or at ticket redemption terminals. Do you see that seems to be inconsistent with what the ATM policy was trying to achieve?

MS CHOPPING: Yes, I do. Can I say, my recollection of the discussion that surrounded this item was in relation to the limiting of cash within the casino. If I recall correctly, the members' intention was it would be a safer option for people to be using a card rather than paying --- rather than handing over cash.

MR LEIGH: In terms of hygiene?

MS CHOPPING: Both. Hygiene, but also in terms of the concerns that have been raised about organised crime or other tracking of people within the casino, because it's easier to be anonymous if you are a guest, for example, with cash than if you are someone who is paying via a recordable measure.

MR LEIGH: Are you suggesting this might be a situation where the desire to try and be cognisant of money laundering, perhaps, is pulling in a different direction to harm minimisation? Is that right, if I understood your answer correctly?

MS CHOPPING: No, I'm not saying that. But what I am --- what I think I've said all along today is one thing that strikes me is the GWC hasn't been well-informed in relation to foundational information about the nature of harm, nor has it been well --- it doesn't appear to be well-informed in terms of exactly what its choice is in terms of the regulatory approach. So when it --- the frame for making decisions is not always clear for them, or for us, yes. Hopefully, going forward, that will improve.

MR LEIGH: It sounds, from the answers you are giving, that you consider there might be some difficulties with this policy that require further consideration. Is that a fair way of summarising it?

MS CHOPPING: Yes.

MR LEIGH: Accepting that, I still want to draw something further to your attention, not in relation to the framework but in relation to the way the particular policy has been implemented. I will call up a document. Can it please be shown only on the screens of the witness and the Commissioners. It is GWC.0012.0001.0001 at pages 247 and 248 side-by-side. I draw your attention to the bottom of page 247. It hasn't come up yet?

MS CHOPPING: No.

MR LEIGH: There might be a technical difficulty. Perhaps I will explain to you the dot point I was going to draw your attention to. It details the particular way in which

the policy is implemented and it explains there is a daily withdrawal limit from terminals.

5 MS CHOPPING: It's there now.

MR LEIGH: Thank you. That is the second paragraph, first dot point on page 248. It begins with the words "a daily withdrawal".

10 MR GARAS: Commissioners, I'm sorry to interrupt. Was it Counsel Assisting's intention that other counsels don't have access to this document?

MR LEIGH: Yes, that's right. There is presently an NPO application in relation to this document which hasn't yet been determined.

15

MR GARAS: Okay.

MR LEIGH: Do you have the words "a daily withdrawal limit"?

20 MS CHOPPING: No. Sorry, can you --- yes, yes.

MR LEIGH: The point I want to draw to your attention is there is obviously a limit in place to ensure people don't withdraw too much money at a table. Do you accept that?

25

MS CHOPPING: Yes.

MR LEIGH: There has been a decision made as to when to treat a day as being a new day, so as to allow for a certain amount of money to be withdrawn in only any given day.

30

MS CHOPPING: Yes.

MR LEIGH: The decision that has been made is to have that date reset at midnight.

35

MS CHOPPING: Yes.

MR LEIGH: Would you agree, as a general proposition, people at midnight are more likely to be people who are drunk and tired?

40

MS CHOPPING: Yes.

MR LEIGH: Therefore, perhaps, people more likely to be making impulsive decisions?

45

MS CHOPPING: Yes.

MR LEIGH: Therefore, having a time reset at midnight, rather than midday, could

result in persons withdrawing their first amount of money before midnight and their second amount of money after midnight?

5 MS CHOPPING: Yes.

MR LEIGH: You might not be able to see all of this on the screen in front of you, but there is no reference in this policy to there being any kind of protection or checking to make sure people don't use more than one type of bankcard. So if they
10 have multiple accounts, they can take out multiple sets of money before and after midnight?

MS CHOPPING: Yes.

15 MR LEIGH: Would you agree, having gone through those aspects of the policy together, that this is a policy which perhaps has not had a sufficient degree of attention to potential harm minimisation aspects?

MS CHOPPING: Yes, yes, I do. And I think, as I've said, there doesn't appear to be
20 --- there hasn't appeared to have been a strong focus in relation to a clear frame in the papers that have come forward, a thorough analysis in relation to the potential harm impact associated with decision-making. It's been more on the other element, which is --- no, I will rest there. Thanks.

25 MR LEIGH: Next, I will ask you about some of the information provided to the GWC in relation to RSG or harm minimisation aspects. These are statistics which come from the Perth Casino and are put before the GWC at its meetings. You are nodding, so do you understand the document I'm referring to?

30 MS CHOPPING: Yes, I do.

MR LEIGH: I will bring up an example for you. That's GWC.0012.0001.0603 at page 1008. You see in those minutes that you were present as the chairperson, at the top. This is for the 22 June agenda. At page 1008, we have the cover document, the
35 agenda item from the officer. There is a recommendation to note the report. If we then move forward, please, page by page. There is security report incidents from the casino. Moving to page 1010, there is discussion as to what the stats show. In particular, I draw your attention to item 2, which explains there had been a change to play periods in January 2021 such that previously, Crown had allowed people to be
40 onsite for 24 hours and now they were changing it to 18 hours. That information is given to explain what might be seen as a bit of a spike in the number of people being detected who were playing over that time limit. Can we go to the next page, please. I think it is two further pages. Down the bottom is "Play Period", where there is the number of persons who have been found to be staying beyond that time. Were these
45 statistics gone through by the GWC in the course of their meetings?

MS CHOPPING: The statistics are tabled but there was --- how it has operated, and bearing in mind this is my very first meeting, how it has operated in the past and how

it has been operating is that this is provided --- the reports are provided with very little analysis of change in trends, other than the percentage, and very little analysis, despite the previous slide, of what that actually means for GWC in terms of the
5 broader context. So things are left, sort of, hanging there as definitions or as information, but there is not a lot of analysis that would lead the GWC towards making an informed decision, I don't believe.

10 There is a significant need for improvement. The documents have been put to GWC as being: here they are, essentially, if you have any questions, now is the time for discussion. In my opinion, that is not the best way for the GWC to operate or be supported or advised by the Department.

15 MR LEIGH: This is obviously in relation to what was to happen in the June meeting.

MS CHOPPING: Mm-hmm.

20 MR LEIGH: Subsequent to that, there has been the July and August meeting.

MS CHOPPING: Yes, and I would say there is minimal, if any, improvement. But there has been significant improvement in the agenda papers from June to August.

25 MR LEIGH: My point was, the minutes for these meetings show that each case the GWC notes the report, as is recommended by the officer, but there is no discussion in the minutes to suggest there was any consideration by the members at that meeting as to the statistics or what they meant. Does that fairly reflect what is actually happening?

30 MS CHOPPING: The meetings have been --- we have started recording the meetings now, so there is a full transcript of the meetings and the recordings are kept for 12 months.

35 MR LEIGH: What I'm really asking you is, given the minutes simply say "Noted", thinking back, from your perspective, is it fair that there wasn't, in fact, any discussion about these items at the meeting?

40 MS CHOPPING: I can't recall whether there was discussion or there wasn't discussion. My opinion is that there should be further analysis and further discussion.

45 MR LEIGH: I will now show you the minutes for July 2021 meeting, which is GWC.0012.0001.0250 at page 18. You will see this is in relation to a discussion about the PGSSC, so it's not in relation, specifically, to RSG statistics ---

MR GARAS: (Inaudible) confined to just the personal screens.

MR LEIGH: Certainly, from my perspective, that is fine. Can that please be changed as requested? Could that please be brought up on the screens for the witness

and the Commissioners? Ms Chopping, will you let me know when that is successful?

5 MS CHOPPING: Now.

MR LEIGH: Please look at the second paragraph under item 11.7. In the second sentence there is discussion about the length of time people are allowed to gamble.

10 COMMISSIONER JENKINS: It is difficult to see what would be contentious about this page, Mr Garas.

MR GARAS: I was going to add to it, Commissioner. There is no difficulty with other counsel seeing the document as well, but I understand the document has been the subject of an application. It is just one particular page, Commissioner. Provided it's not that page that is displayed, I don't have any trouble with the document otherwise being shown.

MR LEIGH: We are seeking to look at page 18. That's not the page you are concerned with?

MR GARAS: No, that will be fine.

MR LEIGH: Thank you. We have it here now. In the middle paragraph under item 11.7, starting at the end of the paragraph, the second line, "this is currently 18 hours".

MS CHOPPING: Yes.

MR LEIGH: The members agreed that this seems too long. So it appears there was some discussion about time limits in the context of this particular item. Do you know where the 18-hour reference comes from in this paragraph?

MS CHOPPING: No.

MR LEIGH: Do you think it may have come from the earlier document, the statistics with the note saying how Crown had changed its time to 18 hours?

MS CHOPPING: Maybe. I don't know. Can I just say, sorry, joining --- starting in June, ostensibly, and then July, and August being my third meeting, there is a lot of content that's discussed. It's unclear to me whether it is new content that has just arrived for the GWC or if it's historical knowledge that people have who have been involved in the GWC. So I can't --- I don't know.

MR LEIGH: Understood. There is a reference to concern that this might be too long. By that, did you understand at the time "too long" to mean long enough so as to actually pose a risk to patron welfare?

MS CHOPPING: In terms of the discussion that surrounded this item as minuted,

11:55AM

that currently 18 hours is too long?

MR LEIGH: Obviously, you were at the meeting?

5

MS CHOPPING: Yes.

MR LEIGH: What was meant by the words "too long"? What was the concern?

10 MS CHOPPING: That GWC members don't feel that 18 hours is an appropriate amount of time and that time should be looked at, in terms of further research commissioned by the PGSSC.

MR LEIGH: I will press you when you say not an appropriate length of time.

15

MS CHOPPING: Yes.

MR LEIGH: My question is, because it would do what? What is the result you are concerned with, as a result of the time? Is it because too much is spent? Is it because people are away from their families? What is the concern?

20

MS CHOPPING: That it would cause harm. Yes. But can I say, in terms of what would be the appropriate amount of time, I don't think GWC is in a position to make a well-informed decision about what the appropriate amount of time would be, but I think they are --- it's clear from the discussion that some members, at least, think 18 hours is too long.

25

MR LEIGH: On that point about what might be the correct length of time, are you aware of the GWC or the Department ever being advised by Crown as to existing research dealing with the length of gambling times?

30

MS CHOPPING: I am not aware personally, no.

MR LEIGH: I will bring up document CRW.510.073.1240 at page 8. This document was an attachment to an email sent by Sonja Bauer, who is currently Crown's General Manager of Responsible Gaming and it was sent on 26 March. In the body of the email, Ms Bauer describes the document, along with other attachments to the email, as seminal research. At page 8, under "Length of playing sessions" at the bottom, in the second sentence:

35

40

While most may not agree that the lower end of the range (1 hour) is indicative of anything serious, certainly five to six hours and beyond would raise concerns.

45 You see that?

MS CHOPPING: Yes.

11:57AM

MR LEIGH: Does that comment cause you any concern, as a member of the GWC?

MS CHOPPING: Yes.

5

MR LEIGH: Back on page 1 of the report, at the bottom of the page there is a date showing when the report was generated. I think that says August 2002?

10 MS CHOPPING: Mmm.

MR LEIGH: Do you consider that this sort of research should already have been identified by the Department and provided to the GWC for its consideration?

15 MS CHOPPING: Yes.

MR LEIGH: Do you think the fact this research apparently was not known to the members or departmental officers at the time of this meeting might suggest that, historically, there hasn't been a sufficiently clear focus on RSG and harm
20 minimisation?

MS CHOPPING: Yes.

MR LEIGH: In relation to time limits, I take you back to the June 2021 meeting
25 agenda. This is GWC.0012.0001.0603 at page 156. This is agenda item 6.5, an agenda item providing various research papers and other documents from Crown Perth to the GWC. Under "Background", in the second paragraph, there is a reference to attachment 1. It explains that summary of the reports coming from the
30 casino.

MS CHOPPING: Mmm.

MR LEIGH: Go forward to page 159, please. In the middle of the page, next to "26
35 May 2021", there is Responsible Gaming Enhancements and it refers to attachment 11. If we go to page 573, we have attachment 11. This is a cover letter explaining that Crown is about to make changes to its systems to enhance its Responsible Service of Gaming.

40 Go forward two pages to page 575. There is a table that sets out what is being proposed by Crown. The first item there is time limits on play. I draw your attention to the second dot point, domestic players. It is proposing that it be changed to a 12-hour per day time limit?

MS CHOPPING: Yes.

45

MR LEIGH: Having taken you through all those documents, my point or suggestion to you is that it appears that no members of the GWC at the meeting had actually read or appreciated this document because they were still referring to 18-hour limits, as

12:00PM

opposed to 12-hour limits. Do you agree with that?

5 MS CHOPPING: Well, I agree they were referring to 18-hour limits. I don't know whether they had or hadn't read the information. But ---

MR LEIGH: Would you accept it appears they wouldn't have retained the information?

10 MS CHOPPING: Yes, definitely, and neither did I.

MR LEIGH: Again, do you think that might still indicate that there is as yet perhaps not quite the focus on RSG that is required from the GWC?

15 MS CHOPPING: Yes.

MR LEIGH: Moving on now to some different questions in relation to electronic gaming machines ---

20 MS CHOPPING: Sorry, can I just say also, in terms of the level of analysis that has been done to date of the remediation impact, that there are significant amounts of further work that are required in terms of Departmental staff. There are capability issues and also significant amounts of work that are required during what is an extremely disrupted period of time. So as I referred to in the beginning, in terms of
25 the loss of corporate knowledge and the loss of critical staff, the rebuilding of those teams at a time of incredible disruption, where the same people are also involved in responding to the Royal Commission, they are involved in a whole range of other things. So it is a very difficult period. That said, I totally agree that GWC needs to be better supported and more well-informed in relation to RSG and harm
30 minimisation in an evidence-based way, not reliant on the proponent.

MR LEIGH: Thank you, Ms Chopping. I will now move to a different topic altogether, in relation to electronic gaming machines. I have some questions about the process by which those EGMs are approved. I'm taking it, by your intake of
35 breath, that this may not be something you are intimately familiar with?

MS CHOPPING: That is correct, but let's have a go.

MR LEIGH: I call up PCRC.0002.0014.0001, to start with. This, again, is another
40 section 8A notice that came under your hand. But it may be the case you haven't had very significant involvement with the answers to the questions. At the bottom of page 3, the one on the left, you have question 6. I will let you read that question and answer to yourself for the moment.

45 MS CHOPPING: I've read the answer.

MR LEIGH: Can you recall that being discussed with you at the time when this question came through?

MS CHOPPING: No.

MR LEIGH: All right.

5

MS CHOPPING: Can I say ---

MR LEIGH: Yes.

10 MS CHOPPING: --- the second week that I was in the job, I asked to see General
Counsel and the other lawyer within the organisation and asked the question, "Tell
me, who provides legal advice for GWC and for the Department in relation to
gaming-related matters?" I was surprised to hear there was very little expertise in
15 relation to gaming regulation that existed within the organisation from a legal point
of view, which was alarming to me. Subsequently, I've taken steps to ensure we
have ongoing lawyers to provide advice in relation to gaming-related matters.

MR LEIGH: Again, without telling us the content of any advice, can you give the
Commissioners more detail as to what steps have been taken so legal advice is
20 available in the future?

MS CHOPPING: Yes. So in the first instance, I wrote to the State Solicitor
requesting the secondment of an officer to come to the Department to review our
inhouse counsel services that are provided. When I arrived in the Department, it was
25 very different to what I had experienced in my previous employment, in terms of the
level of service available inhouse for performing regulatory functions. As I
indicated, I asked the question how legal services are provided in relation to our
racing, gaming and liquor areas. Pretty much, most of the questions I've asked about
"Where do you get legal advice in relation to those matters" have been answered
30 along the lines of, "Oh, Mick Connolly would deal with those issues", "Mick
Connolly would deal with that", which was really concerning to me. So I wrote to
the State Solicitor and asked for a secondment to come and look at our legal services.
We are still in discussions about that occurring.

35 We did secure, we thought, a proponent from the private sector who would be able to
provide senior legal services within the agency for a period of time, to establish a
legal practice kind of approach for racing, gaming and liquor. However, just prior to
the arrangement being solidified, they pulled out at the last moment because of a
conflict of interest matter that they raised. So, finding a suitable legal firm to provide
40 those services has proved really challenging because of the conflict of interest issue.

Subsequently, the State Solicitor has agreed that we will work on a temporary
arrangement whereby legal advice can be procured from the State Solicitor's office
until we are able to actually formulate, for the whole of the Department, what our
45 approach will be and specifically what the approach will be for GWC. So part of the
work around GWC's forward work program is to look at the question of the provision

of legal services for gaming-related matters and what the costs might be involved in that and what the best arrangement might be for that to occur.

5 MR LEIGH: Given that explanation you have given to the Commission, you may not be able to answer my next question. In which case, we will simply move on. The question is in relation to what is at the bottom of page 3, underneath question 6, where there is a comment about the GWC being obliged, pursuant to clause 22(2) of the Casino Burswood Island Agreement Act 1995.

10

MS CHOPPING: Yes.

MR LEIGH: The reference is to a State Agreement, which is a contract. My question is: why is the GWC, not a party to that contract, and obliged by the terms of that contract. But again that might not be something you ---

15

MS CHOPPING: Yes, it's not something I can comment on now. But I can say the current way that notices to produce are produced is under the supervision of --- that General Counsel produces --- delivers up the notices to produce. That is my understanding of how we are currently operating and that, therefore, I would take the notices to produce as having been approved by a suitably qualified person to make that assertion.

20

MR LEIGH: The GWC has provided section 8A notices to the PCRC in which it adopts the answers given by the Department. Were you consulted, as part of the GWC, as to whether that should be done?

25

MS CHOPPING: I don't believe so. I don't recall being consulted. I don't believe so. It may be that it's an arrangement that was in place under the previous Director-General and under the previous --- as Chair.

30

MR LEIGH: Moving to the next issue, again, you might not be able to answer this, in light of what you have previously said. Question 5, which is a bit above, deals with whether or not the GWC is obliged to make variations to the rules of authorised games at the casino. In the second paragraph it says the Department understands that the GWC is required to approve variations of Video Bingo or Arishinko. Is that something you have any understanding or knowledge of?

35

MS CHOPPING: I think it is either inaccurate or it's an extremely poorly worded sentence.

40

MR LEIGH: Why do you have the view it is inaccurate?

MS CHOPPING: Well now, particularly after we've just discussed item 6, I'm feeling quite concerned about the legality of the statements that might oblige or require GWC to do something or not do something.

45

MR LEIGH: There is a discussion there in relation to --- I think it is in the same

paragraph. It says the department's understanding is that in order to obtain approval, Crown must provide a demonstration of the previously approved game and the proposed variation. Is that something which you are familiar with or is that something which you are not familiar with, sitting here today?

MS CHOPPING: I do understand that Crown has provided, in the past, those presentations. It hasn't provided those presentations in the three meetings that I have chaired.

MR LEIGH: I will ask it in broad terms.

MS CHOPPING: Yes.

MR LEIGH: Do you understand there is a distinction between authorising a brand new game to be played at the casino versus approving changes to rules of an already authorised game to introduce a variation of that game? Is that a concept with which you are familiar?

MS CHOPPING: There is a difference, but the detail of the differences I am not familiar with at this point.

MR LEIGH: All right.

MS CHOPPING: Can I say, in the short time I have been with the agency, I have been attending to a number of remediation issues that I talked about initially. Getting my technical knowledge around the regulatory requirements on game approval hasn't been a focus of my tenure so far. I have been very reliant on the advice of staff and -- yes.

MR LEIGH: The reason I want to take you to these games and this line of questioning is because the answers given to the PCRC suggest that the understanding of the GWC and perhaps of the Department is that variations to games can be approved and the rules changed, so long as they are variations to games and not new games.

I propose to play some videos for you to consider, in relation to what those games look like, so Video Bingo and Arishinko, so you can see the distinctions between them. The reason I want to do that is because I want your perspective going forward, as a member of the GWC, as to whether you would consider such changes to be variations of a game versus new games, if you were to be given games to consider --- rather, if you were given an application to consider rule changes in the future. Does that make sense?

MS CHOPPING: It does make sense but my ---

COMMISSIONER JENKINS: Ms Chopping, can I say, I think I understand your concern. Mr Leigh will show you these. If, as a result of being shown them, you do

12:12PM

not feel you can accurately, honestly answer the question which follows, then just tell us.

5 MS CHOPPING: Okay, thanks.

MR LEIGH: Ms Chopping, the first game I will show you is Arishinko. That is one of the classes of authorised games at the casino. The next game I will show you is called Fireball Bingo, which is a class of game called Video Bingo. Can we please
10 bring up CRW.700.062.1032. The game you are about to see is called Arishinko. The minutes of the GWC meeting where it was first approved suggest it was based on a Japanese game known as Pachinko. Could that be played with sound, please?

15 **[VIDEORECORDING PLAYED]**

MR LEIGH: Ms Chopping, have you ever seen that game before?

20 MS CHOPPING: No. I'm not --- yes.

MR LEIGH: Having listened to the explanation and watched the video as it was playing, did you note the features pointed out were that the game has a number of options? You could bet on the number of buckets you wished to bet; that was the
25 first option you could select?

MS CHOPPING: Mm-hmm.

MR LEIGH: The second thing you could do was bet a number of credits per bucket selected? Lastly, thereafter, you simply hit the play button to start the game. Do you
30 agree all those things appeared to be the features of the game we just saw?

MS CHOPPING: Yes.

35 MR LEIGH: The game was random, in the sense that once the play button was hit, the player had no further interaction?

MS CHOPPING: Until they pressed for the next one, yes.

40 MR LEIGH: Having looked at that game --- and I will let you know again that was the original game or the authorised game of Arishinko, which is in the rules of the casino. The next video I will show you is for a game called Fireball Bingo, which was the original game for the game category known as Video Bingo. That is
45 CRW.700.062.1030. When the video plays, you will see the graphic interface is suggestive of a traditional game of Bingo in that there are balls with a number being selected.

[VIDEORECORDING PLAYED]

5 MR LEIGH: Having watched that video, and again I know I'm putting you on the spot ---

MS CHOPPING: Yes.

10 MR LEIGH: --- would you agree that what we looked at is, again, a game which has, first, a number of options or betting strategy, as it was called, which selects the number of cards as opposed to the number of buckets, as in the previous game?

MS CHOPPING: Yes.

15

MR LEIGH: The second option was the amount of credit to be wagered, as per the card selection. The final thing to do, once again, was hit the play button for the game to commence. Would you agree with those?

20 MS CHOPPING: Yes.

MR LEIGH: Would you agree, in that respect, the games were very similar in that you had the same steps to play? Choose the number of things to bet on, choose the amount of credit to bet on as per the option you've selected and then hit the play
25 button?

MS CHOPPING: Yes.

30 MR LEIGH: Would you agree the primary distinction between those games is visual?

MS CHOPPING: Yes.

35 MR LEIGH: In terms then of the fact that those two games were both different authorised games, that is, the distinctions between them were enough for the GWC to see them as being wholly separate games, as opposed to variations of each other --- are you following my point?

MS CHOPPING: Yes, yes.

40

MR LEIGH: Would you accept that a visual distinction appears to have been sufficient for the GWC, in the past, to consider a game a separate game?

45 MS CHOPPING: I --- I don't --- I'm not sure I can answer a question about what the GWC has seen as being sufficient in the past.

MR LEIGH: I accept that and I will ask ---

MS CHOPPING: Perhaps if I was --- once I become more educated in relation to the actual technology and the regulatory framework, as it pertains specifically to EGMs, then I might be in a better position to answer the question. But at this stage, I'm not sure how to answer the question.

MR LEIGH: I understand your hesitation. I will now show you one final video for you to consider. Those two games we looked at were approved in 2002 and 2004. The next game I will show you was approved much more recently, I think in 2015. It is a game called Cats, Hats and More Bats. The video is CRW.700.062.1036. Will you watch the video and then I will ask you some questions about that.

[VIDEORECORDING PLAYED]

MR LEIGH: Once again, there is a lot of information for you to take in from that video.

MS CHOPPING: Yes.

MR LEIGH: Have you ever seen that game before?

MS CHOPPING: No.

MR LEIGH: You wouldn't be aware of whether it was approved as a variation of Arishinko or Video Bingo? You don't have that knowledge?

MS CHOPPING: No.

MR LEIGH: Do you agree the game has some similar features to both Arishinko and Video Bingo, in the sense that you again select betting options, then select credits and then hit a play button to start the game?

MS CHOPPING: Yes.

MR LEIGH: Again, the game is random in the sense that once you hit the play button, you don't take any further part in the game?

MS CHOPPING: Yes.

MR LEIGH: Would you agree that visually the game is dissimilar to both the original Arishinko and Video Bingo that you saw?

MS CHOPPING: Yes, yes. But, from my memory now, the first one and the third one were more similar to each other than the middle one.

MR LEIGH: In terms of similarities, would you accept the third video we watched is as different from both the first two videos as the first two videos were different from each other, in terms of the visual look of the game?

5

MS CHOPPING: Yes. I'm not really sure what I'm comparing it to, so it is very hard for me to answer the question. I don't want to argue with you and it sounds logical ---

10 MR LEIGH: I won't press any further.

MS CHOPPING: You know, I think really my --- when I was first appointed to the job, I did consider going to --- I'm glad I didn't because I later read that --- the next day I read the legislation and found that it was actually unlawful for me to play any games. But I thought it would be useful. As a regulator, it is useful to have some level of experience and contact with what goes on. So I did jokingly say that I should go inognito over to the casino, just to get a feel for what actually happens there, in terms of the gambling. But I haven't done that, so I am starting from a very different space in terms of my familiarity with the technical specificity of the game.

15

20

MR LEIGH: I won't press you any further in relation to the visual aspects.

MS CHOPPING: Thank you.

25 MR LEIGH: But I will ask you one last question about the games. Did you note the final video talked about the fact that game had jackpot features?

MS CHOPPING: Definitely.

30 MR LEIGH: And that neither of the first two games had a jackpot feature?

MS CHOPPING: Yes.

35 MR LEIGH: Would you consider that to be a substantive difference between the third game and the first two games we looked at?

MS CHOPPING: Yes.

40 MR LEIGH: Again, you may not feel you can express a view and please don't, if you don't think you can, but in your view, was the third game a game that could be characterised as a variation of either of the first two or was it a different game?

MS CHOPPING: I think it could be --- not understanding the context ---

45 MR LEIGH: Well, in that case ---

MS CHOPPING: Okay, I won't answer, no

MR LEIGH: My last question, unfortunately, is still in relation to EGMs, so it might be a difficult one for you to answer. Are you aware, from your most recent meetings at the GWC, that there was an ongoing issue between the GWC and the casino as to the speed of play of EGMs and the way in which that is measured?

MS CHOPPING: Yes, I am familiar with the issue of speed. I was working on the basis that there was a speed standard that had been set and I was surprised when I saw the videos and heard reference to the fact that there's no way of being able to tell the speed, but here's the demonstration.

MR LEIGH: Not so much looking at those historical videos but in terms of what you understand to be the current issue between the GWC and the casino as to the speed of play, are you able to articulate to the Commissioners what you understand that issue to be?

MS CHOPPING: No.

MR LEIGH: I don't think I can take that any further. Commissioners, those are the only questions I had to ask.

COMMISSIONER JENKINS: Thank you very much, Mr Leigh. Any counsel who would like to cross-examine?

MR GARAS: I do, thank you, Commissioner.

CROSS-EXAMINATION BY MR GARAS

MR GARAS: Ms Chopping, my name surname is Garas and I ask for the Crown companies. I have a few questions for you.

Operator, could you please bring up document GWC.0004.0015.0001. This is a letter from Crown to the GWC, dated 14 December 2020. It relates to the implementation of controls and reforms in response to issues that arose in the ILGA Inquiry. In the introduction it refers to a presentation given by Crown to the GWC on 27 October 2020 regarding that reform program. You are familiar with this letter, aren't you?

MS CHOPPING: I am familiar with correspondence --- I understand there has been a significant amount of correspondence from Crown to the previous chair and myself in relation to changes that are happening at Crown in personnel and in relation to steps being taken or issues that have been identified that Crown wishes GWC to be made aware of. In terms of the detail of this particular letter, I'm familiar with the fact that Crown is writing to us on a regular basis but I haven't, I don't believe ---

MR GARAS: I will explain to you. There were reports that were enclosed with this

letter regarding the Riverbank Investments account. Those were reports prepared by Initialism and Grant Thornton. Do you recall sending an email to Ms Coonan on 16 June of this year?

5

MS CHOPPING: Yes.

MR GARAS: That was in relation to this letter and those reports. Do you recall that now?

10

MS CHOPPING: So thanking her for --- or introducing myself?

MR GARAS: Yes.

15 MS CHOPPING: And acknowledging receipt, yes.

MR GARAS: Yes. You also had a series of questions.

MS CHOPPING: These are questions from the Gaming and Wagering Commission. As I understand it, the meeting before I arrived, Ms Coonan attended via videolink and there was poor quality associated with the link, but that there was --- the time --- GWC members reported to me that they felt there was insufficient time for their questions to be answered by Ms Coonan and they sought to ask her a series of questions. As I understand it, at the meeting it was determined that questions could be put to her after the meeting, and that letter comprised the questions. So those questions were not my questions, they were questions from the GWC members.

20

25

MR GARAS: I understand. I have some questions about communications between the GWC and Crown before the letter of 14 December 2020. I appreciate you only took up your role at the end of May this year. So the questions I will ask really concern information that has been provided to --- by the GWC for the Department. Is it your understanding that before the GWC received this letter from Crown on 14 December 2020, that Crown had disclosed to the GWC the aggregation issues relating to the Riverbank accounts that had been identified in the ILGA Inquiry?

30

35

MS CHOPPING: I do not know. I don't know. I can't answer that.

MR GARAS: Can I have a document brought up. This is not to go on the screen, CRW.518.002.3444. It is subject to a non-publication order. This is a copy of the presentation that was actually provided by Crown to the GWC on 27 October 2020. That is the presentation that was referred to in the introduction to that letter I took you to at the outset. Has anyone from the department or the GWC ever shown this document to you and discussed its contents with you?

40

45 MS CHOPPING: Can you show me more of the document?

MR LEIGH: I will take you to page 3445, the page I'm interested in. The agenda to this particular presentation included --- the first and second bullet points are the

critical ones --- an update on the ILGA Inquiry and the second bullet point is about a recap on immediate controls.

5 Could I have page 3448. The heading to this slide deals with "immediate controls implemented". It shows Crown had mentioned the fact that during the course of the ILGA Inquiry, certain shortcomings had been identified. It took them as serious issues. The sub-bullet points identify the fact that the Riverbank and Southbank accounts had been closed back in September 2019. In particular, you will see the
10 bullet point after that says:

Crown has issued a direction to the cage that under no circumstance should transactions be aggregated in SYCO".

15 There were further remarks in relation to a direction that had been implemented, prohibiting cash deposits by patrons into Crown's bank accounts. Also, a direction prohibiting third party transfers. There are other matters I will take you to shortly. Does that assist you in recalling whether this document has been shown to you?

20 MS CHOPPING: I don't believe I've seen this document specifically but, as I mentioned earlier, their discussions by GWC members, both at the strategic planning session held, I think, in my second week and then at our initial meeting, have referred to some of the elements that are contained within this document. So the matters you refer to are not unfamiliar to me. This document itself, I do not recall
25 seeing it. But as you will appreciate, in 12 weeks there has been a lot of content that has come to me that I may not have had an opportunity to have a look at.

MR GARAS: I understand. Can I ask you then if you accept based on the contents of that slide alone that Crown had discussed with the GWC the aggregation issue in
30 relation to the Riverbank accounts and the controls that had been implemented by them to mitigate.

MS SEAWARD: Your Honour, this witness was not present at the meeting when the presentation took place. If my learned friend wishes to make legal submissions
35 about that a document would be, he can do that, but this witness can't answer what was discussed at a meeting she was not at.

MR GARAS: The question was whether the witness accepts that this presentation records these matters, not whether she was present.

40 COMMISSIONER JENKINS: I think all she can say is whether she interprets this page as being a discussion.

MR GARAS: I'm content to confine the question that way.

45 Do you accept these are the very matters that are presented in this presentation slide, the aggregation issue that arose in the ILGA Inquiry regarding the Riverbank account?

MS CHOPPING: Yes, it is a very difficult question. I can obviously read what's on the paper, but the degree to which this was the presentation that was provided and the degree to which it was discussed or how it was covered, I have had feedback from
5 GWC members and from staff in relation to Crown's presentations to the GWC. The feedback that I have received has not spoken specifically about the items that are listed there. That's not to say that those items were not covered but I can't comment.

MR GARAS: Thank you. I will ask for another document to be brought up then. It's
10 not on the public screens, please, CRW.706.005.0253. At the bottom of the page, Ms Chopping, you will see it is an email from yourself to Ms Coonan on 16 June 2021. Do you recall that email?

MS CHOPPING: Yes.
15

MR GARAS: And going to the next page, please, 0254, can we just expand question
6 and 7, please. This is the email that I took you to earlier, the 14 December 2020
letter. Can I just take you to question 6 first where it says that Crown Casino made
no reference to the previously circulated reports during their presentation to the
20 GWC. In brackets it says "insert date"; should I take that to mean a reference to the presentation that occurred on 15 December 2020?

MS CHOPPING: Can I say that as I indicated previously the questions that have
been put together here were from GWC members themselves, specifically, as I
25 wasn't in attendance and wasn't able to draft questions in relation to that session. The email, if I recall, was drafted by Fiona Roche, who was the Deputy Director-General, to be sent by me because Ms Coonan had written to me directly.

MR GARAS: Did you discuss with Ms Roche the content of the questions and the
30 purpose behind them?

MS CHOPPING: No, because the undertaking I gave GWC was they should furnish
us with their questions and that we would convey those questions. These are the
questions that they wanted to ask at the time of the presentation but there was
35 insufficient time for them to be able to question Ms Coonan.

MR GARAS: So coming back to the date then, when you talk about the
presentation, is it your understanding that that is the presentation that occurred on the
--- the discussion that occurred on 15 December 2020?
40

MS CHOPPING: I don't know. Can't answer the question.

MR GARAS: The next sentence talks about the fact that the last-minute circulation
of the reports, and can I take that to be a reference to the reports annexed ---
45

MS CHOPPING: As I say, these are questions from the GWC that have been then
assembled by Fiona to be sent to Ms Coonan, as if they were questions that would be

verbally asked at the end of the verbal presentation provided by Ms Coonan at the May meeting.

5 MR GARAS: You received a response to these questions from Ms Coonan; do you recall that?

MS CHOPPING: I don't recall the detail of the response.

10 MR GARAS: Okay. I will take you first to question 7 and I will just invite you to read ---

MS CHOPPING: Can I just clarify that the correspondence is sent by me and the
15 correspondence is received by my office but it's automatically transferred to the CCO, or the secretariat function for the GWC, with a request for there to be a paper presented to the next GWC meeting unless the correspondence is urgent for circulation.

MR GARAS: I understand, but ultimately this email was sent by you, under your
20 name?

MS CHOPPING: Yes. Well, yes. From my email address, having been drafted by the Deputy Director-General.

25 MR GARAS: Thank you.

Can we just move forward to page 0255. So the email has gone from you in your position as Director-General; correct?

30 MS CHOPPING: Yes.

MR GARAS: Can we go back to the previous page and I will just let you, Ms
Chopping, read question 7 as well. Can we bring up another document on the private
35 screen, CRW.706.005.0257. And what I'm bringing up, Ms Chopping, is the response that Ms Coonan provided to you. You will see that that is dated 22 June 2021, specifically in response to the information requested in your email of 16 June. Can I move forward please to page 0260. You don't recall the responses to those questions?

40 MS CHOPPING: I recall the correspondence being received but I don't recall the detail, no, because, as I said, on a day-to-day basis, most --- like what I've asked for the executive manager of GWC to establish is an appropriate correspondence in process for dealing with GWC and dealing with GWC correspondence because, in my opinion, it is ludicrous to expect someone in this position who might receive 200,
45 300, 400 emails a day to make sure that GWC business is attended to as the emails come in. Appropriately, it needs to be acknowledged by an appropriate correspondence in process.

Similarly, I think you will be familiar with the correspondence that I sent asking Crown to not just forward lumped documents to my email inbox, but rather to preface that with correspondence covering it indicating what the intention was in forwarding the information. So setting up an appropriate correspondence in and out process is a key function of the GWC executive manager.

MR GARAS: I understand. You were writing to the executive chairman of Crown. Did you consider this an important piece of correspondence?

MS CHOPPING: Yes.

MR GARAS: I will then direct your attention to the combined answers given to questions 6 and 7 where it says that:

Crown's provision of the Reports to the Commission in the letter dated 14 December 2020 was not intended to align with the Commission's meeting the following day. Given the volume of materials in the letter, Crown envisaged that the Commission would consider them after the meeting and raise any queries with the relevant individuals

Did you convey this letter to either other members of the GWC or the department?

MS CHOPPING: Yes. Well, yes, I did. Well, I believe I did. But as I just indicated, I'm not the only person that controls the flow of incoming correspondence into my inbox. Obviously my executive support officer forwards correspondence to the relevant place and I have asked for an appropriate correspondence in process to be established so that it is not reliant on me providing the secretarial service for the GWC.

MR GARAS: I appreciate that. Thank you.

MS CHOPPING: So, to the best of my knowledge that has happened.

MR GARAS: Have you had any discussions personally with anyone within the GWC or the department about the contents of that letter, in particular the response to questions 6 and 7?

MS CHOPPING: I have asked for all correspondence for Crown to be presented to GWC with covering information in terms of analysis.

MR GARAS: But, specifically, this letter?

MS CHOPPING: I cannot --- I can't --- I can't recall that. Indeed, as you can appreciate, setting up an incoming correspondence process so I'm not the person who is responsible for the secretarial service for GWC has been an important measure

taken. So if that hasn't occurred then it is an oversight.

MR GARAS: Thank you.

5

Now, I understand you have had the opportunity to read the questions that have been drafted for you and the response you received from Crown. Do I understand from the communications then that the criticism that has been raised by the GWC was that the reports that were provided on 14 December were provided late in the evening with insufficient time for material to be considered for the meeting the following day?

10

MS CHOPPING: I believe that that is what their concern was.

MR GARAS: And Ms Coonan's explanation, as you've seen in this response, is that the reports provided on 14 December were not intended to align with that meeting and Crown expected that upon review of that material any queries would be raised with Crown?

15

MS CHOPPING: I think it is fair to say --- GWC members have expressed a significant level of frustration in relation to what Crown have presented to them or told them over more recent months. So it wouldn't --- it doesn't surprise me that they were upset about the timing of what they see as being insufficient time for them to get to grips with the content. That's one of a number of pieces of feedback I've got about the information that has been given to them by Crown.

20

25

MR GARAS: I understand. I appreciate that. Can we now go back to the letter of 14 December, please. GWC.0004.0015.0001. You will recall that that letter was of course preceded by the presentation on 27 October. I just want to take you to some of the particular aspects of this letter. So I previously identified that the presentation of 27 October is referenced in the introduction. Further down on that same page in the second paragraph you will see that Crown notes the fact that they were grateful for the Commission previously providing Crown with an opportunity to address issues that had been identified through the course of the ILGA Inquiry and, in particular the second bullet point that appears there, that the controls that the Crown Board and management have implemented in response to the ILGA Inquiry. Can we just scroll through to the second page and then on to the third page. So you will see that the letter itself essentially ends at page 2 and page 3 commences with an annexure. Can we just go directly to page 3, please. And the heading to the annexure is "ILGA Inquiry" and you will see the second heading refers to "Immediate Controls". I will draw your attention to the paragraphs there:

30

35

40

As foreshadowed in the presentation to the Commission, certain key issues have been identified through the course of the ILGA inquiry.

45

Paragraph a) once again identifies that the Riverbank account was closed in December 2019. Paragraph b) identifies the fact that Crown has issued a direction to the cage that under no circumstances should transactions be aggregated in SYCO.

Are you familiar with the aggregation issue?

5 MS CHOPPING: No. Well, not in sufficient detail to be able to discuss it or speak to
it --- it's a bit like the EGM issue; I'm not sufficiently briefed because of the
circumstances that I've found myself in in terms of starting this position. There has
been immediate issues around staffing, around conflicts of interest, around our
regulatory approach, that have needed to be attended to. So we are starting with
those, the remediation issues and then moving on to training and development and
10 familiarisation with the background. So not as familiar as I would like to be with the
issue.

MR GARAS: Thank you. Did anyone from the GWC or the department brief you at
any stage in relation to the aggregation issues and the Riverbank account?

15

MS CHOPPING: There was reference to the accounts in my --- in a verbal handover
that I had with Mr Ord prior to my commencement.

MR GARAS: And what was the substance of that discussion?

20

MS CHOPPING: He provided some background to me as to the context of the
current situation with the Royal Commission arising and made some statements
about what he perceived to be historically the role of GWC with regard to anti-
money laundering issues and then referred to these accounts.

25

MR GARAS: And what did he tell you in relation to the accounts?

MS CHOPPING: That there were issues that had subsequently come to light where
it appeared that there would be cause for concern in relation to Crown's conduct.

30

MR GARAS: Anything more specific than just issues and Crown's conduct?

MS CHOPPING: It was a long discussion that covered a whole range of different
issues but nothing more specific that would help with this discussion.

35

MR GARAS: Did he explain anything in relation to steps that Crown was
undertaking to mitigate against risks of aggregation?

MS CHOPPING: No.

40

MR GARAS: I will take you back to the letter. You will see in paragraph b) that
Crown specifically refers to the fact that they implemented, or at least provided and
implemented, a bank statement monitoring policy which they provided as attachment
1. In paragraph c) on that same page, Crown explains that it had given a direction
45 prohibiting all cash deposits into Crown's bank accounts which was then enclosed as
attachment 2. If we go to the next page, please, page 4, you will see then in sub-
paragraph d), reference to the implementation of a policy prohibiting third-party
transfers, and that policy was enclosed again as attachment three. Then if you make

your way halfway down the page or thereabouts, the paragraph beginning "importantly":

5 *Importantly, in respect of the controls referred to in paragraphs (a) - (e) [I've
taken you to four of them a) to d), Crown confirms that] as submitted
during the presentation to the Commission, Crown has submitted proposed
amendments to the Casino Manual (Operations). We further note that in
10 respect of the issues identified during the ILGA Inquiry relating to the
Riverbank bank account, we have separately enclosed (Attachment 4) [the
Grant Thornton and the Initialism report, which were the very matters the
subject of your email of 6 June (inaudible)]."*

15 At page 4 Crown has set out at some length the issue, policy and directions and
provided the reports in the context where the issue regarding aggregation had at least
been flagged as early as the 27 October presentation that I have taken you to. So
what I want to understand based on information that has been provided to you in
your current position, between the receipt of that letter of 14 December 2020 and
20 your email of 16 June 2020, to your knowledge did the Department or the GWC
review either those policies and directions or the reports from Initialism and Grant
Thornton?

MS CHOPPING: I'm not in a position to answer that question. So can I say that in
the three meetings that I've chaired of GWC, the matters discussed in relation to
25 Crown have been more --- have not been in relation to Crown's remediation, they've
been in relation to ongoing concerns and new information that's come to light in
relation to new investigations that are underway in relation to Crown's conduct. So
that has occupied a significant amount of time, not a detailed understand of this
aspect of remediation. And in terms of who worked on it between May and October
30 31st, I'm not sure but I assume it would have been the Chief Casino Officer at the
time but I can't --- I don't know --- I can't answer that question.

MR GARAS: Right. Do you know if the GWC or the Department has raised any
queries with Crown about the substantive content of those reports at any time since
35 14 December 2020?

MS CHOPPING: I don't know. But, as I just said, there has been a period of
restabilisation and there has also been some new matters on foot that are now the
40 focus of our investigative work.

MR GARAS: And along the same lines, have you seen any agenda items in
meetings that you've attended concerning the subject matter of those reports?

MS CHOPPING: I do recall that there has been discussion. As I said before, there
45 has been discussion of those accounts at GWC meetings. It's not necessarily been
discussion led by agenda papers, it's been discussion by members, possibly in the
context of debriefing their review of subsequent media articles or information that

has come to light through this inquiry or the Victorian Commission. So But in terms of --- I had asked for the Department to develop analysis of Crown's remediation response to date and the new updated information that has been provided most recently by Crown. That is yet to occur in a fulsome way.

MR GARAS: Thank you. This is the last question.

In your witness statement, so paragraph 51 where you were taken to by Mr Lee, you explained that:

"As to whether the GWC intends in future to make use of such services, the GWC recently resolved to support the Department's commencing a procurement process to employ the services of external experts in Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF). Their brief will be to undertake an annual audit of Crown Perth's bank accounts, review the Casino Manual (Operations) to ensure that all relevant aspects of AML/CTF are captured in it, and develop an audit program based upon the internal controls."

When you prepared your statement and made those remarks at paragraph 51, had anyone briefed you at length in relation to these issues regarding the Riverbank accounts and anti-money laundering or controls that should be in place?

MS CHOPPING: A lot of people have had a lot to say to me about anti-money laundering and the information that's in the public domain that has been raised through both Commissions. As I mentioned, Mr Ord provided me with information verbally during my --- during the transition period and, indeed, in my early period of commencement I asked questions about what was currently being done in relation to AML and what the plan would be for the future.

In terms of an investigation into either of those accounts and the findings of any investigation, I haven't had that level of detail of briefing. But I can say that from the concerns that have been raised there is definitely --- GWC is keen, as am I, to ensure that there is an examination of all of the matters contained in item 51. And I think I mentioned in my evidence previously today that the relationship between the regulated entity and the regulator has gone from one of being quite --- one that appears to be a very trusting relationship to one that is much more --- much less trusting now than it once was.

MR GARAS: Go on.

MS CHOPPING: No, no, that's fine. I will leave it there.

MR GARAS: Thank you. As you sit here today you are not aware whether within the Department or the GWC anyone has done a review or analysis of those policies and directions that I took you too or the Initialism or Grant Thornton reports?

01:04PM

MS CHOPPING: So the GWC has not received a fulsome report during my time as chair. Whether or not that is being worked on within the Department or has been worked on within the Department and I just haven't been appraised of that, I don't
5 know.

MR GARAS: Thank you.

MS CHOPPING: So I'm not saying it hasn't happened or that it isn't currently
10 underway, but it hasn't been discussed at GWC. It hasn't been presented to GWC in a manner that GWC would find fulsome.

MR GARAS: Thank you. No further questions.

15 MS CHOPPING: As yet.

MR GARAS: Thank you.

COMMISSIONER JENKINS: Thank you. Anyone else?
20

QUESTIONS FROM THE COMMISSION

25 COMMISSIONER MURPHY: Mr Chopping, thank you.

In talking about the restructure you talked about separating the gaming and wagering inspectors from the liquor inspectors. One of the issues we've spent some time on is trying to identify the level of resources within the Department that are actually
30 devoted to GWC activities. So I take it as part of this restructure arrangement you would be looking to get better financial advice out of ---

MS CHOPPING: Yes.

35 COMMISSIONER MURPHY: --- so you should be able to get a better understanding of the resources going?

MS CHOPPING: That is exactly right. As recently as Friday I made it clear to the CFO that she --- well, it was clear by the fact that she was in attendance on Friday
40 and my intention from the beginning was for the CFO to be in attendance at every meeting. In my second week I believe it was I asked for information to be given to me about the inputs and outputs in relation to how the finances work for GWC, including the accountability mechanisms that are in place for recording time and the nature of the work that is done. The paper that you saw on here yesterday was the
45 result of the first step of that work. What I asked for and what has been agreed to on Friday was for a detailed forward budget to be provided by the September meeting for the GWC to settle. And that we commence a mechanism of time recording and also time recording where - we discussed this at GWC on Friday - time recording

where you can tell the difference between what I think someone compared it to a tonsillectomy compared to a hip replacement. It's not horses for course.

5 Where I come from we have a mechanism for recording against different legislative
instruments and then different activities. So, you know, it will be an emerging
project but definitely in terms of accountability to the GWC about what costs what,
that is an important part of them being able to have the accountability reassurance,
10 but also the planning, in terms of planning, so when they know --- is it worthwhile
doing this many inspections here, or how much of your budget is that going to
consume versus actually you would get better value for money if you are focused in
these areas here.

COMMISSIONER MURPHY: Thank you very much for that.

15

On a separate issue, gambling harm, gambling related harm, you talked about
financial counsellors and that you had experience in that area and some feedback that
the level of people with issues around problem gambling was fairly low. Do you
want to just refresh me on that?

20

MS CHOPPING: As I understand it from information that has been received by the
Department, financial counselling services must be asking a question in relation to or
making a normative assumption from the information provided by the client as to
whether or not problem gambling (inaudible). The figure that is reported was 0.8 per
25 cent. Now, in my experience, I would have thought it would be significantly higher
than that but perhaps it is the collection method that means that it is
underrepresented. So we need to get some better discussion with communities about
recording information.

30 COMMISSIONER MURPHY: Thank you very much. That's all from me.

COMMISSIONER JENKINS: Thank you. I have two areas I wanted to ask you
about Ms Chopping. The first is in respect of harm minimisation.

35 Do you have an opinion as to whether it is appropriate to seek funding for harm
minimisation programs from the casino itself?

MS CHOPPING: Yes, I do have an opinion. There has been --- it is only the
opinion that I've formed in terms of my experience with creating a charging regime
40 for a regulated entity in the utilities industry and in other industries. So I think it is
entirely appropriate for a levy to be placed upon regulated entities to fund work that
is being done. I don't agree with the current arrangement where the regulated entity
would be participating in the policy development associated with procurement or the
work done in that space. So I think there is more work to be done to look at the
45 membership of the boards and committees associated. I think industry --- my
personal opinion is there is a method by which industry can contribute funds for
those purposes without there being a catcher issue, or any kind of Dracular in charge
of the blood bank assertion.

COMMISSIONER JENKINS: My second question was then what about the regulated being on the Problem Gambling Support Services Committee. Do I understand from your answer then that you are not quite so positive about that aspect of it?

MS CHOPPING: I think there is a time and a place for the regulator and, indeed, the State and NGOs to have interface with the regulated entity to provide feedback and information. I don't believe there is a place for the regulated entity, unless requested information by that group, to be addressing the very problem that arguably they are the creator of, or the facilitator of.

COMMISSIONER JENKINS: Thank you for that.

And the second area I wanted to ask you about was the regulatory framework. You gave an answer about the Chief Casino Officer and that they are appointed by and report essentially to the Director-General or the departmental managers.

MS CHOPPING: Yes. Appointed under the Public Sector Management Act and reporting to whoever their next line up is in the Department and ultimately reporting through to the Director-General. Yes.

COMMISSIONER JENKINS: So what I want to ask you is if GWC does not direct or directly supervise the departmental officers who are the officers performing the acts by which its functions and responsibilities are discharged, how does the GWC ensure that its statutory functions and responsibilities are being discharged?

MS CHOPPING: And that is very much the heart of the issue that we're addressing at the moment through ensuring that we've got a very good clear governance system in place, that we've got roles and responsibilities, we've got an agreement about what will and won't be provided, there is accountability that surrounds that, there is independent verification of that. I think there is a whole range of measures that we can take that can assure us, as GWC, so speaking as the chair, that can assure us that we are getting the appropriate service delivery that we are expecting without the need to necessarily employ staff directly ourselves or manage them directly ourselves or employ consultants directly. But I know that there is an opportunity under the gaming and wagering legislation with the minister's approval for the GWC to, indeed, employ staff directly or consultants directly. And that may well be where the GWC ultimately decides to go and the minister may well approve that. I discussed that with the GWC members in terms of the difference between the Department procuring consultancy services to deliver then the service to GWC versus GWC employing consultancy services directly after they've sought approval from the minister. So there is a range of different models that we could look at going first. At first we're just trying to stabilise the current environment and make what we've currently got actually function effectively and efficiently and address the legacy issues that we've got in terms of the regulatory approach taken by the department.

COMMISSIONER JENKINS: So do you think those different options can be implemented under the current statutory framework or do you think that there needs change to the statutory framework to enable the GWC to choose which option, one of the options you've discussed?
5

MS CHOPPING: So of those two options?

COMMISSIONER JENKINS: Yes.
10

MS CHOPPING: I think the statutory arrangement enables GWC at the moment to employ consultants or to employ staff directly upon approval from the minister. And that there is no requirement, and that no change of law required for that to occur.

COMMISSIONER JENKINS: What about --- I hear what you are saying in respect of that, what about the Chief Casino Officer?
15

MS CHOPPING: If they wanted to --- if they decided that they would wish to have the Chief Casino Officer functions performed by someone who was employed as --- outside of government then they could propose that to the minister and then there would be --- the minister could consider that under the current legislation as I understand it, and the benefits or otherwise of doing that.
20

My personal opinion is that structural change will give you --- has some potential to be able to make some positive changes but more importantly it is about the leadership within the GWC board in terms of its --- I don't think that the current legislative framework is such an impediment to actually making something much better than what we currently have and we are definitely on that journey.
25

COMMISSIONER JENKINS: Thank you, Ms Chopping. Those were the two areas I wanted to ask you about. Anything arising, Mr Lee?
30

MR LEIGH: No, thank you, Commissioner.

COMMISSIONER JENKINS: Yes, Ms Seaward?
35

MS SEAWARD: No questions.

COMMISSIONER JENKINS: Thank you for your assistance today, Ms Chopping. Can I explain to you what happens now. The summons which you've receive will remain in place incase Commissioner Owen who is not here but will refer to your evidence, in case he wants to ask you some questions and also if after reflection we have further questions for you. But otherwise you are certainly free to go now and we will let you know if we do require any further assistance. Thank you very much.
40

MS CHOPPING: Thank you.
45

THE WITNESS WITHDREW

5 COMMISSIONER JENKINS: We will now adjourn until 2 o'clock.

ADJOURNED [1:16P.M.]

10

RESUMED [2:01P.M.]

15 COMMISSIONER JENKINS: Thank you, please take your seat. Ms Larcombe, would you like to come forward, please. Please state your full name.

WITNESS: Germaine Larcombe.

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

GERMAINE MARY LARCOMBE, AFFIRMED

25 COMMISSIONER JENKINS: Please take a seat and make yourself comfortable. Yes, Ms Seaward?

30 **EXAMINATION-IN-CHIEF BY MS SEAWARD**

MS SEAWARD: Ms Larcombe, you are the current Executive Director of Racing, Gaming and Liquor and the Chief Casino Officer of the Department of Local Government, Sport and Cultural Industries?

35

MS LARCOMBE: That's correct.

MS SEAWARD: You received a witness summons to appear at this Royal Commission?

40

MS LARCOMBE: That is correct.

MS SEAWARD: You received a list of questions and a request for a witness statement?

45

MS LARCOMBE: Yes.

MS SEAWARD: In front of you there should be a document. Does that look like

the witness statement you prepared?

MS LARCOMBE: Yes, it does.

5

MS SEAWARD: If we turn to the last page, is that your signature?

MS LARCOMBE: Yes, it is.

10 MS SEAWARD: It doesn't have a date there. Can you remember what date you signed it?

MS LARCOMBE: That was Tuesday the 31st.

15 MS SEAWARD: It wasn't witnessed. Can you explain to the Royal Commission the reason for that?

MS LARCOMBE: I was working remotely from home on the 31st.

20 MS SEAWARD: Can you turn back to page 11, the last full paragraph, paragraph 53.

MS LARCOMBE: Yes.

25 MS SEAWARD: You have identified a correction you would like to make to your statement?

MS LARCOMBE: Yes, that's correct.

30 MS SEAWARD: In paragraph 11?

MS LARCOMBE: Yes, in paragraph 11 in relation to duties. The correction is, specifically, duties 2, 3, 7 and 9.

35 MS SEAWARD: After the numbers "2 and 3" we need to add "7 and 9"?

MS LARCOMBE: Please.

MS SEAWARD: Is that the only correction you wish to make?

40

MS LARCOMBE: Yes.

MS SEAWARD: That witness statement, with the correction, is it true and correct to the best of your information, knowledge and belief?

45

MS LARCOMBE: It is.

MS SEAWARD: Commissioner, I tender the witness statement of Germaine

02:04PM

Larcombe, dated 31 August, with reference number DLG.0001.0011.0013.

5 COMMISSIONER JENKINS: Thank you, Ms Seaward. The witness statement of Ms Larcombe, with the amendment, bearing that number will be an exhibit in the Commission.

10 **EXHIBIT #DLG.0001.0011.0013 - WITNESS STATEMENT OF GERMAINE MARY LARCOMBE DATED 31 AUGUST, WITH CORRECTION**

COMMISSIONER JENKINS: Yes, Mr Leigh?

15 MR LEIGH: Thank you, Commissioner.

CROSS-EXAMINATION BY MR LEIGH

20 MR LEIGH: Ms Larcombe, I'm one of the Counsel Assisting the Commissioners. I will take you through some questions I have in relation to your witness statement. Firstly, your witness statement explains that you have a substantive position in the WA Public Service within the Department of Water and Environmental Regulation; is that correct?

MS LARCOMBE: That is correct, yes.

30 MR LEIGH: What is that substantive position at that Department?

MS LARCOMBE: I am the Director of Regulatory Capability within the Department of Water and Environmental Regulation.

35 MR LEIGH: At paragraph 4, you explain that you are currently seconded from that role to the Department of Local Government, Sport and Cultural Industries, which I will refer to today as "the Department", for ease of reference. You explain that your secondment commenced on 8 July this year; is that correct?

40 MS LARCOMBE: That is correct, yes.

MR LEIGH: At paragraph 6, you say the length of the secondment is currently six months. By that word "currently", do I take it there is a possibility the secondment may be extended?

45 MS LARCOMBE: That would be predicated on the interim structure that is currently in place in the Department. So right now it is six months. Beyond that, I can't really comment.

MR LEIGH: Are there any projects or other work to which you have been committed back at the Department of Water and Environmental Regulation that would require you to go back at the end of the six months?

5

MS LARCOMBE: Not at this --- no.

MR LEIGH: It may be far too early to tell but from your perspective so far, given the work you are undertaking, do you consider it is likely you will be able to complete your secondment at six months or might it be necessary to extend?

10

MS LARCOMBE: In terms of the position being Executive Director of Racing, Gaming and Liquor and that position, absolutely, I think the position will be warranted far beyond the secondment I sit in.

15

MR LEIGH: As you have alluded to, the position was created shortly before you were put into that position; is that correct?

MS LARCOMBE: That's correct. Yes.

20

MR LEIGH: In paragraph 5 of your statement you explain that a week after commencing in that role we have just referred to, the Executive Director of Racing, Gaming and Liquor, you were then appointed as the Chief Casino Officer; is that correct?

25

MS LARCOMBE: That is correct.

MR LEIGH: I will refer to the Chief Casino Officer generally as "CCO" today. Can I take it by that small time frame, the week between being seconded and being appointed as CCO, that you would have been aware before you were brought into the position of ED RGL, that you would you also be appointed as the CCO?

30

MS LARCOMBE: Yes. Yes, I was aware of that.

MR LEIGH: Can you give the Commissioners a bit more of an understanding as to how this came to be, in terms of you being brought into that role? Was it something you applied for? Were you approached? Can you tell us about the mechanics?

35

MS LARCOMBE: Of course. I was approached by the then Deputy Director-General, Fiona Roche, in terms of an opportunity to second into this newly established position within the Department.

40

MR LEIGH: Did Ms Roche explain to you what your role would be, what you would be working on?

45

MS LARCOMBE: Yes. Before accepting the secondment, I met with both Fiona Roche and Lanie Chopping, who provided me with an overview of the role and the interim structure and gave me a briefing.

MR LEIGH: In terms of what your understanding was as a result of that briefing, as to what role you would be performing, what was your understanding at that stage?

5 MS LARCOMBE: My understanding was that the position of Executive Director of Racing, Gaming and Liquor was responsible for oversighting the regulation of the gaming, wagering and liquor sectors, working in conjunction with the Gaming and Wagering Commission and the team within the Racing, Gaming and Liquor Division within the Department.

10 MR LEIGH: I will come back to your role in more detail in a moment. Before I do, go to your CV, referred to at paragraphs 2 and 3 of your witness statement. I understand from that CV that your tertiary qualification is a Bachelor of Science with Honours?

15 MS LARCOMBE: Yes, that's correct.

MR LEIGH: Your CV explains that you have extensive experience as a government regulator both in Western Australia and in Ireland, but no prior experience with
20 casino management?

MS LARCOMBE: That is correct.

MR LEIGH: Having looked at that CV, am I right in understanding that your career,
25 until now, has been primarily focused on environmental regulation compliance?

MS LARCOMBE: That's correct.

MR LEIGH: In your more recent career, your roles have been ones with a focus on
30 risk management in compliance?

MS LARCOMBE: My most recent experience since probably 2017 has been in strategic regulatory reform roles within the Department of Water and Environmental Regulation.

35 MR LEIGH: Go to page 3, please, of this CV. This is when you were acting as a senior manager between April 2009 and April 2016. In the fourth dot point down, there is a discussion of ensuring effective risk management and governance?

40 MS LARCOMBE: Yes.

MR LEIGH: Can we go to, I think, page 4, which is between October 2017 and November 2020. It might be page 2, perhaps. Down towards the second half of the page, the second dot point, you talk about ensuring contemporary regulatory risk
45 management.

MS LARCOMBE: Mm-hmm.

MR LEIGH: The idea of risk management is one that has been referred to in many of the documents put before the PCRC. It's not clear that there is always agreement as to what is always meant by that. What is your understanding as to what is
5 involved in risk management as a regulator?

MS LARCOMBE: The majority of my career in regulation has been in the compliance end of the regulatory spectrum. So my experience, both as an officer in the earlier part of my career and in the latter half in building and reforming
10 regulatory delivery, sees, I suppose, an ability to assess risk relative to the sector you are regulating in, relative to the elements of the regulatory delivery you are in, as a key foundational element of effective regulation. So ensuring that the risks of the sector in which you are regulating --- so while you spoke to my experience being
15 predominantly in environmental regulation, I have a range of experience in working across different legislative frameworks, whether it be sustainability, environmental protection, waste management. So understanding the risks relative to the sector that you are regulating in, relative to the objectives of the Act you are operating under, is incredibly important in ensuring effective regulation.

20 MR LEIGH: Perhaps quite a broad question but in terms of the previous roles and also the approach you will bring to your current role, how does one go about identifying the risks that need to be managed in a regulatory and compliance framework?

25 MS LARCOMBE: In considering risk within the sector, you would rely first and foremost --- in my experience, I might go to the legislative framework, very clearly, to understand what the objectives are that you are seeking to achieve. And then being very, very clear, I suppose about understanding the sector risks. That would be an understanding of the market and what is currently the operational state of play of
30 the sector. So in respect --- I'm trying to think of something that I could use by way of an example. So I would look at current reports, current trends in a sector. Not specific to casino in this instance, but I would look to trends in the sector. I would look to historic understanding of the instruments within the sector. So what the regulatory framework looks like, to ensure I have an understanding of the risks
35 within the sector. And then the effectiveness of the regulatory delivery, I suppose, to address those risks.

MR LEIGH: That process, has that commenced in relation to casino regulation since you have arrived at the Department?
40

MS LARCOMBE: Given my relatively short tenure in this role, I think this is my seventh week, that work has commenced, certainly. But would I be in a position to provide an informed response as to the risks in the casino sector at this stage?
Probably not.
45

MR LEIGH: Has your work as a government regulator generally led you to believe that an essential aspect of risk management is a proper auditing function?

MS LARCOMBE: I think, if you are speaking specifically to the compliance end of a regulatory delivery, appropriate compliance and monitoring programs, of which one aspect could be an audit, there are lots of other activities that you could
5 undertake in respect of monitoring and ensuring compliance with instruments you are tasked with regulating or, indeed, with legislation you are tasked with administering.

MR LEIGH: Do I take it from that answer that auditing can be something useful in a compliance framework, but you don't consider it central, or did I misunderstand what
10 you said?

MS LARCOMBE: No, no, absolutely, I suppose depending on the sector. What I'm referring to is depending on the sector you are regulating, there are a range of compliance activities you might undertake. Generally, auditing forms part of a
15 broader --- in my experience, it forms part of a broader compliance program. There might be a range of different compliance activities you would undertake to deal with a particular risk or an issue.

MR LEIGH: In terms then of an audit program, where one is appropriate and suited to the work being done, would you agree an effective audit program would focus on
20 areas where failures would have the greatest potential harm?

MS LARCOMBE: Absolutely. If it was a risk-based delivery, for sure.

MR LEIGH: In terms of that response, if it was a risk-based delivery, do you have any views as to what the approach will be in your role now with the Department, whether you consider this is something which will also be a risk-based delivery in
25 terms of regulation and compliance?

MS LARCOMBE: I think clearly, yes, based on my limited time. A clear articulation of the risks within this sector are an imperative to designing an effective regulatory delivery, of which one part would be the compliance end.

MR LEIGH: I want to pick up briefly from your CV the leadership aspects of your previous roles. At page 3, manager, 2009 to 2016, you note in the first dot point you were responsible for:

Leading the Department's compliance, controlled waste tracking functions, including three teams totalling 35 FTE.

40

Does that mean those 35 FTE were direct reports to you?

MS LARCOMBE: That branch structure was through to section managers. At one stage, I think it went to three section managers that reported to me as the overall
45 branch manager.

MR LEIGH: Similarly, at the top of the page, there is another dot point talking about

a total of 64 FTE that were involved in what you were leading there. What was the reporting structure in that case?

5 MS LARCOMBE: In that instance, I was acting for the director of our compliance and enforcement division and that division has responsibility across a broad range of regulatory activities, including incident response, we had a team of investigators, we had a team of compliance officers. So it was a broader delivery than just
10 compliance. We had complaint function response and requirements within that division as well as other broader work.

MR LEIGH: How significant a component in your previous roles has a staff management function been?

15 MS LARCOMBE: Very. I commenced, I suppose, my career as an officer and throughout the approximately 20 years I've worked in regulation, I've naturally transitioned to leadership roles, whether that's been within the team investigating particular issues. I began my career implementing European environmental directives, so that was within project teams. Then as I progressed, particularly since
20 relocating to Western Australia in 2012, I've held leadership and management roles in respect of regulatory delivery and reform.

MR LEIGH: Moving on to casino regulation specifically, you mention at paragraph 3 of your witness statement it is not an area you have any prior experience in. Then
25 you say again at paragraph 10 that you haven't received any training specifically for the performance of your function as the CCO; is that correct?

MS LARCOMBE: That is correct.

30 MR LEIGH: You mention at paragraph 4 that you have had the assistance available to you of a consultant named Mr David Snowden.

MS LARCOMBE: That is correct.

35 MR LEIGH: I understand Mr Snowden has casino regulation experience in the ACT and is the former CEO of the ACT's Gambling and Racing Commission?

MS LARCOMBE: That is correct.

40 MR LEIGH: Is Mr Snowden still working for the government in the ACT or is he acting purely as a private consultant?

MS LARCOMBE: I'm unsure.

45 MR LEIGH: Is it your understanding that Mr Snowden is, essentially, available to you to assist you and provide assistance and information at any time you would find it helpful to speak with him?

MS LARCOMBE: That's correct, that is my understanding.

5 MR LEIGH: Your witness statement mentions there have been two discussions you've had so far with Mr Snowden?

MS LARCOMBE: Yes, at the time of writing it was two. I've had an additional opportunity to engage with David since.

10 MR LEIGH: My question is in relation to those interactions. What is the nature of the topics which you are discussing? What is the nature of the assistance you are seeking and that Mr Snowden is able to provide?

15 MS LARCOMBE: In the first instance, my engagement with Mr Snowden was in relation to the CCO delegation. Pardon me, let me correct that. My first engagement was by way of introduction. So we had an introductory meeting. The second engagement I had, I reached out to David to discuss the CCO delegation as it stood.

20 MR LEIGH: You said there was a third one quite recently?

MS LARCOMBE: The third has been an extension of that conversation around delegation and then particularly looking to supporting information around executing delegated functions in respect of the CCO. Based on my experience in holding similar kind of delegated responsibilities in other legislation, instruments of
25 delegation are generally supported by a range of policy and process around how those delegations will be executed. I sought David's advice in terms of what that quota should look like in this instance.

30 MR LEIGH: I will come back to the delegations issue in more detail later. For the moment, are you satisfied with the level of assistance you are receiving from Mr Snowden?

MS LARCOMBE: Yes.

35 MR LEIGH: Before I ask you more questions about your role as CCO specifically, I will ask you about your role as ED RGL. In broad terms, is that role of being the Executive Director of Racing, Gaming and Liquor roughly equivalent to what would have been the DG while that was a separate department, or is it a different type of
40 role?

MS LARCOMBE: I'm unable to provide a response to that in terms of my knowledge about what the former structure was in terms of the DDG role.

45 MR LEIGH: Let me ask you, perhaps, questions that pick up on what is in the job description form of the role. That is DLG .0001.0011.0008. Down the bottom of the page, there is the purpose of the position. That first sentence says the:

Executive Director is responsible for regulatory oversight and building the

capacity, outcomes and integrity of the racing, gaming and liquor portfolio.

5 On page 3, we have the duties of the position. I will give you a moment to read
through those, looking in particular at duties 1, 2, 3, 6 and 7. My question is: all of
those are expressed, as you would expect with a JDF(?), at quite a high level, and
they focus on the strategic aspects of the job. Can you assist the Commissioners by
giving a more practical, day-to-day sense of what is involved in the position you
have taken on?

10

MS LARCOMBE: Based on what my --- I suppose what I would say before I
answer that question is the seven weeks I have been in the role have not been what I
would consider a typical operating environment. It's quite a disrupted operating
environment. So what I've done in the last six to seven weeks is probably not
15 representative of what I would consider a typical time in a role like this.

At an Executive Director level, my role, as I see it, is to oversight the day-to-day
delivery of the regulatory functions for those sectors. In practical terms that looks
like --- there are three branches within the racing, gaming and liquor division. We
20 undertake a range of assessment functions at the front end, both in the gaming and
wagering sector but also in the liquor sector, across casino, but also the broader
gaming and wagering, community gaming, racing.

We then have a second branch that looks at the more complex assessments in liquor
and also has the compliance and monitoring functions broadly across those sectors.
25

Then the last branch within the division is what is referred to as a strategic regulation
branch. They do a lot of work around policy, around legislative reform and
particular projects around the different regulatory deliveries. So my time in the last
30 seven weeks has been predominantly spent really bringing myself up to speed with
the current legislative frameworks, the current regulatory deliveries, but also the
operational and business processes that support those deliveries.

MR LEIGH: In terms of the reporting lines coming to you at the moment, how many
35 people are direct reports to you and, particularly, what level of interaction do you
have with people who are carrying out an inspection function?

MS LARCOMBE: Currently I have four direct reports that come directly to me.
The director of industry licensing, the director of liquor and arbitration, the director
40 in the strategic regulation branch, and recently established is the GWC secretariat
and the general manager reports through to me. In terms of the last seven weeks, I
have spent time engaging with all members of the racing, gaming and liquor
divisions. So I've held one-on-ones with all staff members in that division as part of
my journey of discovery, I suppose, to understand the operation of the division. I've
45 also held a range of meetings with the senior leadership teams from across those
branches, which include our compliance functions. I've also held dedicated meetings
as part of that cascading engagement with the compliance team in particular. But
that's part of a process where I will meet with all of the teams in the division to
understand their

business in more detail and, obviously, to understand more about the people that I'm responsible for leading.

5 MR LEIGH: My last question with respect to your role as ED RGL is a comment
you make at paragraph 52 of your witness statement, where you explain you are in
the process of restructuring the compliance functions within the RGL to delineate
between the areas of casino, community gaming, racing and liquor. Can you explain
10 for the benefit of the Commissioners in a bit more detail what you mean by that
restructure?

MS LARCOMBE: So this was a topic of conversation that I had with Lanie
Chopping, as the Director-General, in terms of that pre-briefing, in terms of before I
15 took on the job. But then in looking at not only the gaming and wagering sector
itself, but obviously the liquor sector and then when you dissect gaming and
wagering in a little more detail, you have, obviously, the casino, community gaming
and racing.

Based on my experience, my preliminary observations were those sectors are quite
20 different in terms of their risks, potentially, when I learn a bit more about it, but on
principle and on the face of it. So the compliance programs you would undertake
and activities you would undertake would be quite different. So there is merit,
certainly in the interim, while the longer term regulatory reform for both the gaming
and wagering sector and obviously the division as a whole is considered and
25 progressed, to really delineate between those sectors and to really make sure we have
a clear understanding and articulation of the risks, and then the compliance activities
that are we are doing are fit for purpose.

MR LEIGH: In terms of that delineation, my particular question in relation to that
30 notion of having people separated, will there be, from your perspective, inspectors
who are dedicated casino inspectors? And if that is the case, again it might be too
early for you to say but if that is the case, what is your view as to whether those
inspectors should have a full-time presence at the casino?

35 MS LARCOMBE: I think it is too early, based on my seven weeks. We're certainly
exploring all options. Again, in my experience, a clear understanding of the risks
that you are looking to address in the sector will inherently inform how you set up a
compliance delivery. So that's based on my experience in compliance delivery
outside of this medium. So as to the presence at the casino, certainly that is
40 something that we'll look at. I don't have a view at this stage.

MR LEIGH: You've obviously had a bit of experience in your career thus far being
involved in projects for reform. As a result of the experience you have gained there,
are you able to hazard a guess or an estimate as to when you will be in a position to
45 have a firmer view as to how things might move forward?

MS LARCOMBE: Certainly in the interim, the discussions that we've had to date,
I'm hopeful within the next four weeks in the interim phase, around any interim

measures we take in our compliance functions, I am hopeful to have that view and a way forward really, kind of, considered within the next four weeks. But then obviously looking to the longer term regulatory reform of gaming and wagering regulation more broader, what we do in the interim will obviously feed into that longer term plan.

MR LEIGH: Changing tack now to ask you questions about your role as the Chief Casino Officer. At paragraph 16 of your witness statement, you say that before you commenced you were not given a specific information pack and you requested and were provided with various materials for you to consider. Were those materials all provided after you came to the Department?

MS LARCOMBE: Yes.

MR LEIGH: To what extent did you have any understanding of the role of CCO before you commenced or has it all been something which you have been learning about on the job, so to speak?

MS LARCOMBE: I think it is fair to say that I've been learning since I came on board.

MR LEIGH: And then you explain at paragraph 18 that you had a number of meetings with the prior CCO, Ms Nicola Perry, for briefings and then, more generally, met with the senior staff of the RGO to acquaint yourself with the role. As a result of your reading of the legislation and those meetings and briefings, what is now your understanding as to what the role of the CCO entails?

MS LARCOMBE: So my understanding of the position itself is that it is a position established to assist the Gaming and Wagering Commission in the administration of its functions. The role itself, so since I came on board seven weeks ago, I've sought to understand a little bit more about that legislative framework, I've sought to gather as much information as could from departmental staff about what the practicalities of that role are. I obviously looked at the existing delegation and then, through inquiries, in a variety of meetings I've had with the former interim CCO, I sought to familiarise myself with the actual day-to-day kind of operations, I suppose, of the CCO.

MR LEIGH: Again, I appreciate that many of the questions I'm asking you may well be answered with "It's too early to tell", but at this stage are you beginning to gain any sense as to what the focus of your role will be in the months ahead as CCO?

MS LARCOMBE: Certainly, as I outlined in my statement, there was a lot of consideration for me in the last six weeks or seven weeks about the delegation. I formed the view, probably early on in the last seven weeks, that there wasn't a clear picture for me of the Gaming and Wagering Commission's current position in respect of the CCO delegation. This was through information I gleaned through meeting with the interim CCO and then, subsequently, a review of minutes from the Gaming

and Wagering Commission meetings that I didn't attend. So I formed the view that I needed to seek clarity from the Commission as to their current position in respect to the CCO delegation. I sought that clarity at the Commission's August meeting and prepared a paper to that extent, which has resulted in a revised reduced CCO delegation being endorsed by members, which will provide me with a very clear understanding of what the Commission want me to do in the very immediate, which is focused, I think, on --- off the top of my hard, I'm drawing a little bit of a blank --- it is around casino licensing and employee licensing and another element which refers to the purchase of casino equipment, I believe.

MR LEIGH: Now, the way you explained that was you formed a view that there were some issues and then you put together a paper that went to the GWC. The way that you described it makes it seem that that part of your role was quite self-directed, in the sense that you recognised a problem and took it upon yourself to deal with that problem. Is that, so far, your experience of what it entails to be the CCO, to largely be a self-directed person or do you receive direction from the GWC?

MS LARCOMBE: The preliminary, I suppose, based on my time, my preliminary observations would be that the CCO, as the position is articulated in the legislation, is there to support the Gaming and Wagering Commission, therefore, I think it is incumbent on me, as the CCO, to clearly understand what the expectations from the Gaming and Wagering Commission are. I don't think that is limited. While the delegation in question at the moment is limited, I have no view as yet whether that is the sole expectation of the Commission in terms of my execution.

MR LEIGH: Perhaps I will ask it slightly a different way. Have you yet received any specific direction from the GWC asking that you undertake a task or carry out an investigation or do a specific thing? Has there been that level of specific direction that you've yet experienced?

MS LARCOMBE: Given, I suppose, the short tenure I've had in the position, I've been to two GWC meetings, the first of which was the introductory meeting in July, so I don't believe I have been substantively directed by the Commission to undertake any activities in the CCO's role as yet.

MR LEIGH: All right. Just, then, in relation to your role as CCO, we've previously talked about your role as ED and the people reporting to you. Are there people that report to you as the CCO in that role?

MS LARCOMBE: No. The line management comes from my position as EDRGL, is my understanding.

MR LEIGH: I think the answer to this question may already have been answered by what you said previously about your interactions with the GWC and it being very early days still, but to this point, do you consider that the GWC has exercised any oversight of you in terms of setting expectations and then following up and monitoring your progress and performance?

MS LARCOMBE: I think, given the relatively short period of time, I can't really say. Certainly, in the first meeting, members of the GWC questioned my experience and I provided an overview of my experience.

5

MR LEIGH: At paragraph 19 of your witness statement, you make a comment that you consider, from your observations to date, there appears to be limited procedures and policies in place as to the exercise of powers and the discharge of responsibilities in relation to Perth Casino. That's in the context, broadly, of saying what the existing
10 GWC's policies are. Do you suggest by that comment that, in your view, there should be such policies and procedures in place to guide your function, the GWC's function?

MS LARCOMBE: Based on my experience, I suppose, to date as a regulator in a
15 range of different mediums, typically, I would expect a very clear, what I would refer to as a regulatory system, so a very clear articulation of the legislative objectives that you are there to achieve, a clear understanding and articulation of the risks, and then that is supported by a regulatory model that is very clearly articulated and defined. That regulatory model typically has a range of policies, like a compliance and
20 enforcement policy, like a clearly articulated regulatory approach that makes it very clear to all stakeholders how the regulator undertakes its functions, and then, operationally, that delivery is supported by a range of procedures and manuals and standard operating procedures. I'm still on the journey of discovery, I suppose, given it is seven weeks, but my preliminary observations are that those things are not quite
25 what I would be used to in terms of regulatory delivery. So there are gaps. Certainly, they've been identified in the work programs that we are developing, moving forward.

MR LEIGH: You made a comment there about being supported in your delivery of
30 services. One thing we heard earlier this morning, when Ms Chopping was giving evidence, was in relation to a new secretariat function with the GWC, I think it was Ms Sophie O'Keefe in the role. That was explained to us as being a role to assist the GWC. Do you have any interaction with that role and, if so, what is the nature of that interaction?

35

MS LARCOMBE: So Sophie O'Keefe is one of the direct reports that I referred to earlier. So the broader --- and this probably comes to my preliminary observations of the role of CCO and the role of executive director racing, gaming and liquor, in my role as ED, I'm responsible for the regulatory delivery of the gaming and wagering
40 sector and the liquor sector. So I'm responsible for a broader range of activities that are undertaken to support the GWC, governance and secretariat being one of the newly established ones, but also then the compliance programs and what not that don't operate under the direction of the CCO, for example. So I see the role of CCO and executive director racing, gaming and liquor relative to the gaming and wagering
45 sector regulation as not necessarily mutually exclusive. The ED has broader responsibilities, in terms of GWC secretariats, the broader compliance rules, so supporting the GWC, is my understanding, in policy development and what not, so

the role is broader than what is currently delegated or considered in the CCO space.

5 MR LEIGH: Staying with Ms O'Keefe for a moment, you explain she was one of the direct reports to you. One of your earlier answers, you explained that no one reported to you in your role as CCO, so does Ms O'Keefe report to you as EDRGL? And that is notwithstanding that she is essentially dedicated as a GWC secretariat.

10 MS LARCOMBE: That's correct.

MR LEIGH: So, if you like, there is a merging of those streams --- a GWC person is reporting through to a departmental hat that you are wearing?

15 MS LARCOMBE: Well, a departmental person is reporting through to a departmental person. Sophie is employed by the Department.

MR LEIGH: Am I right in thinking that Sophie's sole role is to act as the executive manager or general manager of the GWC?

20 MS LARCOMBE: That's correct.

MR LEIGH: Then in terms of some questions about the nature of the relationship between the CCO and the GWC, as you understand it, and in particular do you have a view as to whether, under the enabling legislation, the role of CCO is one that is obliged to follow directions from the GWC?

MS LARCOMBE: In so much as --- I'm sorry, could you repeat the question, actually?

30 MR LEIGH: I will phrase it this way, if the GWC was to give you a directive in relation to carrying out tasks or work for them relating to casino regulation, for example, or gaming regulation more broadly, and were to charge you, as the CCO, to carry out that work, would you consider that you were obliged by the *Casino Control Act to carry out that work?*

35 MS LARCOMBE: Yes, I would.

40 MR LEIGH: In terms of the way that legal obligation is currently structured, I can take you to section 9 of the *Casino Control Act*, if that would be useful, but the language is not express, it doesn't state that the CCO must follow directions, or words to that effect. Do you have any uncertainty or doubt in your own mind, as a result of looking through the legislation, as to how that relationship functions?

45 MS LARCOMBE: I would agree that it would benefit from more specificity. I think it's administrative. I think the line, from memory, is provided administrative --- actually, if you could bring up the legislation, that would help.

MR LEIGH: Of course. It is PUB.0004.0005.0001, page 12, section 9(1). I'll let

you read that.

5 MS LARCOMBE: Yes, I didn't want to ad lib, but, yes, administrative and other services, so it certainly could benefit from some more specificity.

10 MR LEIGH: The way it is framed doesn't expressly say what your role is or how your role is to work with the GWC, so you would consider that to be helpful to you in fulfilling that task as CCO to have a clearer definition of that role?

MS LARCOMBE: Yes, I would agree.

15 MR LEIGH: Then moving away from the legal question and towards the more practical aspects of the relationship between you and the GWC, you have mentioned that you have attended some GWC meetings, I think the two most recent meetings?

MS LARCOMBE: Yes.

20 MR LEIGH: Are those the only occasions on which you have had interactions with GWC members?

MS LARCOMBE: Yes, face to face, yes.

25 MR LEIGH: And that first meeting when you had a chance to meet everybody, had that been preceded by any out-of-session communications, emails or phone calls?

MS LARCOMBE: From me directly?

30 MR LEIGH: Yes.

MS LARCOMBE: No.

35 MR LEIGH: And have there been any subsequent out-of-session communications, emails, phone calls or the like with you and GWC members subsequent to you first meeting them at the first meeting?

MS LARCOMBE: No.

40 MR LEIGH: Do you have any view as to whether that is an appropriate or helpful way to manage the relationship between CCO and GWC if it is done through formal meetings or would it be something where you consider it to be of assistance to have more regular informal contact as well?

45 MS LARCOMBE: I would think, based on my limited tenure, I suppose I don't have an informed view of that, given the last six to seven weeks are not what I would consider a normal operating environment. Probably the other element of this would be an understanding of the service level expectations broader than the CCO delegation, but a clarification and understanding of the service level agreements

between the department and the GWC would certainly help in clarifying what I would consider to be a normal operating environment.

5 MR LEIGH: We heard some evidence earlier today from Ms Chopping as to how work is being done on those service level agreements. Could you give the Commissioners your own understanding as to how the Department will deal with the issue of being able to quantify and then provide services in the future?

10 MS LARCOMBE: So I can provide an overview of the range of work, I suppose, that is under way at the moment in respect of a number of issues really around legislation, regulation but also governance. So there has been a number of work programs commenced, one of which focuses on a forward program for GWC governance. A lot of that work is around the actual operation of the Commission.
15 So governance around right down to organisation of meetings and papers and kind of the more practical governance elements right to service level agreements, considering cost models and what not. The second kind of work in train really is looking at gaming and wagering regulation more broadly and what I would consider really a kind of regulatory reform roadmap for the sector. The third program of work
20 is in response to the internal review by the Department on the gaming or the RGL division --- yes, the RGL division.

MR LEIGH: Is that the internal review conducted by Ms Roche?

25 MS LARCOMBE: Yes, that's correct. So we have a range of work programs in train that really will help to solidify and clarify what I would consider again the system, the regulatory system around casinos but also gaming and wagering more broadly.

MR LEIGH: I want to ask you some questions now in terms of the process of
30 balancing those roles as EDRGL and CCO. I think you make the point in your witness statement; at paragraph 13, you deal with the time balance at the moment. You say 70 per cent gaming and wagering, which might be unusual, and 30 per cent liquor at present. Then you go on to make the point at paragraph 14 that this includes time, focus on GWC governance as well as providing support to the
35 Department of the GWC's response to the PCRC. So there are a few different tasks that are intermingled, if you like, in the way that you are assessing your work that relate both to departmental activities and to activities for the GWC. Would you agree with that?

40 MS LARCOMBE: Correct. Yes.

MR LEIGH: Those comments are being made under a paragraph heading above
paragraph 10, which is "Role of the CCO". I will let that go back one page, please, to show paragraph 10. You can see there "Role of the CCO" at paragraph 10. Then
45 you go on to talk about the work that you're doing, essentially both as CCO and also as EDRGL. My question, at a high level, at the moment, do you find the work that you are doing has a tendency to perhaps merge the functions and the activities that you are undertaking as ED and also that you are undertaking as CCO?

MS LARCOMBE: Again, I suppose, given the relatively short tenure of seven weeks, I don't think I can provide a meaningful response. It is quite a disruptive time with lots of different things happening. So I don't think the last seven weeks is a
5 representative example of how the role of CCO and the role of EDRGL work in what I would consider a normal operating environment.

MR LEIGH: That difficulty that you have at the moment in expressing how things might be longer term, may also impact upon your answer to my next question, which
10 is to take you to paragraph 41 of your witness, where you talk about your responsibilities as EDRGL. In the middle of the paragraph, I think it is the third sentence --- you had explained a bit above what the role entails and you say:

15 *Further, to the extent that the CCO does provide administrative and other services to GWC, that function is also served by the EDRGL.*

Again, there seems to be a reference to the kind of work you are doing overlapping in the two roles that you are performing. Perhaps because those roles are pulling together in the same direction to achieve the same outcome, but the way that you are
20 describing your work seems to suggest that there is not a clear delineation in your own mind at all times between CCO work and ED work. Is that fair or am I reading too much into that sentence?

MS LARCOMBE: I think it might be a little bit of a stretch. I suppose my
25 preliminary observations are I see the CCO and the ED and I keep referring, I suppose, to a regulatory system. I don't see those roles as mutually exclusive. I see them as complementary with the remit of the executive director encompassing broader functions for the GWC relative to the role of CCO. So I think I don't think
30 see them as mutually exclusive, but I don't think, given my seven weeks, I can provide a meaningful response at this stage.

MR LEIGH: Understood.

I will explain where I'm trying to drive at. If you go to paragraph 9 of your
35 statement, you talk about the possibility of how to deal with competing priorities, if there were competing priorities between your role as ED and your role as CCO. The language you say there is --- middle of the paragraph:

40 *If competing priorities arose between gaming and wagering and liquor, it may be more problematic*

Obviously, I take it from the language "if", that you haven't yet encountered a situation where you considered there was any kind of conflict?

45 MS LARCOMBE: That's correct.

MR LEIGH: But you acknowledge it would be at least possible that there might be a conflict situation that would arise in terms of demands on your time in your ED role

and CCO role?

MS LARCOMBE: Could you rephrase the question, please?

5

MR LEIGH: Going back to one of your earlier answers, you explained that you understood that the GWC could issue directions to you?

MS LARCOMBE: Mm-hmm.

10

MR LEIGH: It is at least possible that the GWC might issue you with a direction to carry out a certain task, you might be given a task by the DG at the same time to do something else and there may not be enough hours in the day to do both.

15

MS LARCOMBE: As indicated in my witness statement, I think it speaks to the actual construction of the RGL division as it stands now as well because it is what I would consider an integrated model. So you have the same officers, both from an assessment perspective and a compliance perspective, working across liquor regulation, casino regulation, community gaming regulation and racing. So there is a broader issue, I think, around competing priorities between liquor that is not under the remit of the GWC and, obviously, the other gaming activities and wagering activities that are under the remit of the GWC.

20

MR LEIGH: Appreciating it's too early for you to draw any firm conclusions, that question of competing priorities, is that something which may, in your view, be assisted by perhaps separation of function or greater resources for different functions? Again, if you are not in a position to answer, you should feel free to say so.

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30

MS LARCOMBE: I really don't feel I'm in a position to answer.

MR LEIGH: Leaving that and going to the issue of delegations, which you've mentioned on a few occasions today, just by way of broad background, in terms of the notion of delegation, what do you understand to be the legal effect of a delegation being made from a body such as the GWC to a person in the role of such as a CCO? Once that delegation is made, for example, what is the manner in which the power can be exercised by the person who receives the delegation?

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MS LARCOMBE: So, based on my previous experience, as I indicated earlier, an instrument of delegation typically is accompanied by a lot of supporting documentation that articulates very clearly to the authorising environment, in this instance being the Commission, the manner in which that delegation will be executed, the considerations that the delegated officer would factor into exercising that delegation and then the steps or the kind of standard operating procedure, I think, that goes with the execution of that delegation. Based on my experience, that is what I would typically expect and that provides that level of clarity and transparency, I suppose, to the authorising environment in providing the instrument and delegating those responsibilities.

45

MR LEIGH: So your answer there has touched upon what might be called best practice as to how to exercise a delegated power. My question is more basic than that. My question arises out of the fact that we see in many of the GWC agenda
5 packs reporting from persons who have exercised delegated authority. My question is in relation to your understanding as to delegations, is it necessary, for example, for a person to report the exercise of delegated authority before that authority takes effect? So if a decision is made by a person to whom authority is delegated, does that decision take effect immediately or only upon report back to the GWC?

10 MS LARCOMBE: I think reporting on decisions made under delegation is an integral part of an effective delivery. I don't see that reporting in advance of executing the delegation, again specific to the type of delegation that is being exercised. So if, for example, it is quite a narrow delegation, and I'm speaking
15 hypothetically here, so if it is a rather narrow delegation or what is considered an administrative delegation in nature and the authorising environment has delegated that power on the understanding that this is how it would be executed, I think it is appropriate for the report back to be after the decisions are made. And, again, relative to if it is an incredibly broad delegation that the delegated officer is seeking
20 to exercise, I personally would probably seek --- I would communicate and engage with the authorising environment before the execution of that broad, if it is a significant delegation, for example, cancellation of --- in my previous life, cancellation or suspension of licence, issuing of protection notices, that is certainly something that I would bring forward for discussion prior to execution.

25 MR LEIGH: I'm phrasing my question badly. What I'm asking is if you, in your role as CCO, have a power delegated to you and you choose to make a decision to exercise that power, does that take effect immediately or only upon report later on back to the GWC?

30 MS LARCOMBE: It takes effect immediately, would be my understanding.

MR LEIGH: And further, once you have had a power delegated to you, if the GWC delegates a power to you as CCO, do they still have the power to exercise that same
35 function themselves?

MS LARCOMBE: Yes, that would be my understanding.

MR LEIGH: I only ask those questions because there has been some focus on how
40 the report back function to the GWC works in relation to other witnesses. You are aware, I imagine, from your time with the GWC, that in May 2021, members requested the revocation of the delegations for the prior CCO and prior DGs?

MS LARCOMBE: I have an awareness of it, having not been involved and
45 appointed until 8 July, but, yes, I do have an awareness of that.

MR LEIGH: Yes. I will bring up a document and show this to you and let you

comment --- GWC.0012.0001.0603, and if we can have up, please, pages 35 and 36 side by side. This is, when it comes up, an agenda item for a meeting. You are not the author of this document but I wanted to ask some questions about --- it deals with delegations, to dig further into this delegation issue. Under the "Current Situation" heading, the first paragraph, there is a discussion about what is the effect of the appointment of a new person as CCO and an apparent automatic cancellation of prior delegations. Do you see that?

10 MS LARCOMBE: Yes, I do.

MR LEIGH: To explore that issue further, I will go to that previous CCO delegation, which I think is at pages 54 and 55. You can see, looking at the introduction to this instrument of delegation, that there is a statement that equates as prior delegation and it goes on underneath that to say that the delegation is made to the holder of a position. Is it your understanding that where a person has been in a position and powers have been delegated to that position, is it, in your view, correct to say that the appointment of a new person in that position has the effect of cancelling the previous delegation, or is it more accurate to say that the person who is coming into the position takes the powers that have been delegated to that position? I'm really asking you to focus on the word that was said in the previous agenda item about cancellation of prior delegations and whether you agree with that way of articulating it.

MS LARCOMBE: My understanding in this particular instance, so my awareness, I suppose, of the papers that were prepared for the previous Commission meetings was as part of my due diligence and understanding, the current situation in respect of the delegation. I made inquiries with departmental staff about the discussions at the May meeting but also at the June meeting. Those inquiries indicated that advice had been sought and received, I think, from internal legal at the Department about the delegation sitting with the position rather than the person. I think, again understanding from the inquiries that I undertook, I was advised that the position or the view was formed that the delegations for those gentlemen in question did not need to be revoked by virtue of the fact that they had --- I think it was in respect of the Director-General had left and what not and then the appointment of Nicola coming in to replace Mark had essentially dealt with those gentlemen being in that position. However, as to the appropriateness of the delegation sitting with the position from a legally robust perspective, I can't provide ---

MR LEIGH: I don't need you to go down that line any further. I'm interested in your answer that you did seek advice as to how the delegations would work and you received advice about what would be an appropriate way of framing the delegation.

MS LARCOMBE: Yes.

MR LEIGH: In that case, I won't take that any further. I do have a single question which is something of a detour. If we can bring up GWC.0012.0001.0250 and have pages 1 and 2 side by side, please. When this comes up, this is the agenda for the

August meeting which, I understand, considered your paper in relation to the delegations. I draw your attention to page 2, which is the agenda item 12, and that is dealing with EFTPOS and contactless payments. If we can then, please, bring up, having looked at that, GWC.0012.0001.2588, which, I think, is the paper that you drafted dealing with the delegation; is that correct?

MS LARCOMBE: Yes.

MR LEIGH: And I just wanted to understand why it was, and this is also item agenda item 12, but is not the agenda that seems to have been before the GWC.

MS LARCOMBE: Yes, we had a last-minute adjustment to the agenda so the original agenda item was withdrawn and replaced with this agenda paper and then we provided advice of an updated agenda to members. It was a last-minute adjustment to the paper pack.

MR LEIGH: That gives me an opportunity to segue for a moment to ask what is currently happening with the process of getting agenda items and information to GWC members? What is the time frame that they have to consider before receiving information? Can you give us an update about that?

MS LARCOMBE: So, typically --- I say "typically", in the last seven weeks --- typically, we try to get agenda papers together and transmitted to members in a reasonable time frame, be it three to five business days, but as you can see from the agenda paper that you brought here, they are pretty significant volume, I suppose, in terms of an agenda structure. So there has been --- it has been a little bumpy, would probably be my assessment since my time and certainly since Sophie has come on in the general manager role. We've looked to try and streamline and restructure the agenda to try and make it simpler for members to navigate through the vast array of things that are on the agenda. But we look, typically, three to five business days, I think. But there is a significant volume of information in the two meetings that I've attended. They are significant meetings. They take, I think, three hours, the last two meetings in particular.

MR LEIGH: And they are held on Fridays; is that correct?

MS LARCOMBE: I think the last one was held on a Friday, but I think it moves, depending on availability, but monthly.

MR LEIGH: I'm wondering, in terms of the three to five business days, is there always a weekend in between for the members to consider the paper work?

MS LARCOMBE: Having been involved in two meetings, I'm not sure I can really provide an answer.

MR LEIGH: The last series of questions I want to ask you about, to change tack now, is in relation to your interactions with other jurisdictions. You mention at

paragraph 32 of your witness statement that you've had some meetings with casino regulators from other jurisdictions. The first one you talk about is on 29 July and that was what you say was an interjurisdictional casino liaison meeting which, you say, is an operational forum for casino regulators. Can you tell us more about that body? Is it a formal body for regulators or is it an informal officer to officer interaction?

MS LARCOMBE: I'm not 100 per cent sure. I think it is --- so it's not at an officer to officer level. It is certainly at CEO, a senior level. So it is a forum for engagement at a senior level for casino regulators in different States to engage on issues and common problems from my first meeting.

MR LEIGH: Are you aware of how often it meets?

MS LARCOMBE: I am not at this stage, no.

MR LEIGH: Obviously, you appeared on behalf of the WA regulator?

MS LARCOMBE: I did.

MR LEIGH: Was there anyone else who appeared with you?

MS LARCOMBE: Nicola Perry attended with me, given my relative --- I think it was the 29th and I had --- that was my first month.

MR LEIGH: In terms of the persons appearing from other jurisdictions, were they equivalent persons, Casino Control Officer-type persons or who else was coming in?

MS LARCOMBE: From memory, there were a broad range of representatives from the other casino regulators and a wide variety of roles. So I can't provide specifics but it was certainly, from my recollection, at a senior level and a variety of different representatives.

MR LEIGH: And if you are able to give a very brief summary, what were the sorts of matters that were on the agenda for that meeting?

MS LARCOMBE: At this stage, I don't think I can recall with it being my first meeting by way of introduction. I can't recall specifically.

MR LEIGH: That's okay. The reason I ask is because the PCRC has seen some documents which suggest that, at an earlier stage, a former CCO, Mr Michael Connolly, proposed that the Department explore the idea of a national framework for junket regulation and that was at GWC.0002.0016.0283 at page 43. I don't need that up on the screen; it's for the transcript. My question is whether there was any discussion in this meeting that you had there about that proposal, national regulation for junkets?

MS LARCOMBE: Not that I recall.

MR LEIGH: Has that been a topic which has been raised in either that group, the interjurisdictional group casino liaison, or in any of your other meetings, such as with the VCGLR or the Queensland regulator?

5

MS LARCOMBE: Not that I can recall specifically, no.

MR LEIGH: And just going then to your second meeting, the VCGLR meeting, I take it that "VCGLR" is short for the Victorian Commission For Gambling and Liquor Regulation?

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MS LARCOMBE: That's correct.

MR LEIGH: And are you able to let the Commissioners know what that meeting was about? You mention national standards for ATFs. Can you give us more detail about that?

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MS LARCOMBE: So that was a meeting arranged specifically for me to bring me up to speed with the work that had been undertaken in the national standards space, so that was with two representatives from the Victorian regulator to really give me an introduction to the national standards.

20

MR LEIGH: You might not know the answer to this, but is there currently work going on at the GWC level in relation to the WA Appendix for the national standards?

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MS LARCOMBE: I can't answer that question at this stage.

MR LEIGH: And on the last question, or last issue you mention in your statement at paragraph 33, you explain that you spoke with the Queensland casino regulator but you say that you connected digitally ---

30

MS LARCOMBE: In an email exchange.

MR LEIGH: An email exchange.

35

In relation to what that was about, that communication, was that in relation to the EGM speed of play issue?

MS LARCOMBE: No, that was just a general introduction.

40

MR LEIGH: Okay. Perhaps a slightly different question sparked by that comment, are you aware of the EGM speed of play issue?

MS LARCOMBE: I have an awareness of it at a preliminary level, given my relative short period of time.

45

MR LEIGH: And accepting it is early days, how would you articulate what you understand the issue to be at this stage?

5 MS LARCOMBE: I don't think I could really articulate it with any sufficiency.

MR LEIGH: You've just heard the expression ---

MS LARCOMBE: Yes, I've heard the expression.

10

MR LEIGH: Having gone through those interactions that you've had with the various other jurisdictions, it appears that it is reasonably common that there is interaction between the WA regulator and other regulators around the country; is that correct?

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MS LARCOMBE: That is certainly my impression, and in my former roles within the Department of Water and Environmental regulation, certainly participation in the environmental regulator's network, so I'm on the national steering committee for the Australian environmental regulators network. I'm also a member of the WA chapter of the National Regulators Community of Practice. So I'm aware, in general terms, of a lot of interjurisdictional engagement on regulatory practice and regulatory issues. And what I've seen from my preliminary observations in this space is that seems to be the case in respect of casino regulation. There seems to be a lot of engagement across boundaries and across borders in respect of casino regulation.

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MR LEIGH: And at this stage, again knowing that it is always very preliminary, have you encountered any difficulty in these interactions or liaisons as a result of legislative framework or any other factors which is in any way impeding your ability to communicate and liaise with other agencies?

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MS LARCOMBE: (Nods head).

MR LEIGH: In the course of those interactions with other regulators, has it been necessary for you to consider the information sharing prohibitions on subsection 35 20(3) of the GWC Act? If you haven't yet had a chance to consider, I can bring those up for you to have a look at those.

35

MS LARCOMBE: I have an awareness of those provisions within the legislation, absolutely. I haven't been in a situation of information sharing with other regulators at this stage.

40

MR LEIGH: So in terms of your discussions with these other regulators, you've not had the need, for example, to discuss the activities of the casino licensee?

45 MS LARCOMBE: It was by way of "Hello".

MR LEIGH: The reason I ask these questions is, as you would know from the legislation, there is a general prohibition on information sharing and then under the

Casino Control Act there is an exception to that prohibition if the information sharing is authorised by the CCO or authorised by the GWC. Are you generally aware of that framework?

5

MS LARCOMBE: I'm generally aware of those provisions, yes.

MR LEIGH: So my question was going to be in relation then to when you are in your role and dealing with other persons, knowing that you can wear the dual hats of being either ED or CCO, whether there might be any difficulty in taking advantage of that exception for the CCO if it's not always clear whether you're acting as CCO or, indeed, when carrying out information sharing? Is that an issue that you have had to consider at any stage?

15 MS LARCOMBE: It's not an issue I've had to consider in the last seven weeks. While I do have an awareness of those provisions within the legislation and it's certainly something I would seek clarity on, both from a legal perspective but also from a Commission perspective about how they see those interactions operating, going forward, but I haven't had to do that in the last seven weeks.

20

MR LEIGH: That was going to be my question, how would you seek to deal with that issue? You said you would seek clarity. What is your understanding of the avenues available to you to seek assistance or guidance perhaps as to legal matters or otherwise when discharging your roles as CCO and ED?

25

MS LARCOMBE: So, from a legal perspective, I'm clear that I can seek legal advice from the State Solicitor's Office in particular on any matters, both pertaining to the Gaming and Wagering Commission and the execution of functions there, but also broader in liquor regulation as well. But seeking clarity, I suppose, would also be from a legal perspective but also from an authorised environment perspective, so from the Commission themselves, in terms of their understanding of those provisions and the appropriate considerations about when and how they would be executed, but also then from my own due diligence and judgment as a regulator to understand the appropriateness of information sharing.

35

MR LEIGH: All right. Changing topic now and going to the question of the relationship between the regulator and the regulated entity, in this case the Perth Casino, the PCRC has previously received evidence, in the course of its hearings, dealing with the relationship that used to exist between a former CCO, Mr Michael Connolly, and various employees of the Perth Casino. Are you aware of that general evidence?

40

MS LARCOMBE: I have an awareness of it, yes.

45 MR LEIGH: The relationship between the regulator and the casino at earlier stages has appeared at times to be almost collaborative in terms of the interaction, and that is my characterisation. My question is how would you characterise the relationship now? To the extent that you can.

MS LARCOMBE: To the extent that I can, I suppose that in the seven weeks that I've been here, certainly more broadly, I suppose, on the issue of the perceptions around regulated entities and regulators, there are, in my experience, a range of
5 elements, I suppose, in contemporary regulatory practice that need to be in place to ensure you've got that clear delineation between regulated entities and the regulator. I think I referred earlier to a clear articulation of the regulatory posture, a clear articulation of the regulatory model, principles of better regulatory practice, which are quite common talk to transparency, they talk to consistency, evidence-based,
10 risk-based considerations and what not, but there is a range of elements I think in contemporary regulatory practice that need to be there. And it's a sliding scale, I suppose. There is a range of interventions and strategies, whether it be at an officer level or a systemic level, for the regulator to be very clear about its regulatory posture and how it executes its regulatory functions at different stages in the
15 regulatory cycle.

So a compliance posture versus a policy development posture versus an assessment posture --- they are all quite different. So while I can't talk to my experience in the last seven weeks, I suppose, certainly the experience that I bring to the role is very
20 clear about how I engage with regulatory entities, yes, in executing any functions that I have as a regulator.

MR LEIGH: If I could zoom in on what you refer to as "compliance posture", do you have a view as to what is an appropriate compliance posture for a regulator to
25 adopt in relation to a regulated entity, particularly in relation to a statutory monopoly, such is the case here in relation to the casino?

MS LARCOMBE: While I haven't experienced, I suppose, in regulating in this context where you have a monopoly as such, in terms of compliance posture and
30 what not, contemporary regulatory practice really looks to articulation of that in a compliance and enforcement policy. So, escalating responses, how the department engages in a compliance context is generally outlined in major regulators through the articulation of a compliance and enforcement policy. So that makes it incredibly
clear what ---

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MR LEIGH: Do you have one at the moment in the RGL?

MS LARCOMBE: No. Not that I'm aware of, no.

40 MR LEIGH: Sorry, I interrupted you. You were saying it was very clear?

MS LARCOMBE: No. So that is a very clear articulation in respect of compliance and enforcement about the activities that the regulator undertakes in that space, how it monitors to ensure it maintains a credible risk of detection of non-compliances and
45 then, generally, an escalating enforcement response relative to the breach that you're considering.

MR LEIGH: Now, are you aware of whether there is any work being undertaken to

develop a compliance and enforcement policy at the moment?

5 MS LARCOMBE: Certainly, in the preliminary work program we have around gaming and wagering sector, that is something I've identified in terms of that broader work program as is needed. So it is certainly factored into the work program and it is something that I envisage, going forward, will be something we will develop in this space.

10 MR LEIGH: This series of questions began with a question about conflict of interest. You've noted at your witness statement in paragraph 47 that you are not aware of any conflicts of interest that you have at present. My question is built on evidence that we've heard from some of the witnesses of the PCRC who discussed what they consider to be the inevitability, or the high likelihood, of there being
15 relationships that develop and conflicts that develop when there is a regulator and a single regulated entity.

Do you have any views as to whether that is something which is highly likely or inevitable and any views as to how a regulator can guard against that possibility?
20

MS LARCOMBE: Certainly. In general terms, regulatory capture and effective conflict of interest management is something that regulators need to be aware of. It's not a static issue. It is an active issue that requires a range of strategies and interventions to ensure that it is effectively managed. And there are a range of things
25 that I'm familiar with, in my experience, around right down to the basic level of communication and training, but then also about how to you structure your teams, how do you rotate officers through different functions, how do you ensure, for example, peer review of decisions made and that kind of robustness of your decision-making frameworks, so ensuring there are checks and balances in that respect but
30 also then in the compliance space as well, how do you ensure that any perceptions of bias or capture are clearly articulated and managed. And then certainly, from an officer perspective, that the issue of conflict of interest is to the fore of their minds and is not static.

35 Previously, in running a range of compliance teams, it was something that we factored into monthly briefings; you know, has anything changed in your space, bringing this to the fore of your --- because conflicts may be inherent but as long as they are effectively managed, I think it is something that regulators need to be attuned to.

40 MR LEIGH: Thank you. My final question to you comes out of the document that we've already referred to earlier, which was the Roche review into the Department. Can this, please, be brought up only on the screen of the witness and the Commissioners? That is DLG.0001.0009.0053. If we can go to page 4. I think I'm
45 taking you into the foreword of the report by Ms Roche. I'm going to ask you to read two paragraphs to yourself and I will ask you a question about that.

MS LARCOMBE: Can I trouble you for some more water?

MR LEIGH: I'm being told there appears to be a slight technical difficulty, that the document is somehow not available. This is my final question. It may be appropriate, if you consider it so, to have a brief recess to allow that technical issue to be addressed.

COMMISSIONER JENKINS: Certainly. We will adjourn for a short period until it is fixed.

10

ADJOURNED

[3:18P.M.]

15

RESUMED

[3:22P.M.]

COMMISSIONER JENKINS: Thank you. Please be seated.

MR LEIGH: Commissioners, thank you for that indulgence. I understand that the document is now available and, hopefully, displaying on your screen at present. Now, if I can invite you, Ms Larcombe, to go down to the paragraph that begins with the words "What became clear" and let me know when you have that.

25

MS LARCOMBE: Yes.

MR LEIGH: Can you please read that paragraph and the next paragraph to yourself and then let me know when you are done. My question is, as a person coming into the department from outside and with fresh eyes, have you recognised some of the difficulties or challenges described in those paragraphs in the course of your secondment?

MS LARCOMBE: I have.

MR LEIGH: And from your perspective, are those difficulties or challenges impacting in any way on the ability of the department to provide services and support to the GWC and, if so, how?

MS LARCOMBE: My preliminary observations in this space probably relate to a lack of clarity, I think, and, again, all of those elements I talked to about what I would consider necessary for an effective delivery as a regulator I think are compounding the issues that staff are experiencing. So I think a lot of that high level understanding of objectives and risk and that clear articulation of the system as a whole is not there and it is not readily available for staff to see where they fit and how the work that they do contributes to the objectives for the Commission. So I think there is always challenges in terms of resourcing and what not, but I think, based on my seven weeks, I think there is this lack of clarity that is really compounding issues for officers within the division to really clearly see this is where

I fit, this is the regulatory delivery, this is the objectives we're seeking and that sense of pride, quite honestly, that says this is the work that I'm doing to achieve this outcome for the community in Western Australia.

5

MR LEIGH: Again this might be a question that is not possible for you to answer, but in the short time that you have been there, and of course we've been heard from Ms Chopping, who is also a new person there, do you detect any change in those challenges that are described in those paragraphs? Essentially, are things moving in a good direction or a bad direction since you got to the department, in your view.

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MS LARCOMBE: I'd like to say a good direction, of course, being seven weeks in, but I certainly see a change. I certainly see a change. I have very much enjoyed meeting with all of the staff in the division. There are a lot of highly capable, very passionate people in the division and I'm really excited about working with the Commission, and obviously with --- and the department to bring it forward so we can really provide that clarity for them.

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MR LEIGH: Thank you very much. No further question, Commissioners.

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COMMISSIONER JENKINS: Thank you, Mr Leigh. Does counsel have questions? No.

COMMISSIONER MURPHY: None from me.

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COMMISSIONER JENKINS: I have a couple of questions.

QUESTIONS BY THE COMMISSION

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COMMISSIONER JENKINS: Ms Larcombe you spoke about audits being one of the activities of a compliance program. Can you name the others? You may have during the course of your evidence, but I want to be sure that I understand what activities you were referring to?

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MS LARCOMBE: Within a compliance program, you can look at, for example, inspections, so face-to-face inspections. Audits, from my experience in compliance -- and I think probably the term "audit program" and "compliance program" are probably interchangeable. Audit, in my experience, is a more in-depth look at a particular issue, whereas inspections can be a variety of different types of inspections. They can be face-to-face inspections. They can --- I think inspections, reviews, audits, spot checks as well. So kind of --- there is lots of different types of activity. There is education activities in a compliance program. So depending on the issue that you are seeking to address, you might undertake a range of educational activities. So, broadly speaking, when you have a clear articulation of the risk that you are trying to identify, or, sorry, a broad articulation of the risk that you are

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dealing with, you can look at a range of activities to ensure compliance with the legislation and ensure that risk is mitigated.

5 COMMISSIONER JENKINS: In respect of, I will call it the compliance program that exists currently, have you been there long enough for you to be able to talk about its strengths and weaknesses?

10 MS LARCOMBE: I have an awareness of it but the extent that I have been able to interrogate it and really form an informed view as to the sufficiency of it, I think it's too early at this stage.

15 COMMISSIONER JENKINS: In respect of the interaction between the regulator and the Perth Casino, we've heard evidence that there were operations meetings that took place monthly between the department/GWC officers and the Perth Casino. Have you attended one of those operations meetings and do you know whether they are still continuing?

20 MS LARCOMBE: No, and I do not.

25 COMMISSIONER JENKINS: How much contact have you had with officers from the Perth Casino?

30 MS LARCOMBE: Limited or none in the time that I've been there. We've received a range of correspondence from Crown on a range of matters, but in terms of direct interaction with Crown officers, none in the time that I've been in the role.

35 COMMISSIONER JENKINS: Thank you. Those were the questions that I had. Yes, Ms Seaward?

MS SEAWARD: No questions.

40 COMMISSIONER JENKINS: Thank you. Ms Larcombe, that concludes your evidence this afternoon. We will keep the summons in place because it is possible that you will be called back. It may be that in a couple of months time we would actually be assisted by hearing more from you but that will be a decision that we will make in due course. But for the time being, you are free to leave.

THE WITNESS WITHDREW

45 Just before you do, there is one house keeping matter that I have to deal with. CRW.700.062.1037 is an EGM video demonstration. An order was made prohibiting the publication of that demonstration. I hereby lift that prohibition order

03:29PM

5 and for counsel's benefit this demonstration is not the subject of an application for a non-publication order by any party. The non-publication order was made by the PCRC of its own volition. It turns out that the order was made in error and so it has now been lifted.

So, thank you very much, counsel. We will now adjourn until 10 am on Monday.

10 COMMISSIONER MURPHY: Monday.

COMMISSIONER JENKINS: Yes, thank you.

15 **ADJOURNED AT 3.30 PM UNTIL MONDAY, 6 SEPTEMBER 2020 AT 10.00 AM.**

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