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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 37

10.00 AM THURSDAY, 10 SEPTEMBER 2021

COMMISSIONER C F JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

**MR MICHAEL FEUTRILL SC and MS APARNA JAYASEKERA 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 and MR PETER SADLER 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 MS LAUREE COCI and MS MIRANDA CUMMINGS
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

10:00AM

COMMISSIONER JENKINS: Good morning. Please be seated.

Mr Sargeant, you can hear and see us?

5

MR SARGEANT: Sorry, I didn't hear that?

COMMISSIONER JENKINS: I said, you can hear and see us?

10 MR SARGEANT: Yes, I can. Good morning.

COMMISSIONER JENKINS: Mr Sargeant, you understand that you are still bound by the affirmation that you took yesterday?

15 MR SARGEANT: Yes, I do.

MR BARRY ANDREW SARGEANT, ON PRIOR AFFIRMATION

20

COMMISSIONER JENKINS: Thank you.

Yes, Mr Feutrill.

25

CROSS-EXAMINATION BY MR FEUTRILL, CONTINUED

MR FEUTRILL: May it please the Commission.

30

Mr Sargeant, you might recall yesterday I asked you some questions around the process by which junkets were regulated to the extent they were regulated after 2010. And I just want to ask you some questions around what a regulator could do. You will recall that, as of earlier this year, there has been a direction given to the Perth
35 Casino that prohibits it from conducting junkets. But one may foresee that in the future, when the borders reopen, for example, there might be some reconsideration of that direction. And I'm interested in understanding your views, as someone who has been involved in regulation of the Perth Casino for many years, on a way in which some, more appropriate, or an appropriate method of regulation of junkets might
40 look like in the future.

40

That's an introduction to the questions I'm going to ask you, Mr Sargeant. So if I understand the evidence you gave yesterday, and perhaps in May relating to the change in regulation in 2010, it was in part driven by an understanding that other
45 authorities were taking steps that mitigated the risks associated with criminal infiltration of junkets in Perth.

45

MR SARGEANT: Yes.

MR FEUTRILL: And one of those steps was a satisfaction that the internal Crown Perth procedures for approval of junket operators and junket representatives were appropriate.

5

MR SARGEANT: Yes.

MR FEUTRILL: One way in which the regulator in Western Australia adopting even a risk-based approach might approach regulation of junkets is to require the junket operator, sorry, the casino operator, to provide it with the same information that it uses to assess the applications for approval to operate junkets in Perth.

10

MR SARGEANT: Yes.

MR FEUTRILL: And that would allow, or that would involve potentially, providing the regulator with the same background information that the casino operator has.

15

MR SARGEANT: Yes.

MR FEUTRILL: Together with a statement that would outline the reasons for the casino operator approving the junket operator in circumstances where, for example, you might deem the operator a high risk. So that information could be provided to the regulator.

20

MR SARGEANT: Yes, it could be provided, yes.

25

MR FEUTRILL: And the regulator would then have a transparent understanding of the process by which the casino operator had approved, at least in the case of high-risk junkets, the junket operator; correct?

30

MR SARGEANT: Yes, that's assuming that the regulator was to devise its own risk profiles.

MR FEUTRILL: Yes. So there will be, in that instance, you would have a check or balance to the casino operator's own internal processes for approval of junkets?

35

MR SARGEANT: You would have to have one in the regulator too.

MR FEUTRILL: Yes. To your knowledge, that was not a procedure that the GWC, or something like the GWC, utilised in the period after 2010, is it?

40

MR SARGEANT: No, it did not.

MR FEUTRILL: With the benefit of hindsight, would you agree with me that adopting a procedure like that in Western Australia would have been an appropriate way to regulate junket operators?

45

10:05AM

MR SARGEANT: With the benefit of hindsight, yes.

5 MR FEUTRILL: And would you agree that if there is to be any return to International Commission Business in Western Australia, some form of more rigorous regulation would be required?

10 MR SARGEANT: Yes, if it is desirable that that is the sort of activity that the casino should get involved in.

MR FEUTRILL: What I mean by International Commission Business is primarily overseas junket operators.

15 MR SARGEANT: Yes.

MR FEUTRILL: Now, Mr Sargeant, could I ask you if you have your statement in front of you, the second statement, the most recent one, and to turn to paragraphs 64 to 67. I think we ended yesterday dealing with your response to the question 26 and paragraph 64. If I could ask that you be shown some documents from the early part
20 of 2017. The first one is CRW.708.008.7829.

I understand this is a NPO application and should not be shown publicly. Have you got that letter in front of you, Mr Sargeant?

25 MR SARGEANT: Yes, the one that's addressed to Mr Connolly?

MR FEUTRILL: That's correct. The question I have for you is whether you were provided with a copy of that letter in the early part of 2017?

30 MR SARGEANT: No.

MR FEUTRILL: Is this the first --- were you provided this letter earlier in your preparation for giving evidence?

35 MR SARGEANT: Look, it may have been, but I can't recall it. I've been provided with a lot of material and I just can't recall it. But I didn't receive it in that particular date, 16 March, around about then.

40 MR FEUTRILL: All right. Were you aware in the early part of 2017 that Crown Perth was proposing to make amendments to the Casino Manual in relation to junkets?

MR SARGEANT: No.

45 MR FEUTRILL: Is that a matter that you would expect in the ordinary course for Mr Connolly to have brought to your attention?

MR SARGEANT: Only through the meeting process, if it was fairly straightforward.

But if it required referral to the Commission, then it would come. So it would come via a separate document and prepared by Mr Connolly if it was a major note, or it could have been handled under delegation.

5

MR FEUTRILL: All right, so in the instance where it is handled under delegation, in what way would that make its way to the GWC?

10 MR SARGEANT: Once the decision has been taken, there was a standing agenda item requiring that all delegated decisions had to be referred up to the Commission for its information.

15 MR FEUTRILL: So I have some other documents to show you, Mr Sargeant. Can I ask you be shown --- this one is GWC.0004.0019.0026. This is subject to a NPO as well.

Mr Sargeant, if you need to refer to anyone's name in this document, can I ask you not to, particularly if it is a person from the AUSTRAC organisation.

20 MR SARGEANT: Can you blow it up a little bit bigger for me to read, please?

25 MR FEUTRILL: Sorry, it's the wrong document. It's coming up. No, that's not it. Sorry, Mr Sargeant, we are technical challenged. There is an attachment to the email that I'm trying to have brought up. That's it.

Again, Mr Sargeant, was this a document that was brought to your attention in early 2017?

30 MR SARGEANT: No. If the document is referred to me, particularly on a file, I will always initial it.

MR FEUTRILL: I see. Again, given the subject matter of that letter, is that a matter you would have expected Mr Connolly to have brought to your attention?

35 MR SARGEANT: Well, it depends in how far he was going. This is dealing with the AUSTRAC inquiries.

MR FEUTRILL: Yes.

40 MR SARGEANT: But it would have been desirable to know but probably not essential at that stage, if it was only seeking information from us.

45 MR FEUTRILL: All right. The fact that a Commonwealth organisation was seeking information from the GWC as the regulator, do you not think that is a matter the Chairman of the GWC would in the ordinary course be made aware of?

MR SARGEANT: At some stage, I would agree. The question is when. In that regard, perhaps ---

10:12AM

MR FEUTRILL: I see.

5 MR SARGEANT: --- information, there would have been at some stage, if an interest was being taken by AUSTRAC.

10 MR FEUTRILL: Can I ask that we call up GWC.0004.0008.0004. And in this case, operator, if you could allow Mr Sargeant to scroll to the next page when he's finished reading.

MR SARGEANT: What date is that?

MR FEUTRILL: The letter should be dated 11 April 2017.

15 MR SARGEANT: Okay.

MR FEUTRILL: It is at the bottom of the page.

20 MR SARGEANT: Okay. And it was addressed to Mr Preston from Mr Connolly and I think he says "I have determined to approve the amendments", okay.

COMMISSIONER JENKINS: Sorry, it's the zooming in and out this early in the morning is making me feel ill.

25 MR FEUTRILL: Fortunately for me, madam Commissioner, I have got my own copy so I'm not suffering the same. So when you are ready, Mr Sargeant.

MR SARGEANT: Yes, you can go to the next page, thank you.

30 MR FEUTRILL: I think you responded to one of my earlier questions about the exercise of delegated power and you can see here that Mr Connolly appears to have approved the amendments to the Casino Manual in this case under delegated powers. My question really is, again, was this a matter that was brought to your attention prior to the exercise of that power?

35

MR SARGEANT: No, I would have --- if it came to the Gaming Commission, it would have come via Mr Connolly informing the Commission at the time he had exercised his delegation to change it, but it didn't come to me prior to.

40 MR FEUTRILL: To get a sense of the way in which the Departmental officers operated, insofar as exercise of delegated power is concerned, as the Director-General of the Department, were you --- there was an expectation that you would be made aware of the exercise of delegated powers?

45 MR SARGEANT: No. I had full confidence in Mr Connolly, and the way in which it would normally come through, particularly if he did make the determination that it had to be done or could be done under delegation, it would come to the Commission.

10:15AM

I have no reason to doubt his judgment in that regard.

5 MR FEUTRILL: All right. So if it was within the ambit of his delegation, you expect he would have exercised that power and report it at the appropriate time to the GWC?

10 MR SARGEANT: It should be reported the first time after he exercised that delegated power. That was the normal requirement.

15 MR FEUTRILL: Could I ask you to be shown, this will probably be the subject of another non-application, GWC.0004.0019.0008. The date of this letter, Mr Sargeant, is 18 April 2017. You will see from the outset that it is the response of the Department in this instance to the inquiry of AUSTRAC. And you can take your time to familiarise yourself with it, but the question really is whether you can recall receiving a copy of this around the time it was sent?

MR SARGEANT: No. No.

20 MR FEUTRILL: So, again, is this a matter where you would expect it to be something that at the appropriate juncture, the information would be brought to your attention as Director-General?

25 MR SARGEANT: If it had been brought to my attention as Director-General, it would be a matter also brought to the attention of the Gaming Commission members as well. What date was that? What date was that again?

MR FEUTRILL: This letter is dated 18 April 2017.

30 MR SARGEANT: So it was within 14 days, roughly within a couple of weeks of being received. Yes, okay.

35 MR FEUTRILL: So can I ask now that you be shown, and this no doubt will also be subject to non-publication, GWC.0004.0019.0012. You can see, Mr Sargeant, from the beginning of that document, it is an AUSTRAC information report on, effectively, its conclusions as a result of, amongst other things, the inquiries made of your department in 2017. It is dated 14 July 2017. Is that a document that you can recall receiving in the course of 2017 or at some time approximate to its date?

40 MR SARGEANT: No, I didn't. I ceased being the Director-General on 30 June, and then I didn't take up my position as an ordinary member of the Commission until 1 August, so I don't recall receiving that. Is that particular document only in relation to WA and Crown, or is that a general statement for casinos generally?

45 MR FEUTRILL: It is a general statement for casinos generally. I would like to actually draw parts of it to your attention to see if you can recall whether you received it in your capacity as a member of the GWC.

10:19AM

MR SARGEANT: Okay.

5 MR FEUTRILL: So if you could make the assumption it deals with a review of the regulation of junkets Australia-wide in 2017 by AUSTRAC, is the final report, or this report, something you would expect in the ordinary course to have been brought to the attention of the GWC members?

10 MR SARGEANT: Yes.

MR FEUTRILL: And can you recall whether it was in fact brought to your attention either formally or informally by anyone from the Department?

15 MR SARGEANT: It wasn't brought to my attention at all. I can't remember it being brought as an agenda item on the Gaming Commission.

MR FEUTRILL: Can I ask that the operator move to page _0004. About a third of the way down the page, there is a summary of activities taken in each of the States by each of the State regulators. It indicates that of the --- each of the items involving some form of oversight, Western Australia only had --- was involving one of those, whereas other states were involved in many more, perhaps with the exception of the Northern Territory.

25 MR SARGEANT: Yes.

MR FEUTRILL: As a member of the GWC, would you not consider this significant and important to know whether your regulatory framework was equivalent to other States of Australia?

30 MR SARGEANT: Yes.

MR FEUTRILL: You might recall yesterday, one of the subjects of the compliance review in 2017 was the junket regulation in Western Australia.

35 MR SARGEANT: Yes.

MR FEUTRILL: Would you regard this as a significant piece of information for the Western Australian regulator?

40 MR SARGEANT: As part of a review, yes.

MR FEUTRILL: And again, the fact that it was not brought to the attention of you as a member of the GWC, is that a concern to you, today?

45 MR SARGEANT: Yes.

MR FEUTRILL: You may not be able to answer this, Mr Sargeant, but do you have any idea, today, why this was not brought to the GWC's attention?

MR SARGEANT: No.

5 MR FEUTRILL: There was quite a bit of activity in 2017, Mr Sargeant. Can I ask you to return to your witness statement, and you might recall one of the questions dealt with an awareness of you as the Chairman of the GWC and as Director-General of the Department to various allegations that were made in the media at different times?

10 MR SARGEANT: Yes.

15 MR FEUTRILL: One of those concerned the arrest of employees of one of Crown Resorts subsidiaries in China. And you have indicated in paragraphs 56 to 58 of your statement some matters of your recollection of those events, or those reports and that you received a formal update from the representatives of Crown in August 2017. And you've made reference there to a specific document.

MR SARGEANT: I think it was talking about a presentation that Crown made.

20 MR FEUTRILL: Yes, at the meeting in August 2017.

MR SARGEANT: Yes.

25 MR FEUTRILL: Just before I ask you some questions about that presentation, in paragraph 58, you have said that:

In terms of response, the GWC relied on VCGLR's investigations [that's the Victorian regulator].

30 That's the first sentence of paragraph 58.

35 MR SARGEANT: Well, in the context --- you have to say because we relied on --- because the Victorian regulator had done the investigation back when Melco was an approved associate, we were then happy to rely on the VCGLR doing the investigation into the Crown employees. I'm not saying there, unless I haven't expressed it well enough, that we were relying on their original investigation in relation to what was happening in China now.

40 MR FEUTRILL: All right. Thank you ---

MR SARGEANT: If they had done that investigation for us back then and they were doing it now, we said, well --- my position was we would rely on that exercise again for them to do that.

45 MR FEUTRILL: Thank you for that clarification, Mr Sargeant. When did you become aware that the VCGLR was undertaking an investigation into the China arrests?

MR SARGEANT: I can't recall exactly but it was around that time. I think Mr Connolly made the contact with the Victorian regulator. I didn't make contact myself. But I can't tell you. I haven't got a recollection of the timing of that.

5

MR FEUTRILL: Was it, to the best of your knowledge, was it at the time that you were the Director-General of the Department or after you had left?

MR SARGEANT: I think it was when I was there. It would have been when I was there. It would have been.

10

MR FEUTRILL: What did you understand to be the nature of the investigation the VCGLR was going to undertake?

MR SARGEANT: Well, my understanding of it was it was to assess the validity of what Crown was saying in relation to their activities in China was legitimate. That's the limit of my knowledge now about it.

15

MR FEUTRILL: All right. And was the fact of and your understanding of the nature of the VCGLR investigation reported or provided to the GWC members broadly?

20

MR SARGEANT: Not in any formal context, I don't recall.

MR FEUTRILL: So when you say that there was a reliance on the VCGLR's investigation, was that, effectively, the position of the Department, was it?

25

MR SARGEANT: Well, it was a position that was taken to the Commission and Mr Connolly and myself were prepared. We did put that position and the Commission was happy to rely on that position. So ultimately, it did become a Commission position as well.

30

MR FEUTRILL: All right. Can I ask ---

MR SARGEANT: That's my recollection of it anyway.

35

MR FEUTRILL: All right. Can I ask that we have a look at the minutes you've referred to in your --- sorry, you haven't referred to the minutes, you referred to the agenda. But if I take you to the minutes, GWC.0002.0016.0211. And the pinpoint is at page _002.

40

MR SARGEANT: What date is that minute meeting?

MR FEUTRILL: These are the minutes of a meeting on 22 August 2017.

45

MR SARGEANT: Okay.

MR FEUTRILL: And if I could draw your attention to item 6.2 and ask you to read

that. And then, when you finished reading to the bottom of that page, if the operator could take you to the top of the following page, for the rest of the record of the meeting.

5

MR SARGEANT: Okay, it's page 2, yes. Okay.

MR FEUTRILL: To the best of your recollection, is that an accurate record or summary of the presentation given by Mr Preston at that meeting?

10

MR SARGEANT: I couldn't recall. All I know is that he was reassuring the Commission that they basically had no evidence to suggest that they were doing things wrong, but I can't recall the details, no.

15

MR FEUTRILL: You will see ---

MR SARGEANT: They were signed as a true record by the chairman so I presume most members were happy with them.

20

MR FEUTRILL: I have another question about this. It doesn't make any reference to the GWC's action or inaction in respect of the reports. It doesn't say, for example, it is noted we are concerned, we're waiting on the VCGLR to do its investigation. So if there had been discussion about that, would you expect it to have been minuted?

25

MR SARGEANT: Not necessarily, because the main focus was the presentation by Mr Preston.

30

MR FEUTRILL: All right. There are some aspects of the information conveyed that I'd like to ask you about and what your response was at the time --- your view at the time was, and whether there was discussion with other members of the GWC at the time about that.

35

So the minute records that 19 employees were "convicted of contraventions of Article 303, Clause 1 and Article 25", another clause, of the Criminal Law of the *People's Republic of China*. So representatives of the Crown Group were convicted of offences against the law of a foreign nation.

40

Did you understand from the information provided to you that they were convicted in the course of carrying out their duties as employees of one of Crown Resorts' subsidiaries?

MR SARGEANT: Yes, I think that was conveyed to us.

45

MR FEUTRILL: The offences related to the promotion of gambling in the People's Republic of China. That was your understanding, wasn't it?

MR SARGEANT: Whether it was specifically a reference to those sections, but that was about (inaudible) in China.

MR FEUTRILL: All right. Would you accept, at the very least, that Crown Resorts Ltd, by association, was associated with illegal activities of its employees in the People's Republic of China?

5

MR SARGEANT: I think the position taken by Crown was they pleaded guilty. They weren't necessarily saying that they had actually acted contrary to the law. I don't think Crown, in Mr Preston's presentation, mentioned that. That is only a broad recollection of mine.

10

MR FEUTRILL: Well, if someone is convicted of a crime, pleading guilty to it, it is usually an indication of guilt, is it not?

MR SARGEANT: Well, I would presume so, yes.

15

MR FEUTRILL: The question really I have for you is given those facts, just those bare facts, was there not a red flag in your mind about the suitability of Crown Resorts as the ultimate owner of the licensee of the Perth Casino?

20

MR SARGEANT: No, not to that extent. I don't think it was of anybody on the Commission at that time either.

25

MR FEUTRILL: So there was no discussion resulting from the conviction of these people about whether or not it had any influence at all on the suitability of the licensee in Perth?

30

MR SARGEANT: Suitability? I think the position taken by the Commission and myself, we were awaiting the outcome of the Victorian inquiry, investigation into it, rather than proceed. That's my best recollection.

35

MR FEUTRILL: All right. You have given some evidence in paragraphs 59 and 60 about allegations that were made in the Federal Parliament by Mr Andrew Wilkie MP.

40

MR SARGEANT: Yes.

45

MR FEUTRILL: And could I ask that you be taken, in this instance, to the agenda for the GWC meeting on the 20 November --- this is also subject to a non-publication order, and we can navigate straight to the GWC.0002.0016.0216_0055. This is not the same document you've referred to in your statement, Mr Sargeant, but it is an update on the allegations arising from Mr Wilkie's statements to Parliament.

45

In paragraph 59, you have indicated that you understood the allegations to primarily involve tampering with poker machines at the Melbourne Casino. Could I just draw your attention to the four bullet points under the heading "Background".

MR SARGEANT: Can that be enlarged, please?

MR FEUTRILL: And you will see there the first two bullet points might fall in the heading of tampering, but there are two other bullet points, one is a concern about avoiding AUSTRAC reporting obligations, and the other is encouraging people to
5 continue gambling when they have a problem with gambling. This report, or update, deals with the tampering aspect. To your knowledge, was there any further report undertaken to update the members of the GWC on the other two aspects of the Wilkie allegations?

10 MR SARGEANT: No, I can't recall that. The emphasis was on the gaming machines. That's my recollection.

MR FEUTRILL: When it was considered by the GWC in the later part of 2017, was the allegation of an avoidance of AUSTRAC reporting allegations a matter of
15 concern to you?

MR SARGEANT: I don't --- I can't recall because I think the main priority was about the gaming machines at that stage. And so I can't recall it raising any concerns with me at that stage.

20 MR FEUTRILL: Well, given that one of the lines of defence, as I understand it, that resulted in the change in regulations for junkets in 2010, related to a reliance on, in part, Crown's AML/CTF program, was it not in your mind that an allegation of avoidance of those obligations had implications for the Perth Casino regulation?

25 MR SARGEANT: Obviously it wasn't, if it doesn't ring a bell and having concerns about it.

MR FEUTRILL: So to the best of your recollection, is it the case that there was no
30 discussion at GWC meetings in which concerns were raised or voiced about the other two bullet points in that report relating to avoidance of AUSTRAC reporting obligations and harm minimisation?

MR SARGEANT: I can't recall it being raised, no.

35 MR FEUTRILL: Can I ask you --- I have got more questions to clarify things in your statement, Mr Sargeant. If I can ask you to turn to --- there are two parts of your statement that deal with the compliance review in 2017. You've dealt with it briefly in paragraphs 68 and 69 and again at paragraphs 88, 89, 90 and 91, and I
40 think you've noted that in the course of 2017, there were compliance review and reports brought to the GWC in a number of areas and they are dealt with in paragraph 89 of your statement.

45 And you've noted earlier in the statement, paragraphs 68 and 69, that the review of the junkets was not undertaken in 2017 and was dropped, or appears to have been dropped. Given that the review was undertaken at your direction in the early part of 2017, did it occur to you to request at any time that the compliance review be

completed?

5 MR SARGEANT: No, it didn't, largely because I was very conscious of the impact that the Machinery of Government changes were having on the resources within the Department. So it wasn't something that I was particularly pushing as a high priority at that stage.

10 MR FEUTRILL: There were a number of factors in 2017 --- I am going to put to you, or at the time in 2017, I am going to put to you, Mr Sargeant, and then I'll ask you a question. There had been allegations in 2014 of infiltration of junket operations by organised crime, there were allegations in the latter part of 2017 by Mr Wilkie dealing with avoidance of AUSTRAC reporting obligations, and the compliance review dealt with everything except for junket operations in Western
15 Australia. You have accepted that they are matters that should have been dealt with in that review, if it had been comprehensive. Given those aspects of public information at the time, did it not occur to you at all that it was a necessary, effectively, responsibility of the GWC to complete the review into junket regulation?

20 MR SARGEANT: As I said, I wasn't pushing any particular matters, and I was very conscious of the pressure that Mr Connolly and others were under in relation to the Machinery of Government changes.

25 MR FEUTRILL: So is the --- sorry, Mr Sargeant, is the answer to that that you did in fact --- it entered your mind, but you put it to one side because you knew of the restraints on the Department from a resources perspective?

MR SARGEANT: I think that is fair comment. I didn't really push it from that point
30 of view.

MR FEUTRILL: So you didn't push it because you didn't think it could be done?

MR SARGEANT: Well, I can't recall the reasoning. As I have said, I was very
35 conscious of the pressure that the agency was under in respect of the Machinery of Government. They had a lot of pressures in relation to getting their budgets in order and staffing situations were not that easy. And Mr Connolly, in particular, who would have to supervise the particular review, was involved in other activities which were not there when we started this particular process to review the various aspects of the casino operations.

40 MR FEUTRILL: Did you share your views with the other members of the GWC?

MR SARGEANT: I can't recall whether --- they were all very conscious of the costs
45 --- sorry, very conscious of the Machinery of Government impacts on the Department, and I think the members of the Commission were very concerned about the health and welfare of the Department people, in particular at times Mr Connolly.

MR FEUTRILL: I mean in particular, Mr Sargeant, did you share you views about

10:45AM

"oh, we haven't done the junket compliance review, should we do it", does the department --- I don't think the department has the resources to carry ---

5 MR SARGEANT: I can't recall. I can't recall if it was just a general discussion at all.

MR FEUTRILL: To the best of your recollection, did any other member of the GWC raise with you "we mentioned a junket review, it hasn't happened, where is it"?
10

MR SARGEANT: No, those members had been members of the Commission from the time that this was first raised as well. Yes.

MR FEUTRILL: All right. Mr Connolly, [sic] ^ SS: I put in [sic] so that's say we know it's wrong but that's what he said. ^ wrong name spoken I take it you are aware, or you were aware, in the period during which you were a member of the GWC that the casino licensee is obliged to provide certain bank account information to the GWC?
15

20 MR SARGEANT: Can you be a bit more specific? What time are you looking at?

MR FEUTRILL: In accordance with the Casino Manual ---

MR SARGEANT: Was it in relation to the Bergin Inquiry? I can't get a handle on where you are going.
25

MR FEUTRILL: In a general sense, there was an obligation on the part of the casino licensee to provide information about bank reconciliations and matters of that nature to the GWC.
30

MR SARGEANT: Not directly to the GWC, it would have been to the inspectors, wouldn't it?

MR FEUTRILL: Well, I ask that we --- I take you to CRW.709.003.1285. This is a pinpoint to the directions. These are the directions, Mr Sargeant, as of 23 February this year. But the one I want to draw to your attention is 4.1, which doesn't appear to have changed for some time.
35

COMMISSIONER JENKINS: Can you scroll down, please, so we can see the whole of 4.1.
40

MR SARGEANT: That direction had been there for some time.

MR FEUTRILL: Yes. I'm particularly interested here in 4.1 (c) which starts at the bottom of that page and goes over to the next page.
45

MR SARGEANT: Yes.

MR FEUTRILL: The question was really whether you were aware in your tenure as a member or Chairman of the GWC, you were aware of this direction requiring certain information be given to the Commission?

5

MR SARGEANT: Well, whilst it was required to be given to the Commission, it basically went to the inspectorate as part of the revenue reconciliation to ensure that the casino was complying with this requirement to pay tax at the appropriate rate on the gross gaming revenue. It never came to the Commission. Although the words "Commission", there were officers in the department that received those.

10

MR FEUTRILL: Were you aware that, as at August 2019, Crown Perth had not been providing all of the required information, in respect of, specifically, Riverbank accounts?

15

MR SARGEANT: The first time I became aware of the Riverbank Investments account was at a presentation to the Commission, I think, by Mr Preston.

MR FEUTRILL: All right. Can I ask the operator to call up CRW.513.024.6387? This is a letter from Mr Preston to Ms Perry of 23 August 2019.

20

MR SARGEANT: Yes.

MR FEUTRILL: My question is whether you have seen this letter before, or if it has been provided to you as a member of the GWC?

25

MR SARGEANT: I can't recall receiving it as a member of the GWC. I can't recall that.

MR FEUTRILL: As a member of the GWC, can you recall being informed that some time in 2019, that Crown had discovered an oversight and had then provided information in relation to that?

30

MR SARGEANT: No, no, I can't recall that. Was that in relation to the Riverbank Investments accounts, is that what they were saying?

35

MR FEUTRILL: Yes, it is.

MR SARGEANT: I can't recall anything in that regard. I understand those accounts were closed in December of 2019. I don't think that was brought to the attention of the Commission either.

40

MR FEUTRILL: All right. So can I ask that you navigate --- sorry, operator, if we could go --- you mentioned, Mr Sargeant, a little earlier, a presentation. Can I ask that we move to GWC.0001.0009.0001, and I think there is a non-publication order on this one.

45

Operator --- first of all, Mr Sargeant, did Mr, I think, it was Marais, and Mr Preston,

did they provide --- did they give a PowerPoint presentation at the meeting that you can recall?

5 MR SARGEANT: I recall that. Who was the other officer there?

MR FEUTRILL: I'm just trying to remember. I think it was Mr Marais? It was at least one of ---

10 MR SARGEANT: I can't recall the other officer. I remember Mr Preston there. I just can't recall ---

MR FEUTRILL: So at least Mr Preston was there.

15 MR SARGEANT: Yes, definitely, because he gave the presentation.

MR FEUTRILL: Can I ask we scroll to page 7 of that document, and direct your attention to the bullet point at the foot of the page, where it was represented that certain accounts were opened and operated as dedicated casino wagering accounts.

20 And then, if I could ask you to scroll to page 32, and there is a representation there as to which accounts were operated as casino wagering, and you will see there, there is a reference to accounts in the name of Burswood Nominees and accounts in the names of Riverbank Investments in Australian and foreign exchange accounts. I think you said earlier, and I may be wrong, Mr Sargeant, but this was the first time
25 you'd heard of the Riverbank Investments accounts?

MR SARGEANT: It was the first time, but at that stage it didn't raise bells in that it would not have been a process whereby the inspectors were aware of it. It was the first time I had seen Riverbank Investments Pty Ltd.

30 MR FEUTRILL: There had been some media allegations around this time, was there not?

MR SARGEANT: Sorry?

35 MR FEUTRILL: There were media reports around this same time?

MR SARGEANT: I can't recall the media inquiries. That came more in 2020, after this what you call the Riverbank Investments media concerns.

40 MR FEUTRILL: All right. So to the best of your recollection, it is the first time you heard the name Riverbank Investments ---

MR SARGEANT: Yes.

45 MR FEUTRILL: --- was at the meeting in August 2019?

MR SARGEANT: Yes, that's the first time.

MR FEUTRILL: And were any questions asked of the representatives of Crown who were present why Burswood Nominees and Crown Perth were operating an account in the name "Riverbank Investments"?

5

MR SARGEANT: No, no. It had --- there was always authority to open bank accounts. I can recall some time ago they were given approval to run some of their programs in currencies, certain currencies other than Australian dollars. That meant patrons didn't have to convert their dollars into --- sorry, convert their currency into
10 Australian dollars. So it didn't ring a bell to me as being a major issue at that stage.

MR FEUTRILL: I'm not focusing, Mr Sargeant, so much on the opening and operation of bank accounts for use in casino operations and gaming.

15 MR SARGEANT: Yes.

MR FEUTRILL: It's the name of the account that I'm drawing your attention to. Did it occur to you that the use of the name Riverbank Investments in connection with the Burswood Casino was an unusual name?

20

MR SARGEANT: No, it didn't at that stage, and bear in mind the presentation was a fairly broad one. But, no, it didn't raise concerns at that stage. But when I started to read how it was being used, well that started to raise concerns after this event.

25 MR FEUTRILL: I understand that, but one doesn't normally go to a casino to invest.

MR SARGEANT: It's a name. It didn't raise major issues with me, the name of a bank account in that name.

30 MR FEUTRILL: No questions were asked to the representatives of Crown "why have you got an account in the name of Riverbank Investments"?

MR SARGEANT: I didn't ask any. I can't recall if anybody else did.

35 MR FEUTRILL: Were you aware at the time that allegations had been made in the media about money laundering through the account? That was the point of this presentation, wasn't it?

40 MR SARGEANT: No, not about that account. The presentation was following the Four Corners episode. Not Four Corners --- Channel Nine in July, and I don't recall that identified Riverbank Investments Pty Ltd as being a major issue. I don't recall that. It was the Channel Nine article, I think, they were responding to per se.

45 And then as you can see what they were saying, they transacted through those accounts for AML/CTF reporting obligations, so there was no need for the Commission to raise concerns. We were being reassured that all these accounts complied with the AUSTRAC requirements in respect of AML and CTF.

MR FEUTRILL: By this stage, Mr Sargeant, were there reassurances that you had been receiving from representatives of Crown starting to wear thin?

5 MR SARGEANT: Well, at this one, following the Channel Nine one, I took quite a bit of comfort at the idea of the advertisement that the board of directors took to reassure not only the citizens but everybody, and reassurances were given. I wouldn't say it was wearing thin at that stage with me.

10 MR FEUTRILL: All right. In all events, I think the evidence you've given in your statement was that the decision of the GWC taken at this time was to await the outcome of the Bergin Inquiry?

MR SARGEANT: The outcome of the inquiry. Yes, I think that was definitely the
15 case.

MR FEUTRILL: There is one aspect of paragraph 62 of your statement that I would like you to clarify for me.

20 MR SARGEANT: Sorry, what was that again? Which paragraph?

MR FEUTRILL: 62. You have a statement that says "however, it should be noted". As I understand, you are saying there that some aspects of the report had limited ongoing relevance given the Chinese junkets to Australia had effectively ceased.
25

What do you --- I have two questions in relation to this, Mr Sargeant. What do you mean by saying that "the relevance had been diminished"?

MR SARGEANT: Sorry.
30

MR FEUTRILL: You said here "some aspects of the report had limited ongoing relevance", what aspects had limited ongoing relevance, given your view that the junkets had ceased from China?

35 MR SARGEANT: Well, the fact that to me was the major source of concern, the fact they had ceased bringing people in from China meant that the issues involved there had been addressed in the sense that there was no longer Chinese patrons being brought into the casino.

40 MR FEUTRILL: The junket operators are not only confined to mainland China, are they?

MR SARGEANT: No. But that is the vast majority of where they were coming from, was from China.
45

MR FEUTRILL: So to the extent that junket operations had ceased to emanate from China, that statement may be accurate. What of other sources of junket operations?

In other words, the concerns about criminal infiltration in other parts of the world would not have been addressed, would they?

5 MR SARGEANT: Well, I can't recall where they would come from specifically, but I know part of the market would have been Indonesia. Singapore, I think was very hard to compete with, and to some extent, Malaysia.

10 MR FEUTRILL: What do you include in your description of Chinese junkets? What parts of the world? Is it strictly the PRC? Does it include Macau and Hong Kong?

15 MR SARGEANT: It would be the PRC from my perspective. I'm not sure how many were coming down from Macau, it was mostly Towers. I just know patrons were coming from mainland China or Hong Kong. I think Macau itself had junkets coming in from there.

20 MR FEUTRILL: What do you mean by "effectively ceased"? That leaves open the possibility it is not completely ceased.

MR SARGEANT: Well, I think it would have meant some still coming in from Hong Kong. They weren't bringing any from mainland China.

25 MR FEUTRILL: And what was the source of your understanding of that, of where the junket operators were coming from?

30 MR SARGEANT: Just general knowledge, that was all. I wouldn't say it was specific knowledge, bearing in mind that in preparing these documents there was a fair degree of pressure on myself as I had to prepare them.

MR FEUTRILL: Are you referring here to your statement?

35 MR SARGEANT: Yes, I was just referring to the fact that one was trying to draw from one's own knowledge without having to specifically refer to things. That was a general comment I made.

40 MR FEUTRILL: When you say "general knowledge", you mean knowledge you acquired in the course of your membership of the GWC or as the Director-General of the Department?

45 MR SARGEANT: I would suggest more at the time as Director-General than I would have done in relation to where their clients came from. When I first started the main clientele was coming in from Singapore and Indonesia, in particular. Over time that changed and when Macau developed there was a strong emphasis on the Chinese market as distinct from the other markets. But I couldn't tell you exactly where they are, that's just a general comment.

MR FEUTRILL: As of 2019 you were an ordinary member of the GWC.

11:05AM

MR SARGEANT: Correct.

5 MR FEUTRILL: So what was the source of your information at that time that junkets had effectively ceased from China?

10 MR SARGEANT: I knew they had ceased because I think Crown had announced it some time ago in 2016. I can recall it was a major concern in relation to --- they had just opened the hotel that year.

MR FEUTRILL: Would that be a convenient time?

15 COMMISSIONER JENKINS: Certainly. Mr Sargeant, we will take morning tee now for 15 minutes. You are free to go about your business for the next 15 minutes. If you could be back in time to recommence at 11.20. 1.20.

MR SARGEANT: Thank you, Commissioner. Will do.

20 COMMISSIONER JENKINS: We will adjourn to 11.20.

ADJOURNED **[11:05A.M.]**

25 **RESUMED** **[11:21A.M.]**

30 MR FEUTRILL: Mr Sargeant, during the time that you were the Director-General of the Department, did you have an executive assistant?

MR SARGEANT: Not all the time in the latter years, but most of the time I did, yes.

MR FEUTRILL: At one point, was that Ms Carolyn Charles?

35 MR SARGEANT: Yes, yes.

MR FEUTRILL: At the time you had an executive assistant, was that person, one of their responsibilities was to manage your diary?

40 MR SARGEANT: Probably jointly.

MR FEUTRILL: With you?

45 MR SARGEANT: Yes, with me and her, yes.

MR FEUTRILL: And did the executive assistant's duties also include to make arrangements and manage your travel arrangements?

11:22AM

MR SARGEANT: Yes, make arrangements for me, yes.

MR FEUTRILL: And ---

5

MR SARGEANT: I booked some things myself as well.

MR FEUTRILL: So did you keep an electronic diary?

10 MR SARGEANT: My diary was my phone tied into the computer system at work, yes.

MR FEUTRILL: All right. And when you used the function on the phone, did you
15 utilise the meeting maker function so you could send an invite to someone for a calendar invitation?

MR SARGEANT: I can't remember me inviting people. I'm more inclined to put in things which I had to attend to and it was sent into the computer.

20 MR FEUTRILL: I see. So if you had an appointment with someone where you made it, you would enter it into the system yourself?

MR SARGEANT: Yes, yes.

25 MR FEUTRILL: Now during the time that you were the Director-General of the Department and the Chairman of GWC, you met fairly regularly with the CEO of Crown Perth, didn't you?

MR SARGEANT: And in the latter years, probably Mr Preston, yes.

30

MR FEUTRILL: So you met with Mr Preston at times and Mr Barry Felstead at times?

MR SARGEANT: Yes, yes.

35

MR FEUTRILL: And was it --- it was your usual practice to meet at Crown Perth?

MR SARGEANT: Yes, it was.

40 MR FEUTRILL: And what was the purpose of the meetings with Mr Felstead? What was the main reason for meeting with him?

MR SARGEANT: Well, I can't particularly recall in the latter years, but very much
45 when there were developments to be processed because they required ministerial approval. And Mr Preston the same. You had to get a number of approvals made under the Casino (Burswood Island) Agreement Act, the agreement schedule to that particular Act, there were a number of approvals required for developments at Crown. There were quite a few times I would be out there. And they would have

bundles of documents as well, usually.

5 MR FEUTRILL: I see. So it was --- the purpose of the meetings was to attend to the affairs of the Department primarily; is that right?

MR SARGEANT: Yes. So I didn't meet very often at all as Chair of the Gaming and Wagering Commission, very rarely.

10 MR FEUTRILL: And over the course of the time of your dealings with Mr Felstead, did you develop a friendship with him?

MR SARGEANT: No.

15 MR FEUTRILL: How would you describe the nature of your relationship with Mr Felstead?

MR SARGEANT: Professional relationship. He was the CEO. At one stage, he would have been director of operations, one level below, and then he was appointed as the CEO, but I had no friendship with Mr Felstead.

20 MR FEUTRILL: All right. What about if I ask the same questions in respect of Mr Preston?

25 MR SARGEANT: Same. I had no friendship with either of them.

MR FEUTRILL: I think yesterday you mentioned, at one point, that you had a high degree of trust in Crown Perth?

30 MR SARGEANT: Yes.

MR FEUTRILL: Do I understand from that one of the people in whom you had that trust was Mr Felstead?

35 MR SARGEANT: Yes.

MR FEUTRILL: And would that comment equally apply to Mr Preston?

40 MR SARGEANT: Yes, for slightly different reasons, but, yes.

MR FEUTRILL: With Mr Preston, why were the reasons different?

MR SARGEANT: He was admitted to practice law.

45 MR FEUTRILL: And so is that one of the reasons you had confidence in him, he was a qualified lawyer?

MR SARGEANT: Yes, that added to it, but I had full confidence in both gentlemen.

MR FEUTRILL: Now, in your first statement, Mr Sargeant, you have made reference to a couple of travel --- trips you did, one to Melbourne and one to Macau.

5 MR SARGEANT: Yes.

MR FEUTRILL: Starting with the one to Melbourne, you've made reference to it in paragraphs 48 to 64 of your first statement. And in your second statement in paragraph 115. I just want to understand a bit more about the chronology of the
10 Melbourne trip, Mr Felstead --- sorry, Mr Sargeant. Can I ask that we call up CRW.708.003.5229.

Mr Sargeant, this is quite a long letter, but the subject matter of it is dealt with in --- underneath the "Dear Mr Sargeant". It is to do with the "Ticket In - Ticket Out". Do
15 you recall receiving this letter in May 2012?

MR SARGEANT: No, I don't. Has it been initialled by me?

MR FEUTRILL: I don't know that this copy has. I think the copy may have
20 originated from Crown given the number is CRW, so it may have been disclosed by Crown rather than the Department.

MR SARGEANT: I can't recall, specifically. Is it attention to somebody? I can't
25 read who it is --- Leigh Radis. Sometimes, those matters were directed straight to the officers concerned. May 2012, yes.

MR FEUTRILL: Were you aware there was a proposal to start a Ticket In, Ticket
Out facility at Crown Perth?

30 MR SARGEANT: I was aware of it, yes.

MR FEUTRILL: Could I ask you to be shown now DLG.8002.0001.1727. This is
consistent with your recollection of the way in which your electronic diary system
35 operated at the time?

MR SARGEANT: It looks as though the executive assistant would have set this up
because it is more formal than what I would have done.

MR FEUTRILL: So as Organiser "Executive Assistant" and Required Attendees
40 "Barry Sargeant", "Barry Felstead", for example.

MR SARGEANT: Yes.

MR FEUTRILL: Do you recall receiving these sort of messages where you click
45 "accept" and it goes into your electronic diary?

MR SARGEANT: I can't recall whether this one specifically --- I can't recall I
would

11:30AM

do it, if that was the case.

MR FEUTRILL: Was it your usual practice?

5

MR SARGEANT: I can't recall whether I did it or whether my executive assistant did. I can't recall. But I wasn't that good at doing things in this regard.

MR FEUTRILL: All right.

10

Do you recall whether you had a meeting with Mr Felstead in around May 2012?

MR SARGEANT: I can't recall that at all, I'm sorry. The diary is there. If I was to go, I would have gone to meet with him.

15

MR FEUTRILL: All right now, could I ask you be shown DLG.0008.0010.0001. Do you recall receiving that letter from Mr ---

MR SARGEANT: No, I can't recall that in detail. But it is addressed to me. Is that one of our documents, is it?

20

MR FEUTRILL: It was received Department of Racing, Gaming and Liquor.

MR SARGEANT: It hasn't been initialled by me, at that stage, so it may not have come to me. Normally I put a line on it and refer it on to somebody.

25

MR FEUTRILL: But you recall being invited to visit Crown Melbourne to make observations about the Ticket In, Ticket Out procedure?

MR SARGEANT: Yes, I can recall that being part of it, yes.

30

MR FEUTRILL: Now, can I ask if you can be shown the minutes of a meeting of the GWC on 31 July 2012. DLG.8001.0036.5460. Move to page 3 of it, and item 5.4. I appreciate this is some time ago, Mr Sargeant, but do you recall there being a meeting in which a demonstration was given of the Ticket in, Ticket Out system to members of the GWC?

35

MR SARGEANT: I don't recall specifically but it would have been quite normal for that to have been done, to provide a demonstration to the Commission members.

40

MR FEUTRILL: All right. Now, under the resolution --- there is a resolution to approve in-principle the implementation of that system and subject to an inspection in Melbourne. So that was the purpose for your journey to Melbourne?

MR SARGEANT: What date was this meeting?

45

MR FEUTRILL: This is 31 July 2012.

MR SARGEANT: 2012, is it? I can't recall if I made a commitment to go to Crown at that stage. I don't who was seeing the inspection, but I didn't go to Crown until 2014, I think it was.

5

MR FEUTRILL: All right.

MR SARGEANT: I don't know whether another officer was going to look at it. I can't remember. The trip that I referred to going to Melbourne was in 2014. I can't recall what month it was. I think it was the first quarter of 2014, which I recorded in my earlier statement.

10

MR FEUTRILL: I will ask you to look at a document that might assist you in your memory, DLG.0008.0011.0001. I appreciate this was --- no, that's not the right document. Yes, it is. This is not your document, Mr Sargeant, but if I could ask you to consider the following page, which is part of the returns for September 2012.

15

MR SARGEANT: What date was that?

MR FEUTRILL: The date is in the top right-hand corner, 30 September 2012.

20

MR SARGEANT: That would have been paid for by the Government, that one. Therefore, I would have gone if that's what it says.

MR FEUTRILL: Well, the second line item --- if I could draw your attention to two line items under your name.

25

MR SARGEANT: Yes.

MR FEUTRILL: One is describing a trip in July 2012 to Darwin ---

30

MR SARGEANT: Yes, that's with the minister, yes.

MR FEUTRILL: And it refers to source of funding, "CF".

35

MR SARGEANT: Yes.

MR FEUTRILL: Do you know what that is a reference to?

MR SARGEANT: The consolidated fund.

40

MR FEUTRILL: And the air fares are paid for out of the consolidated fund.

The next line item is another reference to you in August 2012.

45

MR SARGEANT: Yes.

MR FEUTRILL: It makes a reference to visiting "Crown Casino to view new

gaming machine technology and improvements for the gaming floor and hotel".
That says "paid".

5 MR SARGEANT: Does it? Okay, I will accept that as a valid one, but I --- yeah, I don't recall that one as such.

MR FEUTRILL: Source of funding CF, "first paid via CF", then "costs reimbursed".

10 MR SARGEANT: Okay, I accept that's what's there.

MR FEUTRILL: Are you suggesting that there may have been another trip to Melbourne or was it ---

15 MR SARGEANT: I think there was one in 2014. This one I can't recall.

MR FEUTRILL: All right.

MR SARGEANT: I can't recall it at all.

20

MR FEUTRILL: The question I have for you relates to in paragraph 113, whether the trip is in 2012/2014 doesn't matter to the question I'm about to ask you, Mr Sargeant.

25 So you said in the last part of the paragraph, in your second statement at paragraph 113, it makes a reference that you believe Crown paid for your meals.

If they did not pay, I would have directed the Department to invoice them for my meals.

30

In other words, your view was it was appropriate for Crown to bear the cost of your trip to Melbourne and the costs of your accommodation and meals.

MR SARGEANT: Through invoicing them.

35

COMMISSIONER JENKINS: Sorry, just wait for a moment, please, Mr Sargeant. This is a reference to the Macau trip.

MR FEUTRILL: I'm sorry. Wrong paragraph, 115. My apologies, 115.

40

MR SARGEANT: That was because it was a --- I was going there for their benefit, and I was invoicing them for it. If we went to a restaurant and we couldn't split the bill, then rather than me pay for the whole bill, I was happy to let Crown to pay for it. Otherwise I would have paid it and invoiced them for it. That relates to the trip to Melbourne in 2014, I think. So the other one, I didn't recall that and I had not put it into my witness statements at all, the one in 2012 which is reimbursed. To me, that's
45 the first knowledge I've got. I didn't complete that particular form so whether it was reimbursed, I don't know, or whether that is the one that you referred to in that return

11:40AM

that Mr Connolly signed.

5 MR FEUTRILL: All right, Mr Sargeant, I am going to have to ask you to slow down again.

MR SARGEANT: Sorry.

10 MR FEUTRILL: The question really is more directed to who paid. So you've expressed the view that if you are travelling for, I think you used the words "the benefit of Crown", they ought to pay. My question is as the regulator of Crown Perth, if there is a legitimate reason to inform yourself about an activity for the purposes of regulation, would it not be appropriate for the funding to be taken from the Department itself or the GWC?

15 MR SARGEANT: In considering that now, I think that is an appropriate conclusion. But back then, my thinking was that we had charged them for other things at times and we could charge them for some investigations as long as it was --- the travel was organised through my Department, et cetera, I had no qualms about charging Crown
20 for those things. I didn't think it impacted at all on my or the Department's independence, bearing in mind ultimately these decisions were made by the Commission if they were to be approved or not. But I have a different view now and I haven't --- I didn't undertake any travel like that again but, I understand where you are coming from on that.

25 MR FEUTRILL: All right.

Mr Sargeant, can I ask you to be shown another document. I know we are delving into some years ago. This document is DLG.0008.0010.0021.

30 MR GARAS: Can I just ask my friend to confine this document to the personal screen. There is apparently some personal information of employees potentially on this document. It may not necessarily be on this page, Commissioners.

35 MR FEUTRILL: All right. Perhaps we can confine the screen to the witness and the interested parties and the Commission.

40 First, Mr Sargeant, do you recall receiving a letter from Mr Felstead in April 2013 requesting that you accompany him on a journey to Macau to look at the casinos in Macau?

MR SARGEANT: Yes.

45 MR FEUTRILL: And if you can --- this document actually goes on to include in the following pages a memorandum to the minister seeking effectively approval for the trip and with some estimates costs associated with it, including that the funding ultimately would be borne by Crown. I believe this might be a reference in your first statement. In paragraph 30, you have indicated that you made the trip and that you

understood it was in your capacity as the Director-General of the Department, rather than as Chairman of the GWC.

5 MR SARGEANT: Correct.

MR FEUTRILL: In what way was knowledge of Crown Perth's competition in Asia of assistance to your function as the Director-General of the Department?

10 MR SARGEANT: One of the issues that Crown was addressing was its competition with not only Macau but Singapore, and I had been to Singapore in a different capacity. And their view was that it would be beneficial for them to have some
15 firsthand exposure and experience to the facilities that they were competing with at that stage. And when they put that proposal to me, I made it quite clear that I didn't have the money in the budget and I wasn't prepared to allocate money in the budget for it.

MR FEUTRILL: Sorry, Mr Sargeant, I'm trying to understand what relevance the competition to Crown Perth had to the functions of the Department at the time?
20

MR SARGEANT: Well, Crown, if I can recall correctly, under the State Agreement has a responsibility to maintain the site to an international standard. They had, I don't know, at that stage, I think they had committed to the hotel, to build it. I took the view and when I discussed it with the minister that I didn't know what the
25 standard of facility was like in Macau, and we agreed there could be some advantage in me having that first-hand knowledge of it. That's why. I do work for the minister in many areas. This was one that wasn't necessarily as the Chairman of the Gaming and Wagering Commission, but more as a support for the minister.

30 MR FEUTRILL: Thank you, Mr Sargeant for that answer. Can I ask that we call up CRW.008.002.8755. This is subject to a non-publication order. And, Mr Sargeant, this is Mr Felstead's itinerary for the trip to Macau in July 2013.

MR SARGEANT: Yes.
35

MR FEUTRILL: And if you could scroll down the page, please, a bit further, bottom half of the page, thank you.

You've mentioned, in your statement, that on the evening of 22 July, you had dinner
40 at the Jade Dragon and that you also attended a theatre show ---

MR SARGEANT: Yes.

MR FEUTRILL: --- the House of Dancing Water Theatre Show. You see both of
45 those items are recorded in Mr Felstead's itinerary.

MR SARGEANT: Yes.

MR FEUTRILL: And then over the page, on the following day, there is a dinner recorded at a restaurant by the name of Ying. Do you recall the name of the restaurant you attended on the ---

5

MR SARGEANT: I can't recall the names of the restaurants at all. They were at the two respective casinos that were operated by the Crown/Melco joint venture. They were the two casinos that operate there.

10 MR FEUTRILL: But at each of the dinners, Mr Felstead and Mr Preston were present?

MR SARGEANT: Yes, along with a number of their local executives.

15 MR FEUTRILL: Okay. Mr Sargeant, can I take you to DLG.0008.0010.0028. Can you scroll to the bottom of the page to 22 July.

You will see there, Mr Sargeant, this is your itinerary and it's showing for 22 July, just a reference to a dinner and from 8.00 pm, free time.

20

And if you could turn over the page for 23 July, corresponding entry for dinner is again, just notes dinner and doesn't identify a location. Do you recall receiving your itinerary around July 2013?

25 MR SARGEANT: I don't recall whether my executive assistant received them, but I can't recall. It would have come in and I would have just taken it with me.

MR FEUTRILL: All right. Can I ask you be shown CRW.008.001.4702, and can I direct your attention to the middle of the page. There is an email chain, and an email from executive assistant Carolyn Charles to someone else about itinerary to Macau and is requesting some changes to your itinerary. For 22 July?

30

MR SARGEANT: I can't recall that at all. I can't recall that discussion with Carolyn.

35

MR FEUTRILL: Mr Sargeant, it is the case that you gave the instruction to your executive assistant to make changes to your itinerary, isn't it?

MR SARGEANT: I don't recall making that instruction. It is contrary to my understanding of what happened.

40

MR FEUTRILL: In all events, your itinerary and Mr Felstead's itinerary, you agree, ultimately, were not the same?

45 MR SARGEANT: They weren't, because he left also --- I didn't travel with the Minister and Mr Felstead, if I remember correctly.

MR FEUTRILL: So is it your evidence to the Commission that you don't recall

giving your executive assistant an instruction to make alterations to your itinerary to remove the references to the venues for dinner and the attendance at the theatre show?

5

MR SARGEANT: I don't, because it is contrary to the evidence I prepared there. I don't recall that at all. I can't recall the nature of the dealings with Carolyn on that.

10 MR FEUTRILL: So is it your evidence that you did not receive notice before the dinner held on 22 July of the proposal that you attend the theatre show?

MR SARGEANT: That is the extent of which I can recall here. Whether it came into Carolyn, but I can't recall any discussion at all with Carolyn on that one.

15 MR FEUTRILL: Can you think of any reason your executive assistant would be making changes to your itinerary if you had not given instructions to her?

MR SARGEANT: I don't know the nature of which we would have talked about it. There would have been some discussion, but I can't recall the nature of it at all.

20

MR FEUTRILL: You've mentioned in paragraph 114 that you felt some discomfort at attending the stage show?

25 MR SARGEANT: Yes, that's what I said, why I said what is there is probably what I've done. To the best of my knowledge, that is what transpired.

MR FEUTRILL: What was your discomfort that you felt about attending that theatre show?

30 MR SARGEANT: Well, because I understood it was City of Dreams as a compliment and, therefore, in the circumstances I should make a contribution or pay for the ticket. That was the discomfort at that stage.

35 MR FEUTRILL: Is that because it could be seen to have been a gift to you as a Director-General of the Department?

MR SARGEANT: I think in that case, I accept the meals but that would have been the discomfort there, yes.

40 MR FEUTRILL: You didn't pay for the ticket to the theatre, did you?

45 MR SARGEANT: No, I didn't, because I thought they were complimentary and I know what the casinos often do, provide complimentary tickets for things. So with one of the resort staff, I left some money, I can't remember exactly, but I think it was about HKD1,000, which would have been somewhere around \$200, to make a donation to a local charity so I felt comfortable with that.

MR FEUTRILL: What made you believe it was complimentary, as in provided to

you by the casino in Macau?

5 MR SARGEANT: Maybe when I was sitting there. As I said, there were a number of executives at the table. I would have thought that Crown wouldn't even have been paying for it --- for someone of Mr Felstead's standing, they would be providing complimentary tickets. That's my current understanding. I can't elaborate more than that from what I have said in the statement. I'm very comfortable with that statement, 114.

10 MR FEUTRILL: Mr Sargeant, "complimentary" is another way of saying "gift", isn't it?

15 MR SARGEANT: That's why I included it in that section. Is that the heading of the section, "Gifts and other matters"?

MR FEUTRILL: Yes. Did you make declarations of the value of the dinners you received in Macau and the theatre tickets to the appropriate people in the Department?

20 MR SARGEANT: No, I didn't, because for one thing I didn't see the food as a gift. I saw that as being part of the cost of going and if I had paid for it, I would have charged Crown for those meals. Given the nature of the restaurants, it wasn't possible to ask for one-tenth, or one-fifth or one-twelfth of the bill. I saw it as part of going there for the trouble. Otherwise, I would have to have probably eaten on my own if I hadn't attended. I had no qualms or feelings about the fact that this was part of a business trip. I wasn't getting any personal benefit out of it, so therefore, it was appropriate for me to be supplied with meals. So I wouldn't have declared it along those lines.

30 MR FEUTRILL: The same can't be said for the theatre show, can it?

MR SARGEANT: No, in fairness, I thought I was making a contribution to cover the cost of it so I was comfortable with that as well.

35 MR FEUTRILL: Can I ask that we call up DLG.0012.0002.0028. This is a four-page document, Mr Sargeant. It is the Corporate Governance Policy of the Department. If I could take you to the last page, which is 0031. It is signed by you.

40 MR SARGEANT: Yes.

MR FEUTRILL: So in 2012, sorry, 2013, Mr Sargeant, you were well aware of the Departmental policy concerning gifts and hospitality?

45 MR SARGEANT: Yes.

MR FEUTRILL: Under the heading on page 0029, there is a reference to "Inducements". There is a paragraph that begins:

You must exercise judgment in determining whether the acceptance of any gift or hospitality could reasonably be interpreted by others as an inducement which might place you or the Department under an obligation to the donor.

5

Would you agree with me that accepting, at least in this instance, the tickets to the theatre show may fall within the description in that paragraph?

10 MR SARGEANT: No, because I believe I paid for the ticket, and the other aspect of the trip was to experience first-hand knowledge of what other offerings were available in Macau. I didn't see that as an inducement at all. It was a business trip. I left to go there and to come back. I wasn't going anywhere other than to view and experience the facilities which were available in Macau. Had I been given some tickets to go to a show at Burswood theatre and those things, definitely an
15 inducement. But in the circumstances of the one in Macau, no, I didn't see it as an inducement.

MR FEUTRILL: All right. Can I ask you be shown page 0030. There is a heading that says "Gifts That Cannot Be Accepted". Can I draw your attention to the second
20 major bullet point.

MR SARGEANT: I see that, yes.

MR FEUTRILL: Now it was the case and remains the case that Crown Perth is
25 regularly seeking approvals from the Department in connection with the operation of the casino in Perth.

MR SARGEANT: Yes.

30 MR FEUTRILL: Would you not agree with me with the proposition that accepting any gift or hospitality from Crown Perth by the Director-General of the Department or any other Departmental officer should not, in those circumstances, be done?

MR SARGEANT: When you say "those circumstances", do you mean the
35 circumstances of going to Macau?

MR FEUTRILL: Accepting any gift or hospitality from Crown Perth, wherever in the world it's given, is inconsistent with the Departmental policy.

40 MR SARGEANT: No, I don't agree. I don't see that as a gift of hospitality. It was a business trip I was undertaking. I repeat, if it had been something to do with going to Crown and I lived in Perth, fine. But I didn't see it as gift or hospitality. I did not see it as a gift or hospitality. It was part of the trip cost.

45 MR FEUTRILL: The restaurants you attended were not an average sort of restaurant, were they? They were high-end expensive restaurants?

MR SARGEANT: To me, firstly, there were a large number of their own executives there, so it was a working dinner and I had an opportunity to touch base with them ---

5 COMMISSIONER JENKINS: Sorry, Mr Sargeant, can I interrupt you. You are answering a question which actually wasn't asked of you. Mr Feutrill simply asked you whether they were high-end restaurants?

10 MR SARGEANT: I don't know. They were Chinese restaurants. I'm not a fan of Chinese food. So I don't --- can I answer it this way, Commissioner. There were reference in the media about one of them being a Michelin standard hotel, restaurant, well, that's the first I knew about it, that standard. I'm not a fan of Chinese food. I just went where the invitation was to join other inspectors, so thank you for that.

15 MR FEUTRILL: Mr Sargeant, you didn't stay in the same hotel as the executives of Crown, did you?

MR SARGEANT: No.

20 MR FEUTRILL: You stayed in a less expensive hotel?

MR SARGEANT: Well, it was less expensive, but it was also very close. I was very close, yes.

25 MR FEUTRILL: And you didn't consider it appropriate at that time to be staying in the same hotel as the executives, that's why you chose an alternative location, isn't it?

MR SARGEANT: Yes, yes.

30 MR FEUTRILL: So, having dinner at restaurants and attending theatre shows, on any view, could be described as hospitality.

MR SARGEANT: Well, you can take that view but I'm giving you my view on it, it was not a gift or hospitality.

35

MR FEUTRILL: So in your mind it wasn't hospitality and, therefore, it was acceptable?

40 MR SARGEANT: It was. It was a working dinner. It was a trip that was undertaken as part of my duties. It wasn't a personal trip. It was a business trip as far as I was concerned. And in the circumstances, I thought it was appropriate to join them and I had no idea of the standard of the restaurant.

45 MR FEUTRILL: After you returned to Perth from your trip to Macau, do you recall having a series of meetings very regularly with either Mr Felstead or Mr Preston?

MR SARGEANT: Well, I think I would have recalled them because, at that stage, there was quite a bit of work being done for the foundations for the hotel, and there

were matters which had to be approved by the minister, and quite often, they involved plans and explanations of what was going on. There were that sort of follow-up. Yes, there would have been a number of meetings out at Crown.

5

MR FEUTRILL: In the course of those meetings in that period, was the subject of the International Commission Business tax rate raised?

MR SARGEANT: No.

10

MR FEUTRILL: When did you first become aware of Crown Perth's desire to bring about a reduction in the tax rate?

MR SARGEANT: Probably 2011.

15

MR FEUTRILL: So it had been on the cards for some time?

MR SARGEANT: It had been on the cards for a long time, yes.

20

MR FEUTRILL: And was one of the reasons that Mr Felstead invited you to Macau to demonstrate to you the competition connected to Crown's desire to reduce the tax rate?

25

MR SARGEANT: Well, that was never the link that he was making in any conversations with me.

MR FEUTRILL: You know that Crown had a number of meetings with your minister to do with reduction of the tax rate.

30

MR SARGEANT: Yes.

MR FEUTRILL: And you ultimately made a submission in favour of the reduction in that rate?

35

MR SARGEANT: I can't recall making a submission. Have you got a copy of it?

MR FEUTRILL: Can I call up DLG.0002.0003.0005. You can take your time to read this, Mr Sargeant.

40

MR SARGEANT: Can you make it a bit larger for me, please?

MR FEUTRILL: The note is four pages. You can take as long as you like to read it.

45

MR SARGEANT: I do recall that the most important part of that is the beginning there, it was the briefing note, the Treasury's briefing note to the Treasurer, and he sought comment on Crown's proposal. Could you please keep going.

Okay, "Crown Perth's proposal", yes. Yes, to page 3. Page 1. Okay, come down.

12:10PM

Okay, further down, please. Okay, next page. Okay, thank you.

5 MR FEUTRILL: All right. I think you are going to quarrel with my phrasing of the question of whether that was in favour of a reduction. So will you accept that you made a submission to the Minister concerning a reduction in the ICB rate in October 2014?

10 MR SARGEANT: I do, and I think your reading is quite factual, it is not me making a recommendation.

MR FEUTRILL: And do you recall meeting Mr Felstead in October 2014?

15 MR SARGEANT: No, but I could have done.

MR FEUTRILL: Can I show you DLG.8002.0001.3408. The organiser is identified as you.

20 MR SARGEANT: Yeah, look, I have no doubt it would have been having some sort of coffee catch-up in the morning. 10 to 11.

MR FEUTRILL: Did you also have lunch with Mr Felstead that day?

25 MR SARGEANT: No, I've never had lunch with Mr Felstead.

MR FEUTRILL: Can I ask you just to be shown DLG.8002.0001.3417. This is an email from Mr Felstead to you in the same day. It is upside down but it appears to be a luncheon dish. Do you have any idea why he was sending you a picture of a ---

30 MR SARGEANT: No, but I didn't have lunch with Mr Felstead. I think --- no, Mr Felstead at times used to send me photos of some of the things he used to eat when he went particularly to China. That could have been one of those events. It is the head of a something, isn't it?

35 MR FEUTRILL: It is the head of a chicken, yes.

MR SARGEANT: But I can assure you I've never had lunch with Mr Felstead.

40 MR FEUTRILL: All right. Would you agree that email suggests a degree of familiarity with Mr Felstead in your communications with him?

MR SARGEANT: No, it's a one only. What date was that given?

45 MR FEUTRILL: It's the same date, 27 October 2014.

MR SARGEANT: He could have mentioned the fact and said "I will send you a photo." It doesn't mean anything at all. I had no social contact or friendship with Mr Felstead or Mr Preston.

12:14PM

MR FEUTRILL: Were you aware that Crown made a submission to the Minister on 37 October 2014?

5 MR SARGEANT: For what?

MR FEUTRILL: In relation to a reduction in the tax rate?

MR SARGEANT: What date was it?

10

MR FEUTRILL: 31 October 2014. DLG.0002.0003.0001.

MR SARGEANT: Okay, yes. I wasn't --- it wasn't necessarily me. We probably had some sort of record --- is that a Crown or a DLG document?

15

MR FEUTRILL: It is a DLG document. I am just asking you if you recall receiving a copy of that document in 2014.

MR SARGEANT: I can't recall. Obviously we did because it had been addressed to the Department. What they are doing there is formally writing to him to support the amendment and I think this would have been after that document that you showed me, that was before that date, wasn't it? So he met with the Treasurer, the Crown --- I wasn't part of that meeting, Crown had met with the Treasurer, and I don't know what transpired between the Minister's office in relation to this but at some stage they did seek a formal submission and my recollection is that it went to Cabinet. It was not my decision. It was a Cabinet decision.

20

25

MR FEUTRILL: Mr Sargeant, you made a submission dated 23 October 2014 to the Minister concerning the reduction in tax. You met with Mr Felstead on 27 October 2014.

30

MR SARGEANT: Yes.

MR FEUTRILL: And a few days later Crown made a formal submission to the Minister in respect of the reduction in the tax rate.

35

MR SARGEANT: Crown --- go on.

MR FEUTRILL: At your meeting on 27 October 2014, did you have a discussion with Mr Felstead concerning a reduction in the tax rate?

40

MR SARGEANT: I can't recall if I did. I would doubt it very much because Mr Felstead knew that it wasn't my decision, and the tax situation had been going on for many years. That date in October 2014, I don't know what relationship the Minister had with Mr Felstead and the office. They worked quite independently of me in that regard, but I know that from the point of view of the Minister, if they were going to get this particular submission through, it was going to have to go to Cabinet, and it

45

wasn't something I was involved in. I would have surmised that the Minister would have liked to have had a more up-to-date submission to accompany the Cabinet submission.

5

MR FEUTRILL: Your view as the Director General of the Department would have been an important consideration for the Minister of the day, would it not?

MR SARGEANT: It would be.

10

MR FEUTRILL: By way of an example, if you had a view that maintaining the tax rate at the level at which it was could adversely impact on the financial capacity of Crown Perth, that is a matter that would inevitably be taken into account by the Minister?

15

MR SARGEANT: It could be. Can I qualify that, though. When it came to the tax rate, I did not feel at all qualified to actually make a call on that, and that's why the Minister was very concerned that Crown had to get the Treasurer on board. Ultimately it was going to be a Treasury matter.

20

MR FEUTRILL: Were you concerned that if the tax rate remained at the level it was at the relevant time in 2014, it may have undermined the financial capacity of Crown Perth in the future?

25

MR SARGEANT: I wouldn't say I was concerned. If I repeated some of their arguments, I think in that memo that you let me read, quoted directly from what Crown said, but could I qualify that, no, I didn't know exactly what their forward estimates were like. It was a matter for ultimately Treasury to decide in relation to the risks they wanted to take if the rate remained there or the rate was to be reduced.

30

MR FEUTRILL: If you had been deadset against the idea, would you have conveyed that to the Minister?

MR SARGEANT: I think that's a hypothetical.

35

MR FEUTRILL: It is a hypothetical.

MR SARGEANT: I don't know what the circumstances would have to be. I don't feel comfortable answering that.

40

MR FEUTRILL: So do I take it then you didn't convey to the Minister that you were deadset against it at the time?

45

MR SARGEANT: No. No. You saw the tenor of that email, it was very much factual, laying it out.

MR FEUTRILL: Did you provide information to Mr Felstead about your involvement in providing advice to the Minister?

MR SARGEANT: Mr Felstead knew quite clearly that this was not my decision.

5 MR FEUTRILL: Was he interested to find out from you what information you had provided to the Minister?

MR SARGEANT: No, but he had asked me to have it given to him anyway.

10 MR FEUTRILL: Is it your evidence that to the best of your recollection, the subject of the reduction in the tax rate was not brought up at your meeting with Mr Felstead on 27 October 2014?

15 MR SARGEANT: I would be happy to say that to the best of my recollection, yes. Because it is not a matter that I was the decision-maker, and Mr Felstead from the very outset knew that it was very much a Treasury matter.

MR FEUTRILL: Mr Sargeant, you and Mr Connolly --- you know Mr Connolly, obviously?

20 MR SARGEANT: Yes.

MR FEUTRILL: And he worked in the Department under you for many years?

25 MR SARGEANT: Yes.

MR FEUTRILL: For the last five years of your tenure as Director-General he was the Deputy Director-General of the Department?

30 MR SARGEANT: Correct.

MR FEUTRILL: He was also the Chief Casino Officer for a long time?

MR SARGEANT: Yes.

35 MR FEUTRILL: Would it be fair to say you had a close working relationship with him?

MR SARGEANT: Working relationship, yes.

40 MR FEUTRILL: And that you knew him quite well?

MR SARGEANT: From a working relationship, yes. I had no social contact with Mr Connolly.

45 MR FEUTRILL: You knew, though, from your involvement with him in the work environment that he and Mr Hulme maintained a friendship and relationship after Mr Hulme left the Department?

MR SARGEANT: No.

MR FEUTRILL: You did not know that?

5

MR SARGEANT: I did not know that they maintained a social relationship after he left the department. I knew Mr Hulme and Mr Connolly had worked together, but I did not know, and I said that in one of, I think my previous appearances before the Commission, and I maintain that position.

10

MR FEUTRILL: You knew that Mr Connolly was friends with Mr Marais, though?

MR SARGEANT: In 2015, yes, from then I knew it was a relationship basically around crayfishing.

15

MR FEUTRILL: Were you aware that Mr Hulme was a keen fisherman as well?

MR SARGEANT: No, I was not.

20

MR FEUTRILL: Were aware that Mr Connolly and Mr Preston maintained a friendly relationship?

MR SARGEANT: No.

25

MR FEUTRILL: Were you aware that there were regular operational meetings involving Mr Connolly, Mr Marais, Mr Hulme and Mr Preston?

30

MR SARGEANT: I knew that the operational meetings --- I wasn't aware of Mr Marais because I wasn't aware of his level within the organisation with Crown. I always saw him as a, sort of, aide to Mr Preston. And Mr Connolly attended those meetings. Not on his own, there were other staff that attended those meetings with him from the Department.

35

MR FEUTRILL: Yes. You are speaking too quickly, Mr Sargeant, yet again.

MR SARGEANT: Sorry.

40

MR FEUTRILL: Coming back to Mr Marais, and your knowledge that he and Mr Connolly went crayfishing ---

MR SARGEANT: Yes.

45

MR FEUTRILL: --- were you aware of the regularity at which they went fishing each morning in the summer?

MR SARGEANT: No, but I knew Mr Connolly went quite regularly because he pulled crayfish. But I wasn't aware how often he and Mr Marais went together. But I

knew Mr Connolly went quite often.

5 MR FEUTRILL: When Mr Connolly brought to your attention his desire to acquire a boat from Mr Marais ---

MR SARGEANT: Sorry, acquire?

10 MR FEUTRILL: A boat from Mr Marais, I think you've given ---

MR SARGEANT: I thought it was another way. I think Mr Connolly might have sold a boat to Mr Marais.

15 MR FEUTRILL: My apologies, whichever way around it was, there was a transaction of the sale of a boat between Mr Connolly and Mr Marais?

MR SARGEANT: Yes.

20 MR FEUTRILL: And Mr Connolly brought that to your attention?

MR SARGEANT: After the event, yes.

MR FEUTRILL: After the event, as in after the sale or before the sale?

25 MR SARGEANT: The email just said that Mr Marais had offered him, he accepted it, and then he made statements about fair value and I accepted that there was no obligation from Mr Connolly to Claude Marais.

30 MR FEUTRILL: Did you not consider that a transaction involving the Chief Casino Officer and a person involved in operational meetings with that person was not an appropriate transaction?

35 MR SARGEANT: I think I just said before I didn't think Mr Marais attended those meetings, those operational meetings, but obviously you are telling me he does. And I said in my 9 May appearance before the Commission, I didn't see Mr Marais as a person of influence within the organisation. I think Mr Marais joined Crown, I could be wrong, maybe around about 2012, something like that. I had quite a bit to do with Mr Preston as you appreciate, et cetera. During my time, even through to when I was finished with Director-General, I don't think I met Mr Marais once. So I didn't see
40 him as a person of influence within the organisation.

MR FEUTRILL: So is your understanding of the position of Mr Marais within the Crown organisation, was that taken from what Mr Connolly told you, was it?

45 MR SARGEANT: No, I think it was probably my own observation that I had not met the man. He had been there since 2012. Mr Connolly brought this to my attention some time in 2015. As I said, I've had dealings with Crown from that time through to when I required. I never once met Mr Marais. Well, to the best of my

knowledge. I might have met him at something like the Problem Gambling Awareness Week, those sorts of things, but I can't recall meeting him in a formal capacity where matters to do with Crown were being discussed.

5

MR FEUTRILL: Did you make inquiries of Mr Connolly at the time he bought the subject of the sale to your attention as to what Mr Marais's position was?

10 MR SARGEANT: I can't recall. I can't recall. Well, I can't recall the nature of the conversation.

MR FEUTRILL: And what of the relationship more generally? Do you consider that to be an appropriate relationship for the Chief Casino Officer to have?

15 MR SARGEANT: When you say "more generally", what are you referring to there?

MR FEUTRILL: The regular early morning fishing for crayfish?

20 MR SARGEANT: Again, I didn't think it was inappropriate if it was --- crayfishing was a limited period, as I understand. Based on my understanding of Mr Marais's position within the organisation, it didn't ring any bells with me. I wasn't overly concerned about it.

25 MR FEUTRILL: So is it the case that had you known of Mr Marais's position within the Crown organisation you may have taken a different view?

MR SARGEANT: If I'd known he was more senior or more influential, yes, but I didn't have that view of him.

30 MR FEUTRILL: Had you known --- I withdraw that.

Mr Sargeant, while you were the Director-General of the Department, you arranged for or allowed for a number of functions to be held at Crown Perth on behalf of the Department, didn't you?

35

MR SARGEANT: Examples of what you mean?

MR FEUTRILL: Christmas lunches in 2010, 2011, 2012 and other times.

40 MR SARGEANT: Well, they were lunches which I paid for.

MR FEUTRILL: At the venue of Crown Perth?

45 MR SARGEANT: Because it was a nice venue, yes. I paid for those out of my own personal account.

MR FEUTRILL: Would you agree that from the perception of the public, that maintaining a degree of distance between the regulator and the party regulated is

appropriate?

5 MR SARGEANT: Well, in the sense it was Christmas functions we were there, had functions, the staff, my colleagues enjoyed it. I didn't see it as an issue. We paid the going rate for the food, et cetera. I mean, you can argue we shouldn't meet in a hotel because we licence hotels. We shouldn't go to a restaurant. I've taken them to restaurants in previous years. It was my habit to take all my corporate executive to a Christmas lunch and I paid for it.

10 MR FEUTRILL: But of all the venues in Perth you've chosen Crown on a number of occasions?

15 MR SARGEANT: Yes, we did, but I've been there for 25 years. I went to a lot of functions, but the staff enjoyed it, particularly the smorgasbords, the smorgasbord was a very good one because it meant that people had their choice. I saw no problem in that. It wasn't a regular thing. I went there as a genuine thank you for my staff.

20 MR FEUTRILL: Mr Sargeant, can I ask you some questions about a different topic. It relates to the obligations of the Gaming and Wagering Commission under section 7 of the Act. It is unnecessary, I think, Mr Sargeant, to ask you to be a lawyer on this occasion, I will ask you if you accept some general propositions.

25 Do you agree that a responsibility of the GWC is to formulate and implement policies for the scrutiny, control and regulation of gaming and wagering in Western Australia?

30 MR SARGEANT: That's part of it, but there are other parts to take into account. That is part of it, yes.

MR FEUTRILL: Now, the interests of the community as a whole are included, as are the need to minimise harm caused by gambling?

35 MR SARGEANT: Yes.

MR FEUTRILL: And would you agree with the proposition that to formulate and implement policies, there is a need at least to understand what the interests of the community as a whole are?

40 MR SARGEANT: Well, it depends, what did you say "understand"?

MR FEUTRILL: You need to formulate a view about what the interests of the community as a whole are?

45 MR SARGEANT: Yes.

MR FEUTRILL: And would you agree the same applies, if you are going to formulate and implement policies, you need to understand the harm caused by

gambling?

MR SARGEANT: Yes.

5

MR FEUTRILL: And to understand each of those concepts in terms of the community as a whole, one way is to perform some sort of survey or statistical study; would you agree with that proposition?

10 MR SARGEANT: Yes, possible, yes.

MR FEUTRILL: And if you undertake a survey using statistical data, then one may be better informed about the extent to which harm is caused by gambling in Western Australia?

15

MR SARGEANT: Yes.

MR FEUTRILL: To your knowledge, I'm talking now about the entire period during which you were the Director-General and either Chairman or a member of the GWC, are you aware of any studies undertaken of the prevalence of gambling related harm in Western Australia?

20

MR SARGEANT: One that the --- I can't recall how it was funded, but it was done in mid-90s, about Western Australian harm. And the other one was a 1999, as part of the national survey it was done by the Productivity Commission. The Productivity Commission updated that information for 2009 and basically said the same low level that was incurred in 1999 was confirmed --- that had been found in the mid-90s, that was done. That's the only prevalent studies I'm aware of within WA since I've been either DG or through an ordinary member of the Gaming Commission.

25

30

MR FEUTRILL: All right. In the case of the 2006 update of the report by the Productivity Commission, there was no statistical analysis or surveys undertaken for the purposes of that report was there?

35 MR SARGEANT: No, that's correct.

MR FEUTRILL: So the only statistical analysis undertaken in respect of Western Australia to your knowledge, the most recent was what was done for the purposes of the Productivity Commission's report in 1999?

40

MR SARGEANT: That's right. Correct.

MR FEUTRILL: Would you agree that since 1999 there have been a fairly large increase in a number of EGMs at the Crown Casino?

45

MR SARGEANT: Yes. Yes, I would agree.

MR FEUTRILL: During the period from 1999 to today, what statistical information,

if any, is at the disposal of the GWC to formulate and implement policies concerning harm caused by gambling?

5 MR SARGEANT: Can I --- I will answer that, but can I qualify that I was happy with what the Productivity Commission had done to update to bring it up to 2009. But the main source of information would have the Australian gambling statistics which were maintained by the Queensland. All the States and Territories contributed a fee to Queensland to collate all the information. And over that time from what I
10 can recall the real per head population expenditure on gambling, as distinct from the race horse, had declined over those years, and declined quite significantly. Things like the percentage of household disposal income relative to the earlier years had declined. So there were statistics available which didn't indicate that things were getting worse.

15 MR FEUTRILL: Were getting worse?

MR SARGEANT: Were not getting worse and from the point of view of --- If you put it another way, the trend line had been going up so you had a trend line which
20 showed that the expenditure per head of population for gaming in Western Australia was rising or if the percentage of household income spent on gaming was rising then you would have concerns about that, that's was actually a declining trend.

25 MR FEUTRILL: This data from the body in Queensland, was that specific to Western Australia in any way?

MR SARGEANT: No, every State --- they collated it for every state. And I recently saw something produced by the Australian Gambling Council which gave a time series over 10 years I think it was and it showed WA per head of population
30 expenditure was the lowest all the way through those years. The trend line was definitely down.

35 MR FEUTRILL: So one indicia may be how much money people are spending on gambling but what of those who develop some kind of problem gambling, an addiction or something of that nature, what data is available?

MR SARGEANT: The only data that also have available is from the Problem Gambling Support Services Committee, the funding of the, particularly the face-to-face counselling group in Western Australia. They --- And the committee took this
40 particular view one of the main things we wanted to make sure was that they had sufficient capacity to meet their demand. And I can't recall them coming back and indicating that there was a substantial increase in demand on their services over that time. So that was just another source of information.

45 MR FEUTRILL: And as a consequence of your review of information available to you while you were Director-General or a member of the GWC, did you --- have you come to have an understanding of the causes of gambling related harm?

MR SARGEANT: When you say "causes", things like what constitutes a person that experiences gambling? So somebody could afford to lose a certain percentage of their money which may not be a harm, others can't afford it. So it is a matter of getting a definition of what is problem gambling. One of the fundamental issues is whether people are losing --- spending more than they can actually afford. But there are a number of definitions available. I can recall what is called SOGS, that's a Canadian social index indicators of what the harm is. There is statistical ---

10 MR FEUTRILL: My question is really concerned with --- we can define what the harm is; have you an understanding of what specifically causes that harm? So, for example, are there some forms of gambling that are more harmful than others?

MR SARGEANT: I'm aware of studies which indicate that the gaming machines are more harmful than table games. That is an issue that, generally speaking, we are relying on the National Standards to address in terms of any national initiatives to change or regulate the machine designs, those aspects of machine gaming.

MR FEUTRILL: So in terms of machine design, is one of the factors taking into account the speed of play?

MR SARGEANT: Yes.

MR FEUTRILL: And what is your understanding of how that impacts on gambling related harm?

MR SARGEANT: Well, if the speed of a game is increased obviously it means people could lose their money quicker. So that means if you are a problem gambler you might expend more. Others it might mean they allocate a certain sum of money and it may go quicker. The machines are designed on average to return a particular amount to the casino operator.

MR FEUTRILL: So the faster you can play the faster you can lose?

MR SARGEANT: That would be the principle.

MR FEUTRILL: And what about duration of time on the machine? So if you are on there for 24-hours you can lose a lot more than if you are on there for an hour?

MR SARGEANT: Correct. Whether you are on a table or gaming machine, the longer you are there because the odds of the game are designed ultimately for the operator to take a percentage.

MR FEUTRILL: To the best of your knowledge, are there any regulatory requirements in Western Australia that deal with the duration of play, as in maxima in a day a person can spend ---

MR SARGEANT: No.

MR FEUTRILL: I'm not aware of any, no.

5 MR FEUTRILL: Are there such limitations anywhere else in Australia to your knowledge?

10 MR SARGEANT: I'm not sure if they are mandatory. I understand that in Melbourne there is a limit to the amount. It was 18 hours and they might have reduced it to 12. I don't know if it is mandatory, how mandatory that is. I can't recall.

15 MR FEUTRILL: Are you aware of whether at any time the GWC has given consideration to adopting or implementing a policy in Western Australia that deals with duration of play?

MR SARGEANT: No.

20 MR FEUTRILL: Is it something that you would consider to be of a possible area for improvement?

MR SARGEANT: Well, it is something which hadn't turned our attention to look at, but one could look at, yes. Yes.

25 MR FEUTRILL: Is another area or a possible cause the accessibility that a patron has to funds available for gambling.

MR SARGEANT: Oh, yes, yes, yes.

30 MR FEUTRILL: So, in other words, if you can readily withdraw funds from your bank account to continue gambling, that has the potential to cause more financial harm than if there is some impediment to continuing to withdraw funds?

MR SARGEANT: Yes.

35 MR FEUTRILL: And that is the subject of a policy of the GWC; is it not?

40 MR SARGEANT: There is a policy relating to the location of automatic teller machines and there was also a policy regarding the use of EFTPOS machines on limits of amounts of money within the cage area. It could only be a debit card as well.

45 MR FEUTRILL: And what of other things such as loyalty programs? Have you got any idea of the extent to which encouragement or participation in loyalty programs has the potential to increase gambling related harm?

MR SARGEANT: It can do but there is also --- it is an element of the way in which returns can go to people not only with problem gambling but people who can enjoy

the activity of gambling. Yes, there is a possibility of that, yes.

5 MR FEUTRILL: To your knowledge is there any policy in Western Australia in any way linked to loyalty programs?

MR SARGEANT: A policy in relation to addressing problem gambling in loyalty programs? Yes ---

10 MR SARGEANT: No.

MR FEUTRILL: --- so, for example, in Victoria there are requirements in connection with loyalty programs to maintain certain data on the players?

15 MR SARGEANT: Well, the loyalty program that was introduced here, and again I'm going from memory, does require them to maintain data about their players and they also have to provide that data on request from the players. That is my recollection because the whole point of a data, of a royalty, is to maintain information on the players.

20

MR FEUTRILL: And the position in Victoria is different, is it not? They must provide the data to the player?

MR SARGEANT: They must. In Western Australia we made it voluntary.

25

MR FEUTRILL: Do you understand why there was a difference in Western Australia, voluntary versus mandatory provision?

30 MR SARGEANT: I can't recall. The only thing that I can suggest is part of the policy in Victoria may have been driven by the fact that they've got 27,500 machines outside the casino, and from their point of view there was quite a strong program undertaken in relation to matters to do with matters to do with keeping people informed under gambling.

35 MR FEUTRILL: Okay. Do you recall that towards the end of 2018 there was a presentation at a GWC meeting by Mr Preston on Crown Perth's Responsible Service of Gambling program?

MR SARGEANT: Yes. I can --- yes.

40

MR FEUTRILL: I just want to call up the document. It is GWC.0002.0016.0239. And the specific --- this is subject to a non-publication order. The specific page reference --- I think I've given you --- sorry, operator, I think I've given you the wrong reference. It is GWC.0002.0016.0260. And it begins at page _0013.
45 Fortunately for you, Mr Sargeant, we don't need to go through the whole document. I just want to take you to a couple of parts of it to draw certain aspects of it to your attention?

MR SARGEANT: Is this the Sixth Review report?

5 MR FEUTRILL: It is. So the following page is a letter from Mr Preston to Mr Ord in November 2018 setting out ---

MR SARGEANT: Sorry, was that before or after the meeting?

10 MR FEUTRILL: It was part of the agenda papers. So the sequence of events appears to have been letter in response to some inquiries, agenda item and then a meeting at which Mr Preston presented in part speaking to this and in part speaking to a PowerPoint. But the reason for drawing your attention to it is more to do with some aspects of the letter, Mr Sargeant.

15 So they set out quite a number of aspects of Crown Perth's Responsible Service of Gambling program at the time and then there is a heading on _0029 at the foot of the page saying "Other Harm Minimisation Strategies". And if we can move to the next page, the two I want to draw to your attention as part of this suite of information provided to the GWC are, one, the limit on the ATM policy, which you made
20 reference to earlier, and the second thing is the then standards, the WA Appendix to the Australian Standards on EGMs, which I think you also mentioned or allude to earlier.

25 MR SARGEANT: Yes.

MR FEUTRILL: And the two aspects of that to which the GWC's attention were drawn in this letter are the limitation on the ability to withdraw funds, capped at \$400 and the location of the ATMs ---

30 MR SARGEANT: Yes.

MR FEUTRILL: --- and the second is the speed of play in Western Australia at the time was 5 seconds.

35 MR SARGEANT: I think the minimum speed was 5, is that right?

MR FEUTRILL: That's right. So coming back to some questions I asked you earlier about the causes of harm related to gambling ---

40 MR SARGEANT: Yes.

MR FEUTRILL: --- these are two aspects of the framework in Western Australia that were intended to address those causes of harm.

45 MR SARGEANT: Yes.

MR FEUTRILL: And at this time at least, in the context of the RSG program for Crown, they were being promoted as aspects of the harm minimisation program?

MR SARGEANT: Yes.

5 MR FEUTRILL: The next document I would like to draw to your attention is GWC.0002.0016.0266 at _0218. You may recall that in the early part of 2019 Crown Perth made a proposal to introduce cashless transactions for gaming purposes at the Perth Casino?

10 MR SARGEANT: You mean the EFTPOS machines at tables?

MR FEUTRILL: Yes. Do you recall that proposal?

MR SARGEANT: Yes, I do, yes.

15 MR FEUTRILL: Can I ask you to be shown GWC.0002.0016.0270 which are the minutes of the meeting, item 6.7.

MR SARGEANT: Okay, yes.

20 MR FEUTRILL: Operator, can we move to the following page where there is a resolution. I want to understand if you can assist the Commission around the meaning of a couple of things in this resolution.

25 So, in the resolution, it is in-principle approval, and I understand that was subject to some further investigations being undertaken by Crown Perth that I think subsequently occurred, but in the (i) there is a reference there to "designated area/s"; what is your understanding of the designated areas referred to in that aspect of the resolution?

30 MR SARGEANT: I understand that designated were areas where there was supervision for the people to be using. The idea was to if you are going to use an EFTPOS that they are actually buying something. So it was a matter of how convenient it was to locate it. But they couldn't use, for instance, they had to use a pin. That's my understanding of it. Most of it was at gaming tables, that was the
35 main thing.

MR FEUTRILL: All right. So was it your understanding that if, for example, a person was sitting on an electronic gaming machine they would not be able to tap immediately using EFTPOS on that machine?

40 MR SARGEANT: Definitely.

MR FEUTRILL: They would need to go to some other part of the casino and essentially utilise EFTPOS to purchase gaming chips or some other thing.

45 MR SARGEANT: Yes, that's my understanding of it, this is in-principle approval.

MR FEUTRILL: Right. Now, at this time, at least, was there --- did you have any understanding of whether there was any limit on the amount that could be withdrawn each time the EFTPOS was used at the Perth Casino?

5

MR SARGEANT: The limit was on the ATM but the other limit was in the EFTPOS cage. That was subject to normal bank limits. It says here we were looking at about \$400, similar to the --- outside of the \$400 limit per transaction and perhaps even a limit per day which was less than what the banks and that were offering.

10

MR FEUTRILL: I know there was some delay in implementation of this proposal, or the system, but ultimately --- it was reviewed again this year by the GWC, wasn't it?

15

MR SARGEANT: I can't recall. If it was, I accept that.

MR FEUTRILL: Perhaps if I could ask you to consider this document. I believe this one is a special non-publication. It can only be shown to the witness and the Commission, not other interested parties, other than the GWC. This document is GWC.0012.000.0603 and it is at _0658. I believe Mr Sargeant this was probably the last GWC meeting you attended.

20

MR SARGEANT: Was it July, was it?

25

MR FEUTRILL: No, this was in June.

MR SARGEANT: June, okay. Yes.

30

MR FEUTRILL: Have you got the document, Mr Sargeant?

MR SARGEANT: What do you want me to look at?

MR FEUTRILL: I can't see it.

35

MR SARGEANT: It is called "5.4" agenda item. Dated 11 June 2021. That is the one?

40

MR FEUTRILL: Sorry, you can't even read the contents of this, Mr Sargeant. I draw your attention to the title. "EFTPOS/contactless payments at ATMs at Crown.

MR FEUTRILL: Yes. Sorry, Mr Sargeant, because of the way the non-publication order operates on this particular document, you are not able to even state what is in the document.

45

MR SARGEANT: All right.

MR FEUTRILL: So I will point you to parts and you will have to read them and silently consider them. If you are unclear you will have to try and ask for clarification in a way that doesn't reveal the contents of the document. I'm just

12:59PM

drawing your attention to the title.

5 MR SARGEANT: Okay, sorry. I thought you wanted me to say what the title was.
Fair enough.

MR FEUTRILL: And do you recall there being a proposal to make amendments to one of the GWC's policies?

10 MR SARGEANT: I can't specifically but if you let me have a look at it, it probably might jog my memory.

15 MR FEUTRILL: All right. I think this is quite a long one. Perhaps this might be a convenient time and if Mr Sargeant, I don't know if we can get a copy to him for lunch. We'll try and get you a copy, Mr Sargeant, so you can look at it. What I'm interested in is if the operator could show Mr Sargeant it starts at page 0658 and ends at page 0663, which is you will see a policy document and some amendments to it.

20 MR SARGEANT: So do you want me to read it over lunch?

MR FEUTRILL: Yes, if you don't mind.

MR SARGEANT: Will I get some credits for it?

25 MR FEUTRILL: Absolutely.

COMMISSIONER JENKINS: I wish, Mr Sargeant! If I could, I would.

30 Mr Sargeant, we will now adjourn for an hour for lunch and we will resume again at 2pm our time and 4pm your time.

MR SARGEANT: Correct.

35 COMMISSIONER JENKINS: Thank you. We will now adjourn.

ADJOURNED **[1:01P.M.]**

40 **RESUMED** **[2:01P.M.]**

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

45 MR FEUTRILL: May it please the Commission.

Mr Sargeant, have you had an opportunity over the lunch break to consider the

agenda and the minutes for that meeting?

MR SARGEANT: Yes.

5

MR FEUTRILL: Does that refresh your memory about the deliberations of the GWC at the meeting in June concerning that policy?

10 MR SARGEANT: Not much, I'm afraid. Let's see what you are going to ask me first and I will see how we go.

MR FEUTRILL: Do you recall in June this year there was a meeting of the GWC?

MR SARGEANT: Yes.

15

MR FEUTRILL: You attended that meeting by some electronic means?

MR SARGEANT: Yes.

20 MR FEUTRILL: And one of the items concerned a change in the policy relating to EFTPOS?

MR SARGEANT: Yes.

25 MR FEUTRILL: And that change in policy was approved at the meeting?

MR SARGEANT: Yes, it was signed.

30 MR FEUTRILL: And do you have an understanding of what the effect of that policy change is on the ability of patrons of Crown Perth to withdraw funds using EFTPOS?

MR SARGEANT: At designated areas.

MR FEUTRILL: Do you understand the limit to be a limit of \$400 per transaction?

35

MR SARGEANT: And also \$500 in total, I think.

40 MR FEUTRILL: Correct, \$500 for the day. So just to be clear, does that mean, for example, a person can withdraw up to \$400 at a time but no more than \$500 in a day?

MR SARGEANT: That's the intention, yes.

45 MR FEUTRILL: Do you understand the GWC has previously approved the ability to utilise EFTPOS at designated areas within the casino; the policy now overlays that and places limits on how much can be withdrawn --- my question is really how do those changes sit with the previous ATM policy that required patrons to have a limit on the withdrawals from ATMs within the casino, and for the ATMs to be more than

40 metres outside the footprint?

5 MR SARGEANT: Well, it was developing in the services provided to patrons that many patrons were, apparently, my --- my understanding, to use the EFTPOS facilities. There was some requirement in the resolution for some extra work to be done over time, we will see how it went, so it wasn't a matter of --- I think a number had been approved previously, was to stay at that number, and we were going to see how it operates over time. And I think if I can remember correctly the RSG people
10 were asked to provide input too as well.

MR FEUTRILL: The driver for it is, if you like, a change in consumer behaviour towards cashless transactions?

15 MR SARGEANT: That was my understanding, yes.

MR FEUTRILL: And would you agree that that kind of change is likely to continue in the future?

20 MR SARGEANT: Well, it may not in the case of these particular EFTPOS machines because there was a requirement for them to report back to see how it is going. There may not be any expansion.

25 MR FEUTRILL: We might be at cross-purposes, Mr Sargeant. All I'm talking about is, given the COVID pandemic and the shift towards cashless transactions in general, the demand by consumers to have that convenience is likely to continue in the future?

30 MR SARGEANT: Well, I can't commit a future Commission, but I would suggest so.

35 MR FEUTRILL: So what I wanted to ask of you, Mr Sargeant, given your experience for many years, is whether you would consider a possible risk faced by the regulator in the future is managing increasing demand for cashless services.

40 MR SARGEANT: Well, it's not something to be difficult for the regulator to withdraw or put a stop to if the evidence was to be produced, that there are issues as a result of this facility. At this stage, I think given the trends, it is a good chance that it will continue. As I said, it depends on the future composition of the Commission.

45 MR FEUTRILL: And based on your knowledge, do you consider the readily available funds to be an aspect that may create a greater chance of gambling related harm? There is always that possibility, yes. ^ SPCHKED TO HERE MR FEUTRILL: Aside from placing limits on the amount that can be made available, are there any other controls that in, in your view, could be implemented to ---

MR SARGEANT: One of the controls was to make sure that all staff were again trained in trying to assist people they might observe --- to observe people that might have issues to do with gambling, and they were also required, they had to use a PIN, not to just use cashless, and I think one other thing was it had to be shown as a transaction for a casino, you couldn't disguise it as a transaction for some other name. It had to be a transaction that appeared on the patron's statement as a casino item, if I recollect correctly in that regard.

10 MR FEUTRILL: So in terms of the similarities with the ATM policy that preceded it or was amended, is the need to use, to go to a designated area and put in your PIN something equivalent to having to go to an ATM to get cash?

MR SARGEANT: It does create a break, but not as long a break as going outside the casino footprint to get cash from an ATM.

MR FEUTRILL: What is the rationale underpinning the 40 metre requirement then, the break? What is the harm minimisation aspect of that?

20 MR SARGEANT: I will suggest we had some consistency with Victoria on that one. They had a 40 metre one at some stage, so we just applied the same in WA.

MR FEUTRILL: Is there any statistical information to suggest that a break in play of a period of time is beneficial from a harm minimisation perspective?

25 MR SARGEANT: I'm not aware of any, like that sort of break. But I think intuitively if a person was to leave a table or to leave a gaming machine, there might be a chance of "Oh, I won't get any more money, I will go home". If they are spending too much, there is a chance. I'm not aware of any statistical information to support that proposition.

MR FEUTRILL: I see. So there is --- based on an intuition that ---

MR SARGEANT: It is more intuitive, yes.

35 MR FEUTRILL: If you cause a person to stop playing for a period of time, it may temper their desire to continue betting?

MR SARGEANT: Correct.

40 MR FEUTRILL: Mr Sargeant, can I ask you about another topic you've dealt with in your statement, which is --- this is the change, sorry, to the speed of play in 2019.

MR SARGEANT: What number is that one again, can you remind me?

45 MR FEUTRILL: It is dealt with in paragraphs 84 to 87 of your statement.

MR SARGEANT: Thank you.

MR FEUTRILL: And if I could just begin with --- you make reference in paragraph 84 to the resolution in 2019, and your understanding that it had an affect on the WA Appendix is referred to in paragraph 85.

5

Now, all other things being equal, I will use the expression "change of speed" to avoid possible confusion around increase and decrease, a change in speed from 5 seconds to 3 seconds, all other things being equal, means a patron can play more times or games within a given period time.

10

MR SARGEANT: That would be my understanding too, yes.

MR FEUTRILL: And going back to some of the evidence you gave before lunch that would mean, in a given period, given the odds are in favour of the house, as it were, a patron may lose more in the same period of time?

15

MR SARGEANT: I put it certainly that they would lose their money quicker, but I think your analogy is equivalent.

MR FEUTRILL: So if you had unlimited funds and paid for the same length of time, on average you will lose more over that period of time?

20

MR SARGEANT: That would be the maths of it, yes.

MR FEUTRILL: And the corresponding part of that equation is that the casino (audio distorted) the patrons lose more?

25

MR SARGEANT: They would be winning more.

MR FEUTRILL: Yes. Now you have set out in paragraph 86 some of the reasons that you considered were taken into account for agreeing to the change in the speed of play. I would just like to ask you to elaborate on some of those a little more, if I may.

30

In 86.1, and you might recall when you began to give your evidence yesterday you changed the word "decrease" to "increase".

35

MR SARGEANT: Correct.

MR FEUTRILL: And you reference there the fact that the change in "the speed of the games and my understanding of problem gambling issues that may arise from that change". What are you referencing when you refer to "problem gambling" in that sentence?

40

MR SARGEANT: Well, the issue that you've just raised like the fact that in a given period of time the patron would --- could lose their money quicker. And so if you have got a person that does have a problem with gambling, they either --- hopefully

45

they will go, but they may not and try and access more money, or use more money than anticipated. As against that, we talked this morning about the figures which I was familiar with in relation to the (inaudible) figures, and in WA the trend line was
5 down rather than up in terms of the average --- the real amount per person in WA was declining, that was in relation to the expenditure on gaming. That was one concept that I was looking at, this particular proposition. And the other major one, because I listed the three of them, but the other one, of course --- the majority of Crown's submission was about the economics of the casino, which I understand
10 previous witnesses have referred to here. And that they were looking to generate more revenue for the benefit, ultimately, of staying in the community, a sense of facilities and employment. But the amount of money they were proposing that would be generated wasn't a big amount in the overall context of the running of a casino. So they are the sort of issues that were being considered by the Commission,
15 and I can assure you the issue of problem gambling was discussed and people were very much aware of it, in arriving at that decision.

MR FEUTRILL: All right. You've anticipated where I was going with some of my other questions, Mr Sargeant, in that answer.

20 If I can just come back to paragraph 86.1 for a moment. I think you began by really referencing the financial harm associated with the speed of play. Are there any other aspects of speed of play that have, if you like, a propensity to lead to a gambling-related harm? For example, does it make it a more addictive type of game?

25 MR SARGEANT: I, personally, am not aware of whether the speed does make it more addictive. I'm aware of research that has looked at the design, et cetera, and the way in which the games are presented. I'm not aware of it in terms of speed. I'm not aware of anything in that regard.

30 MR FEUTRILL: So in 86.2, you've made a reference to trends in EGM design and the move towards in-game features. What do you mean by that?

35 MR SARGEANT: As you are aware, the Commission subscribed to the National Working Party, and the National Working Party with respect to gaming standards was allowing in-game features to be developed. So this was the trend which had been happening over time that the machines generally being placed on the market were the ones that had in-game facilities. That was a conscious aspect of my decision-making which was something, over time, the Commission had endorsed in
40 the sense we had allowed many machines --- sorry, many games coming into the casino which had these add-on features. So that was just an aspect of the arrangements whereby machines were complying with the national standards for gaming machines.

45 MR FEUTRILL: But how does that feature in the decision to approve a change in speed?

MR SARGEANT: Well, the change in speed in this particular case was very much associated with in-game features. That is, from my perspective, if you recall, the proposal came in from Crown was for a 3-second minimum speed across the board, not 5 seconds across the board. Now, I personally was not supportive of across the board. I think many other Commission members were not. However, as part of the discussion and the weighing of the arguments for the economics versus the harm and considering we did allow for the add-ons to become part of the game features, one of the compromises was to say, "well, back in '85, when the machines were first allowed in the casino, there was no add-ons". They had a 5-second minimum play period. So the proposition which I think was ultimately adopted was to say any games that have an add-on feature, they can go down to minimum spin of 3 seconds on the condition that on average over the use of those games, the average speed time was 5 seconds. In the case of any machines or games which didn't have the add-on features, the minimum time was 5 seconds. So they couldn't introduce a game which had no add-ons to be no less than 5 seconds. That's the way in which it was adopted. There was a condition on that approval, that Crown would come back subsequently with some evidence to substantiate that the 3-second rule in relation to those add-on games was actually generating, on average, a 5-second game because Crown was arguing, with the support of GLI, that their games were not averaging now 5 seconds, but were averaging 8 seconds.

MR FEUTRILL: Did you undertake any interrogation of that statistic of 8-second average?

MR SARGEANT: We accepted the GLI report on that.

MR FEUTRILL: Do you know how they calculate the average? Is it based on ---

MR SARGEANT: Look, how they even verify machines, I'm afraid I'm not competent enough to comment on it. You just accept their recommendation. When the game is presented, there is a certain payout ratio and there are certain features, they test the machines to say, over time they will generate those figures.

MR FEUTRILL: I see. So the intention of the --- your understanding of the intention of the GWC's approval is that irrespective of the reference of 3 seconds, provided that the game has in-game features and on average will --- the average time between games is 5 is acceptable?

MR SARGEANT: Not between, but average time playing a game, minimum time, can be 5 seconds. Minimum. Ideally, it might end up being 5.5 or 6, but it had to exceed 5 seconds. Sorry, couldn't go below 5 seconds.

MR FEUTRILL: All right. Can I just take you back to the agenda. I'm not sure I've got the right one, sorry, Mr Sargeant, let me find the right one.

I don't believe this is referenced in your statement, Mr Sargeant. This is an agenda paper for the July meeting in 2019, it's GWC.0002.0016.0281. You have referenced,

Mr Sargeant, in your statement, I think, the minutes of the meeting which reflect your view of what the GWC had resolved.

5 COMMISSIONER JENKINS: That may not be the case, Mr Feutrill. Anyway, perhaps we can ditch the comment.

MR FEUTRILL: Sorry?

10 COMMISSIONER JENKINS: Perhaps we can ditch the comment because I'm not quite sure that the paper does reflect what the GWC decided.

MR FEUTRILL: Yes. Can I ask that you navigate to page _0030. These are attachments to an agenda paper that Mr Connolly prepared, Mr Sargeant. I'm just
15 seeking to clarify a few matters arising from these. If, on page, on that page I've given you, which is 0030, there is some words that are struck through in blue, which is to do with where symbols are placed. I think you may have referenced this in your statement about the independence outcome factors. And then the Speed of Play reference is in item 2. You will see the struck out "3", the "5" and gone to "3", and
20 there are some others on item 10 on the following page, where items are struck out.

And the next document is a policy, which is an EGM policy where amendments were proposed to that. Can I draw your attention to 1. You will need to scroll up. So, 1, you will see lines that struck out and appear to correspond to the positioning of the
25 symbols and there is an item there dealing with speed of play. Then there is another item which is called --- under the heading "Winning Combinations", where various things are struck through. It makes reference to multi-line and multi-directional winning combinations are not acceptable and that has been struck through in the policy. Is it your understanding that the GWC, at any time, approved a change in the
30 EGM policy to remove the references to the prohibition on multi-line or multi-directional winning combinations?

MR SARGEANT: No, because it wasn't in the minutes.

35 MR FEUTRILL: And was there any discussion, to your recollection, about multi-line, multi-directional ---

MR SARGEANT: I can't recall a discussion. It was more about the 3 seconds. Bear in mind, the Commission did not endorse that recommendation.

40

MR FEUTRILL: Did not endorse it?

MR SARGEANT: No, because it was a 3-second recommendation. The Commission didn't go down the path of just 3 seconds.

45

MR FEUTRILL: This is your the reference to the minutes in your statement, where -
--

MR SARGEANT: Those minutes are not as per the recommendation.

5 MR FEUTRILL: Correct, so if I can take you to the minutes on page
GWC.0002.0016.0285_0002, item 5.3. That is consistent with the evidence you
gave earlier about the way in which the speed of play is to be calculated and there is
no reference there to any changes in the policy.

10 MR SARGEANT: No, at that stage, because this was contrary to the policy and the
policy would have had to be amended to be consistent with this. There was only two
items there. The independence of outcomes --- Crown got GLI to make an
assessment of it, I know that one is the one we accept --- I'm not sure we would
accept the other one, but it wasn't in the minutes, so my recollection is that there
15 were only two things that were agreed to the 3 and 5 seconds and independence of
outcomes.

COMMISSIONER JENKINS: With all due respect to both of you, this is the point
that I was making before.

20 Mr Sargeant, what is written there as the resolution does not in any way reflect what
you have described as being the resolution the decision made by the GWC, does it? It
doesn't have anything in there about average speed of play.

25 MR SARGEANT: I'm with you. It's just 5 seconds --- (overspeaking) --- which is
are incorporated.

COMMISSIONER JENKINS: Yes.

30 MR SARGEANT: Point taken.

MR FEUTRILL: Is your evidence your understanding that the resolution was to
have that effect?

35 MR SARGEANT: Yes, it was to have that effect. Otherwise, well, I know I
wouldn't have voted for it because it had to have that proviso. To some extent, the
minimum speed of game where no game features are incorporated, it's fine. It is
where the 3-second one is required, that's where the Commissioner has pointed out,
the minutes do not reflect that decision at all. She's quite correct. That was the
intention.

40 MR FEUTRILL: Can I ask you something about the multi-directional, multi-line
concept?

45 MR SARGEANT: Yes.

MR FEUTRILL: Why is that under the EGM policy an option that is precluded?

MR SARGEANT: Well, again it is one of those features which appears on a

machine where you can play the spinning reel machines, whereas we were limiting our machines to horizontal outcomes, fundamentally.

5 MR FEUTRILL: And what is the rationale for the limitation, for not allowing?

MR SARGEANT: It means with not more aligned, you can actually bet more because there are more options available with a multi-line game. Whereas where you only have vertical or horizontal, it limits the number of options you've got to
10 gamble.

MR FEUTRILL: Is that an aspect of harm minimisation?

MR SARGEANT: Well, it's harm minimisation, but it's also to draw a distinction
15 between the spinning reel poker machines versus the EGMs that are allowed at Crown.

MR FEUTRILL: All right. You've just made reference to a topic I wanted to ask you some questions about, Mr Sargeant, which is the notion of a poker machine and
20 how the EGM games have been approved, differentiated from a poker machine.

MR FEUTRILL: What is your understanding of the meaning of a poker machine?

MR SARGEANT: The fundamental thing to me is a spinning reel. The results for
25 the game are presented in the form of spinning reels, which is a product of the old one-arm bandits which presented their results through spinning reels. That is fundamentally the difference.

MR FEUTRILL: Is that, in your mind at least, the feature that distinguishes an EGM
30 from a poker machine is whether there is a spinning reel feature?

MR SARGEANT: Yes.

MR FEUTRILL: Are there any other aspects of --- it's a visual thing, is it not, that
35 you are looking at the way that the game presents visually?

MR SARGEANT: Well, the other one is the multi-line betting on a poker machine, that is, we only had them as vertical and horizontal, but multi-line option (inaudible)
40 is a feature of the spinning reel machines.

MR FEUTRILL: I see. So is a multi-line, multi-directional, a key factor in your
mind for differentiating between an EGM and a poker machine?

MR SARGEANT: For me, yes.
45

MR FEUTRILL: In your statement, you have given some evidence at paragraphs 77 to 79 concerning the approval process for EGMs. And I understand from paragraph 78, that if the EGM is a clone of a previously approved EGM, and in-principle approval is given, then the process is that the matter is then dealt with by the Chief

Casino Officer, under the delegated power, to put into effect the changes to the rules.

5 MR SARGEANT: Yes, once the machine was ready to be approved, rather than bring minor changes to the rules back to the Commission, it was delegated to the Chief Casino Officer. Correct.

MR FEUTRILL: What do you mean by a "clone"? What is your meaning there?

10 MR SARGEANT: To me, fundamentally, the principles of the machine, sorry, the game are the same, it just might be how they present the symbols, and/or the bonus features might be a bit different. But fundamentally, the game rules are the same. Even if it was a new full game, the presentation would be exactly the same, the only difference would have been the rules would have had to come back to the
15 Commission, they would have been approved in the case of something which is just a clone machine, it is still delegated to the Chief Casino Officer. Otherwise, it would have had to come back to the Commission.

20 MR FEUTRILL: Okay. Are you familiar with the various approved games under the GWC Act?

MR SARGEANT: Do you mean the process or the games that have been approved?

25 MR FEUTRILL: The games that have been approved.

MR SARGEANT: No, it's not a highlight of my working time to know the games in the poker machine area, sorry, the gaming machine area.

30 MR FEUTRILL: Did you have --- in your role as Chairman of the GWC, did you gain an appreciation of what electronic gaming machines were approved?

MR SARGEANT: Well, basically saying any game which was not a poker machine, but I remembered fundamental games like draw poker and blackjack, Bingo and a whole range. Some of the games could have been approved and then Crown may
35 have stopped using them but they never get taken off the list. I'm not in a position to recall at any time exactly all the games that were available.

40 MR FEUTRILL: Can we call up GWC.0001.0005.0025. If you look at item 3 (2), there is a list of declared authorised games. This is the Government Gazette as of August 2016.

MR SARGEANT: These are table games, if I remember correctly.

45 MR FEUTRILL: "Arishinko". Do you understand that to be a table game?

MR SARGEANT: Where is the Arishinko one?

MR FEUTRILL: Under "7 Card Stud".

MR SARGEANT: I don't know Arishinko, I don't know.

5 What is on the other table? What games are they? Can you make it bigger for me, please.

Crown Stud Poker, Hold'Em, they are all table games. Horse Racing Machine, Keno is not.

10 MR FEUTRILL: Can you scroll in the opposite direction so we go back to where the reference to Arishinko is.

MR SARGEANT: Yes, I can't tell you what that is. It doesn't ring a bell with me.

15 MR FEUTRILL: All right.

MR SARGEANT: Most of those games are table games, but there are things like a Horse Racing Machine. It used to be a Horse Racing Machine many, many years ago which is no longer there. Is Trackside there as well? I can't see. Most of those
20 are table games.

MR FEUTRILL: All right. If you can scroll down a bit further.

MR SARGEANT: Can you make it a bit bigger for me, please, somebody, please?
25

MR FEUTRILL: And get to Video Bingo. There is the reference you made to Trackside.

MR SARGEANT: They are not the traditional gaming machines. Bingo and
30 Trackside had a different tax rate to the --- no, different --- I can't remember, was it retention. No, that's right. The Video and Trackside had a different payout ratio, whereas most gaming machines had a 90 cent payout. Bingo and Trackside, I think, only had about 70 or 80 per cent payout. Most of those are table games except we had things like Rapid Roulette. That's where you had a roulette wheel and people
35 could sit there around a normal roulette table and play. In addition, they had cameras on them and they were able to have stations away from it where people could bet via a terminal, and that's called rapid game. So there were a few of those. But fundamentally, they are table games.

40 MR FEUTRILL: All right. Are you able to identify on the list which, if any, would fall within the description of an electronic gaming machine?

MR SARGEANT: Video Bingo. The Trackside. And I cannot recall what
45 Arishinko is at all. That potentially could be, but the rest of them to me are fundamentally table --- of course, there are the fully automated table games, Vegas Star Blackjack. They are essentially table games with the same odds, but they had to pay a higher tax rate because they were not employing people. So all those are

fundamentally still table games, but they paid a higher tax rate than normal table games.

5 MR FEUTRILL: I'm asking you about EGMs. Which are the games that are authorised as EGMs? I'm trying to ascertain what is a clone of what.

MR SARGEANT: None of those are EGMs per se what you know about like what we call some of those games which is the poker, et cetera. But if you look at Video
10 Bingo, the fully automated table games, there is still a random number generator that generates that result, and Trackside are based on random number generators to produce a result. They are electronic machines but not classed as a normal gaming machine that we had on the floor. I don't know about Arishinko, I can't answer that. But otherwise, that list to me is mainly table games, which each had a different
15 payout ratio depending on the rules of the game. But there is no gaming machines per se that is covering them.

MR FEUTRILL: I'm just trying to understand, Mr Sargeant. When you, as a member of the GWC, are sitting there making a decision about whether or not to
20 approve a new game that is an electronic gaming machine, you said that part of the process is to identify if it is a clone ---

MR SARGEANT: Yes.

25 MR FEUTRILL: --- a clone of an authorised game. When you have on occasion made that decision that a game is a clone, which of these are you thinking of when you are thinking of "is it a clone of an existing authorised electronic gaming machine"?

30 MR SARGEANT: I can't see it in there. It must be some other Gazette notice, if it is an authorised game, but they are fundamentally table games. All of those gaming machines like Draw Poker, and they call them hack (inaudible) and so forth, they are not listed there. So I don't know what Gazette notice would have declared them to be a gaming machine. There is only a definition there on the side --- have you got fully
35 automated table games defined?

MR FEUTRILL: Mr Sargeant, I will show you another document. This is document GWC.0001.0007.0068. You will see from the front page it is the authorised rules for a game called Arishinko.
40

MR SARGEANT: Is there a date there at all because this is a very old machine, I think, isn't it?

MR FEUTRILL: The date is 21 August 2019.
45

MR SARGEANT: '19, okay.

COMMISSIONER JENKINS: I don't think that means that was the date it was

approved, Mr Sargeant.

MR FEUTRILL: No.

5

COMMISSIONER JENKINS: That is just ---

MR FEUTRILL: It is the date of the current rules.

10 COMMISSIONER JENKINS: The current rules.

MR FEUTRILL: I just want to show you on the next page there is a heading "VIDEO ARISHINKO". Are you familiar with these rules?

15 MR SARGEANT: No, not thoroughly. I can't say I am now. I am definitely not familiar with Arishinko. I really can't recall the game.

MR FEUTRILL: So is this part of the process that would be undertaken under delegation to the Chief Casino Officer, is it? So the GWC would agree in principle it looks like a clone, and then the detail goes off to the Chief Casino Officer to implement the changes to the rules. Is that the ---

MR SARGEANT: Correct. Let's say that Arishinko was a new game coming, then those rules would be approved by the Commission.

25

MR FEUTRILL: What about the changes to the rules?

MR SARGEANT: If they are a minor change, for some reason they can be done under delegation.

30

MR FEUTRILL: What do you mean by "minor changes"? If you look under Definitions and Interpretation, there are a series of definitions of what appear to be games. So this is page 4 of the document. So you will see it begins --- there is a game called Amazonia, Arishinko, Ball Power, various other ones, Cats, Hats and Bats. So on.

35

MR SARGEANT: Cats, Hats and Bats, that rings a bell. Chocolate Wheel is a game. It's all under the heading of Arishinko. Many of those are gaming machines.

40 MR FEUTRILL: Yes, they are gaming machines. Do you understand them to be clones of Arishinko?

MR SARGEANT: No, they were standard in their own right. They are not clones of Arishinko. You might find with all those games, there is a commonality of what the rules are. So while the heading says Arishinko, for reasons I don't know, the standard rules for each game are basically the same. It is only certain features of the game that might be different which is why they've been defined that way.

45

MR FEUTRILL: Is it your expectation that would you expect to find as an authorised game somewhere in the gazette under the section 22 a reference to each of the games referred to in that definition?

5

MR SARGEANT: Yes, you would have to.

MR FEUTRILL: As a separate game?

10 MR SARGEANT: You have to gazette them as per the Act.

MR FEUTRILL: And to your knowledge, do you know if it has been done each time a new game EGM has been approved by the GWC?

15 MR SARGEANT: Sorry, what was that question again --- to my knowledge?

MR FEUTRILL: Do you know, from your own knowledge, after the in-principle approval, and then the process of delegation to Mr Connolly, there have been a gazettal of new games?

20

MR SARGEANT: If the game was a different game, because quite often Crown would come and call it a different game, and it had slightly different payout tables because it had a different add-on feature and it also had different symbols, then it would require some form of gazettal. But, look, I haven't looked at it in detail. It's not something which I've refreshed my mind over for some time.

25

MR FEUTRILL: Sorry, Mr Sargeant, I'm just trying to find an agenda item to show you to try and assist with this part of the examination. If I could ask that we call up GWC.0002.0016.0126, which is subject to a non-publication order, page 0024. This is an agenda item referring to a game called The Flintstones, Cape Fortune. If you could scroll down, so we go through some of the features and get to page 0026.

30

MR SARGEANT: Can you go back to the other page? Is that the very first page after the introduction is it, or is that quite a few pages down?

35

MR FEUTRILL: It goes introduction, current suppliers, which is that page, and the next page ---

MR SARGEANT: SHFL is a ball-based delivery mechanism for Cats, Hats and Bats, and Oink, yes.

40

MR FEUTRILL: The next page, please. And it refers to being a derivative of Eureka Gold Mine, bottom left. So you understand that the Flintstones Cape Fortune is a clone of Eureka Gold Mine ---

45

MR SARGEANT: New game, new artwork and new free game and jackpot bonus features, but fundamentally, the game is the same.

MR FEUTRILL: So there should be, according to your evidence, an approved game known as Eureka Gold Mine?

5 MR SARGEANT: Look, if you are going to hold me, without thinking, I'm saying
yes, but I can't definitely say that's what was happening, it might have been some
other way in which it was promoted --- so I wouldn't want to be held to making that
decision now without being given time to investigate the detail. The rules have to
describe that somewhere, to pick up the facts that the new free game and bonus
10 jackpot features have to be incorporated, and it has a different name to the other one.

MR FEUTRILL: It does have a different name and we can see similarities in the
visual representation of them.

15 MR SARGEANT: Yes.

MR FEUTRILL: Perhaps ---

MR SARGEANT: I can't be more helpful. Really, I'm only just guessing at this
20 stage.

MR FEUTRILL: Perhaps if we could go back to something you said earlier about
the differences between a poker machine and an electronic gaming machine. Can I
ask that we play a short video of the Flintstones, Cape Fortune. CRW.700.062.1033.
25

[VIDEORECORDING PLAYED]

30 MR FEUTRILL: I have some questions to ask you about that particular game, Mr
Sargeant. The first is, what are the characteristics of that that differentiates it from a
poker machine?

MR SARGEANT: If my memory serves me correctly, it took a couple of meetings
35 to get through because of that very question. Ultimately, it was a matter of balls
rolling. It had to be three or four, it wasn't like a spinning reel. I can recall that was
one which did take some time to go through. Essentially, is that a replication of a
spinning reel? I would say that as a group at the Commission, we considered not.
With respect to these decisions, I think I said it yesterday or this morning, I didn't
40 take this one on ourselves. I made this was a full Commission decision because it is
very subjective decisions at times as to what constituted a game --- again what was
very much like a spinning reel machine versus one that was an electronic gaming
machine.

45 MR FEUTRILL: If that game simply had reels that spun instead of balls that
dropped into a position, it would be no different to a poker machine.

MR SARGEANT: But it wouldn't present --- the outcome would not present as a

spinning reel machine.

5 MR FEUTRILL: What is it about the spinning reel that you consider to have been the reason for the prohibition on poker machines?

10 MR SARGEANT: That was the genesis from which they came, the way in which the results were produced. But fundamentally all the games on a gaming machine, irrespective of whether it is in WA or the eastern states, they are generated on a random number generator and it is how you present the results. So we have Trackside at the casino, we have Bingo, we have electronic gaming machine and we have Draw Poker, et cetera, but fundamentally they are around a number generator. Whereas in days gone by, a poker machine didn't have a random number generator, it relied very much on electromechanical spinning aspects to generate the outcome.
15 Now they are all generated by a random number generator.

MR FEUTRILL: Is the answer then the mechanism for delivery is different to a poker machine in the sense that it is not mechanical, it is electronic?

20 MR SARGEANT: That is the historic difference.

MR FEUTRILL: And is a different visual presentation difference?

25 MR SARGEANT: It is different. It's not a science, I'm afraid. It's not a science.

MR FEUTRILL: Did you turn your mind at all to what you might term the policy behind the original decision in the legislation to prohibit poker machines?

30 MR SARGEANT: Well, poker machines were thought to be more addictive, I presume, than what was being placed out at the casino. But in 1985 the Casino Control Committee had to make a call because the legislation said any game that is not on a poker machine. So they had to make the call, well, what games can they approve for machines which is not a poker machine? At that stage, Burswood was regarded on the leading edge because of all of its machines were the video machines.
35 Didn't have any of the of the electromechanical machines.

MR FEUTRILL: So the decision, if you like, to sit on this path was made in the 1980s. Is that what you are trying to say?

40 MR SARGEANT: I believe so. The games were played on a video machine and we still continue to play them on a video machine. Now, I said in my evidence, when the Act was reviewed by Mr Rodney Chapman, one of the recommendations was to insert a definition of "poker machine". Unfortunately Parliamentary Council couldn't come up with one so it wasn't inserted.
45

MR FEUTRILL: All right. Thank you, Mr Sargeant. I have a few remaining questions. These are more drawing on your experience as a person involved in regulation of a casino for a long period of time.

Do you have any knowledge or understanding of internet gambling?

5 MR SARGEANT: I don't have a knowledge of it because it's not something which we as a regulatory authority have brought our attention to it because it is governed by the federal legislation which is basically should be precluded, no licensee in Australia can offer internet gaming. The only gaming that can come into Australia is illegal gaming from outside of Australia, and the Interactive Gambling Act is the one that is designed to stop that. It's not something that we in WA can control.

10 MR FEUTRILL: I think you've directed my attention, to me, to the gaming aspect that is essentially online casino gaming. I'm talking more generally about internet gambling of a legal nature.

15 MR SARGEANT: Right.

MR FEUTRILL: Like betting on horses online and all those sorts of things.

20 MR SARGEANT: Betting on horses?

MR FEUTRILL: Or football or the sorts of football (inaudible).

MR SARGEANT: Yes.

25 MR FEUTRILL: So have you got any appreciation of the extent to which online betting is legally available to consumers in Western Australia?

30 MR SARGEANT: It is legally available. Not only does the WA TAB offer a complete service in this regard but other operators from across Australia can offer their product to West Australians. It is a legal form of betting.

35 MR FEUTRILL: Do you have any appreciation or understanding of the extent to which, although it is illegal, illegal online gaming is available to consumers in Western Australia?

MR SARGEANT: Did you say illegal or legal?

40 MR FEUTRILL: For instance, if they can go to a website that may be physically located elsewhere and undertake gambling online?

COMMISSIONER JENKINS: I think Mr Feutrill is now talking about the internet gaming, the illegal activity which you described earlier.

45 MR SARGEANT: The Interactive Gambling Act covers that. Is that what you are talking about?

MR FEUTRILL: So the extent to which notwithstanding it is illegal, it is available to

consumers and consumers are participating in it?

5 MR SARGEANT: I understand. There has been some research done on the extent of it. It is probably wider than what I think the Federal people want to admit to.

10 MR FEUTRILL: This is just a matter of order of magnitude, Mr Sargeant, I'm interested in. Are you aware of the extent to which the licensee of the Perth Casino is exposed to competition from either a legitimate form of online gambling or an illegitimate form?

15 MR SARGEANT: I realise it is subject to the competitions from a legal form, but that's horse racing and through our TABs, et cetera, and yeah, bookmakers can offer betting as well. That to me is natural competition. Look, I appreciate that there is illegal gambling which they are not supposed to participate in, which is the casino-style games which come into Australia, and given the remoteness of Western Australia and given that we don't have gaming machines outside the casino, there is probably a greater proportion of it. For one thing, the State doesn't have the legislative power to control that and it is very much in the hands of the
20 Commonwealth. I can remember, some time ago, one of the lawyers on the Commission basically said, in their broad opinion, without getting into the detail, we could probably argue any of that sort of betting is illegal and playing with casino-style games, but we'd probably need about 1.5 million inspectors in everybody's homes to police it, because it was so difficult to police. We never did anything in
25 that area because it wasn't something that we had the power over, and the Commonwealth clearly made the decision back, I think, in the early 2000s to say no Australian institution shall offer casino-style gambling on the internet.

30 MR FEUTRILL: Mr Sargeant, I'm trying to just get an appreciation to the extent to which that kind of gambling may expose the local licensee to financial risk on the one hand and also the state revenue in terms of taxation to risk. Do you have any appreciation of the scale?

35 MR SARGEANT: No, I don't have appreciation of the scale of it. I don't.

MR FEUTRILL: Do you have any view about what, if any, regulatory measures could be taken by a Western Australian authority to mitigate against the risk?

40 MR SARGEANT: I don't think a Western Australian authority can. It's very hard for --- for instance, it is very hard to stop ads coming into Western Australia which actually would be promoting gaming because of the way in which certain television products come from a national level. So it's not something which is easily controlled at State border level. So, no, I would say we are very much in the Commonwealth sphere to either regulate it or approve it more seriously than what they do. But I
45 don't think that Crown Perth is orphan in that regard, the only difference is Crown Perth enjoys the monopoly, it doesn't have to compete with machines outside the casino. But if you get States like NSW, they are about 91,000 machines outside the casino. Victoria itself has about 27,000 machines outside the casino. I think

Queensland might have 40,000-odd outside the casino.

5 MR FEUTRILL: I want to ask you about a different topic now, also in a similar sense related to risks facing regulation in Western Australia. Do you have any knowledge or understanding of the availability of cryptocurrencies or digital currencies?

10 MR SARGEANT: No, I'm afraid I don't. I really know nothing about those currencies.

MR FEUTRILL: Have they come across your desk at all as a member of the GWC?

15 MR SARGEANT: No, and they never came across my desk as a DG either. I really don't know anything about those currencies.

MR FEUTRILL: There is one last area of interest, Mr Sargeant. It concerns, if you can't recall, I will try and refresh your memory from a document, a proposal of Crown some years ago in 2009 to introduce a system called the ITG Advantage system in connection with its loyalty program.

MR SARGEANT: The name rings a bell, so --- ITG rings a bell, yeah.

25 MR FEUTRILL: I just want to put a couple of things to you about the way in which that program operated. If you don't know I will try and refresh your memory from a document. But there is a loyalty program whereby patrons of Crown Casino can redeem loyalty points to utilise in electronic gaming machines. Are you aware of that?

30 MR SARGEANT: Yes.

MR FEUTRILL: The way in which the system operates is they redeem --- to redeem the loyalty points, they must in fact use their own funds initially to place the bet. The game then played and then at the end of the game, the player, whether they win or lose, is credited the value of the bet from the loyalty program points; is that your understanding of the system?

MR SARGEANT: It does ring a bell, yes.

40 MR FEUTRILL: Do you recall there being a question asked around the extent to which redeeming of the loyalty points in that way was to be included in the revenue from gambling for the purposes of calculating state tax?

45 MR SARGEANT: My recollection is no.

MR FEUTRILL: It wasn't considered to be part of?

MR SARGEANT: Not considered to be available because bringing the --- to my way

of thinking, bringing the credits in was a way of approving more credits. That was my understanding, no. Similarly, when they had --- some of their prizes were motorbikes or cars, et cetera, the Commission made a determination that they had to actually include as a prize for the cost of the car, not the market value of the car. So there had to be some evidence of what it is. My understanding, no, that particularly was not to be a deduction. It's a cost against the revenue.

MR FEUTRILL: In terms of your recollection, is it something that was, to your recollection, brought or considered by the GWC and a decision made that it is not included in the revenue?

MR SARGEANT: I couldn't say, but in my mind that was not the intention, that was just a matter of getting somebody some free games.

MR FEUTRILL: That's concludes my questions.

COMMISSIONER JENKINS: Counsel? Mr Garas has pointed the finger at you, Ms Seaward? Targeted there!

MS SEAWARD: I do a bit, but I will give it a go anyway.

COMMISSIONER JENKINS: Something to do with bullying, I think!

CROSS-EXAMINATION BY MS SEAWARD

MS SEAWARD: Mr Sargeant, can you see and hear me?

MR SARGEANT: Yes.

MS SEAWARD: My name is Seaward and I act for the Department. I just wanted to ask you a few questions. Firstly, about the Problem Gambling Support Services Committee.

MR SARGEANT: Yes.

MS SEAWARD: During your time on the Committee, there would be agenda papers before the meetings?

MR SARGEANT: Yes.

MS SEAWARD: Is that correct?

MR SARGEANT: Yes.

MS SEAWARD: There would be minutes kept of those meetings as well?

MR SARGEANT: Yes.

5 MS SEAWARD: As part of those agenda papers, on occasion would there be reports prepared detailing the work which had been done under the various programs that were funded?

MR SARGEANT: Yes.

10 MS SEAWARD: They could be sometimes in the form of annual reports or quarterly reports?

15 MR SARGEANT: Very much so quarterly reports. Very much quarterly reports or half-year, or how often we met, but there were reports, particularly by the service providers, the counselling service, that is the telephone, internet and the face-to-face counselling.

MS SEAWARD: That is the one run by Centrecare in particular?

20 MR SARGEANT: Yes, Centrecare was the face-to-face, yes.

MS SEAWARD: So if we reviewed those agenda papers we would find those reports detailing the work that has done under the contract?

25 MR SARGEANT: I hope so, yes. I hope so, yes.

MS SEAWARD: You were also shown a copy of the 2015 paper, which I don't need you to see, where Mr Connolly proposed the removal of the inspectors from the casino.

30 MR SARGEANT: Yes.

MS SEAWARD: Just ---

35 MR SARGEANT: Sorry, it wasn't removal of inspectors. People keep saying that. Inspectors were still going there to work.

MS SEAWARD: Yes. Thank you. You anticipated my question. The inspectors would still go to the casino to undertake some of their audits and inspections?

40 MR SARGEANT: Yes.

MS SEAWARD: What changed is there was not an inspector who was rostered to spend their entire shift at the casino?

45 MR SARGEANT: Before they used to go there and start their shift and finish their shift at the casino. This time, they go to the office in the Department and start their

03:11PM

shift and be allocated out from there.

5 MS SEAWARD: And prior to 2015 and the change, immediately prior to that, we have heard evidence that there were 20.5 hours spent at the casino.

MR SARGEANT: That was the intention, yes.

10 MS SEAWARD: Is it the case that that was two shifts over the 20-hour period?

MR SARGEANT: Yes.

MS SEAWARD: And in each shift there was one inspector appointed?

15 MR SARGEANT: There could be more, but definitely one. Definitely one.

MS SEAWARD: Thank you. No further questions.

20 COMMISSIONER JENKINS: Mr Malone.

CROSS-EXAMINATION BY MR MALONE

25 MR MALONE: Mr Sargeant, can you see and hear me?

MR SARGEANT: Yes.

30 MR MALONE: My name is Malone, I act on behalf of Mr Connolly. I just want to take you back to the early part of 2017 if we may, at the start. In answer to some questions from Counsel Assisting today and yesterday, you have used the words "I can't recall" quite a bit. I just want to test your awareness of the conversations you had with Mr Connolly in early 2017. I imagine you cannot recall each and every conversation you had with him during, say, January 2017 to the time you ended
35 being Director General; would that be right?

MR SARGEANT: Yes.

40 MR MALONE: I want to turn to some evidence you gave this morning in relation to Counsel Assisting's question in relation to your trip to Melbourne in 2012. Do you remember giving that evidence this morning?

MR SARGEANT: Yes. The only thing I questioned there, whether ultimately
45 Crown was charged for that.

MR MALONE: Yes.

MR SARGEANT: In 2012. While it shows that it was paid for I can't recall that

happening and I didn't prepare the report.

5 MR MALONE: Sorry, I will stop you there. I'm not asking you about the content of that trip. Just in answer to one of the questions put to you by Counsel Assisting, you used the phrase "first knowledge I have". I understand what you meant by that was to say you cannot recollect. That is, it's not that you don't have knowledge of that trip, but you don't have a recollection of that trip; would that be right?

10 MR SARGEANT: That's right, it's the first time I've seen it so I can't recollect that trip, yes.

15 MR MALONE: So you draw a distinction therefore between the word "knowledge" and the word "recollection"?

MR SARGEANT: Yeah, I should have used the word "recollection". I don't recall that.

20 MR MALONE: Yes. So if we turn to paragraph 64 of your most recent witness statement, this is in answer to question 26 about the complaints raised by a compliance inspector.

MR SARGEANT: Yes.

25 MR MALONE: In the context that we've just gone through, that is you cannot remember every conversation you had with Mr Connolly in early 2017, and the difference between the word "knowledge" and "recollection", your answer there that "I have no knowledge", would it be fairer to say that you don't have a recollection? That is, there may or may not have been a conversation but you don't have a positive
30 recollection either way?

MR SARGEANT: I would say that is fair.

35 MR FEUTRILL: Would you say ---

MR SARGEANT: Can I just add, what happened when we were down in the Hyatt centre, our offices were next to one another. When they moved me up to there our offices were quite well away from each other so we didn't have the opportunity to actually pass notes as much as we used to. And I didn't see Mr Connolly anywhere
40 as much when I was in that situation in the new offices versus when I was down at the Hyatt centre.

45 MR MALONE: Thank you for that qualification, but I understand you've taken --- your answer there is that is a fair assumption to my question, so now if we turn to paragraph 65, that is again ---

MR SARGEANT: 55 or 65?

MR MALONE: 65, the next paragraph along on the next page. You again use the phrase "I have no knowledge", would it be fairer to say that you have no recollection? That is, it may or may not have occurred, but you just have no positive
5 recollection either way.

MR SARGEANT: I think in the case of AUSTRAC, I would stick closer to no knowledge.

10 MR MALONE: Thank you, Mr Sargeant. That is to say you have a positive recollection of no conversations during that time?

MR SARGEANT: In that case, yes.

15 MR MALONE: In the circumstances where you cannot recall each conversation you had with Mr Connolly?

MR SARGEANT: I can't. But I'm still very confident I had no knowledge of that.

20 MR MALONE: Thank you, Mr Sargeant. One final area. You gave evidence in your witness statements and also to Counsel Assisting today in relation to your awareness of friendships Mr Connolly had with certain individuals.

To be fair to you, I'm putting this to you, Mr Sargeant, you do not have to agree with
25 me in any way if you don't. Mr Connolly has given evidence to this Commission that he did in fact tell you about the friendships he had with Mr Marais and Mr Hulme, at least. And Mr Ord has given evidence to the Commission that in light of media allegations, if you will, that arose earlier this year about the friendships Mr Connolly had with personnel at Crown, he had a conversation with you. And in that
30 conversation he confirmed with you that you were aware, and that those friendships had been noted whilst you were Director General at the time. In the context of that evidence being given, does that refresh your memory that you were told by Mr Connolly or do you still have no recollection of being told?

35 MR SARGEANT: The only ---

COMMISSIONER JENKINS: Before you answer, Mr Sargeant. I just want to clarify what it is ---

40 MR MALONE: Yes, specifically in relation to his friendships with Mr Marais and Mr Hulme.

MR SARGEANT: I acknowledged that I knew about the fishing friendship with Mr Marais. I accept that. But definitely not Mr Connolly and Mr Hulme, beyond them
45 being working colleagues. When the issue became a media matter in relation to Mr Connolly, Mr Ord did ring me. The conversation was only about Mr Marais because that the only person that Mr Connolly at that stage had declared to the Commission, his friendship with Mr Marais because he came to a meeting. I did not speak to Mr

Ord about anybody other than Mr Marais.

MR MALONE: Thank you. No further questions.

5

COMMISSIONER JENKINS: Ms Young?

MS YOUNG: No, thank you, Commissioner.

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COMMISSIONER JENKINS: Mr Garas?

CROSS-EXAMINATION BY MR GARAS

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MR GARAS: Thank you, Commissioner.

Mr Sargeant, my name is Garas and I appear for the Crown companies. I have a small number of topics I want to address with you. We'll start with documents. Can I have two documents up side by side on the screen, it's GWC.0002.0016.0001. Sorry, can we keep these to the personal screens, please.

20

Mr Sargeant, just before we move from that, you recall these are the minutes Mr Feutrill took you to, the meeting of 23 February 2009?

25

MR SARGEANT: (Inaudible) 2009.

MR GARAS: 23 February 2009. Can we bring up Mr Ord's first statement, DLG.0001.0002.0001. With the document on the left can we move to page 337? And with Mr Ord's statement can we move forward to page 0022, please.

30

You recall Mr Feutrill took you to the document on the left which relates to the removal of the junket approval process? There were two main reasons cited ---

MR SARGEANT: Excuse me, you talked about 2009. This is the 2010 is the year you are talking about aren't you?

35

MR GARAS: You are quite right. It is an attachment to the document I took you to at the start which had 2009 on it, but this relates to the removal of the junket.

40

MR SARGEANT: Yes, that's fine.

MR GARAS: It's just been produced to the Commission as a bundle of documents. But you will see the second bullet point, being the second of the reasons advanced by Crown, being the imposition of economic costs which are in substance creating competitive difficulties in a field, that is the International Commission Business, which is extremely competitive. I will ask the operator please to look forward to the next page. And from halfway down the sentence, beginning with the "casino

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operator's assertion". Can you magnify that? I will allow you to quickly read that, Mr Sargeant. It gives an explanation in relation to economic costs.

5 MR SARGEANT: That was a National Competition Policy review, wasn't it, I think that one?

MR GARAS: That's correct, yes.

10 MR SARGEANT: Yes.

MR GARAS: Have you finished reading that section? If we can go to the next page as well, please.

15 MR SARGEANT: Who prepared this document? This was for whom?

MR GARAS: This is a Commission document.

20 COMMISSIONER JENKINS: Not on the right, the one on the left.

MR GARAS: If we magnify the document on the left again, the first three paragraphs, thank you. I will leave you to read the balance of the material. I think the question you are asking is this directly Commission papers or quoting from something. I think the answer is this relates to matters opined on by the Productivity
25 Commission.

MR SARGEANT: That's right. This was --- Mr Toyne worked on the National Competition Policy with an economist we retained, Mr Toyne (inaudible) the availability of the information, but I can recall that is --- when I familiarised myself
30 with the 2010 decision, it was very much based on the National Competition Policy review, as well as the police matters. This was a big part of it. I understand. That is basically Government Commission sort of material.

35 COMMISSIONER JENKINS: Can I stop and clarify this as to whether what is being quoted here is Mr Toyne, or what is being quoted here is the Productivity Commission? Because it's not entirely clear to me from looking at the commencement of the quote.

40 MR SARGEANT: --- (overspeaking) --- counsel.

MR GARAS: No, if you can answer it, Mr Sargeant.

45 MR SARGEANT: I think it is a quote by Mr Toyne's paper that does come --- citing it from the National Competition Policy review. That's my understanding of it.

MR GARAS: Thank you. Now if we can just go to, remove the magnification and do the same thing with Mr Ord's statement at paragraphs 71 and 72. You will see here this is an extract from Mr Ord's witness statement in this Commission with not

dissimilar language that you just read from this paper.

5 Now, yesterday while you were discussing the removal of the junket approval process in 2010, I understood you to say that there were some matters in relation to government red tape. Now, I understood you to be referring to the removal of red tape. Were you referring by that phrase to the implementation of the National Competition Policy as being one of the drivers behind the removal of the junket approval process?

10 MR SARGEANT: No, when I used the word "red tape" there was a push in government about red tape reduction. But when this matter became an issue for the Commission and I think I said somewhere either yesterday about the early discussions of it and Mr Mark Beecroft reminded me about the main drivers was the police side of it. And as a result of Mr Toyne's evidence, that I went back and refreshed my memory to see that a big part of the decision in 2010 was based on the National Competition Policy review decision. So it was --- it was an integral part of the decision back in 2010.

20 MR GARAS: Thank you. Can we just magnify, while we are on this page, the entirety of paragraph 74 of Mr Ord's statement which continues over to the following page. This is a slightly different topic but it is convenient to deal with it while we are here on this page. I want you to read paragraph 74 of Mr Ord's statement and let me know whether you agree or disagree with that statement.

25 MR SARGEANT: He's saying --- using the word "incorrect view" of the performance because of the position taken that I presume he means not to be responsible for money laundering, et cetera.

30 MR GARAS: That's how I understand it.

MR SARGEANT: Yes. I understand that. That's what Mr Ord would be referring to.

35 MR GARAS: And do you agree with that as a statement? Does that also reflect your understanding of the Commission ---

40 MR SARGEANT: I don't like to use the word "incorrect view", it was a view there taken. That wasn't a matter for the Commission. The word "incorrect" puts a different connotation to it. Principally it was because of the view that money laundering was one which is undertaken by other agencies and the police responsibility for illegal activities, then that is why some of the investigations were delayed by the Gaming and Wagering Commission.

45 MR GARAS: Is that the understanding that you had prior to the Bergin Inquiry?

MR SARGEANT: Yes.

MR GARAS: Thank you. We'll move on to the issue concerning the dedicated inspectors. Can we bring up Mr Sargeant's second statement, GWC.0003.0019.0001, can we go to page 0015, and at paragraph 36, Mr Sargeant, Mr Feutrill took you to this before, and you listed four factors which you say weighed in favour of the GWC's decision to remove the dedicated inspectorial presence at the casino.

By the last factor, which speaks about salary limits, were you referring to what you otherwise described in this statement as the Workforce Renewal Policy implemented by Treasury in 2015?

MR SARGEANT: That was the fundamental behind it, yes.

MR GARAS: Can we please go to page 0009.

MR SARGEANT: What paragraph is that?

MR GARAS: Paragraph 21, Mr Sargeant. At paragraph 21 you've made express reference to that policy. You confirmed that is in substance the policy that underpinned that last paragraph you referred to at 36. In your evidence in relation to this matter, when you were being questioned by Mr Feutrill, you also referred to the question of or the implementation of redundancies. You've referred to that in this third sentence, and so that is the redundancies you were referring to when you gave your earlier evidence?

MR SARGEANT: Yes.

MR GARAS: This was one of the key factors, was it, behind the change to dedicated inspectors?

MR SARGEANT: I don't think the redundancy program would have been, but it was ---

MR GARAS: Sorry, I will clarify. Just the salary limitations as a result of this Workforce Renewal Policy?

MR SARGEANT: We were very conscious of that. We had time to work towards making sure we could achieve those limits, and this was just part of the overall strategy.

MR GARAS: Thank you. And I won't take you back to paragraph 37, although you are most welcome to look at it. You do speak to the new surveillance more than compensating for the reduced presence of the inspectors. Is it fair to say that you considered the electronic surveillance at Crown to be superior to the old system of inspection?

MR SARGEANT: I do, I wouldn't have supported the policy if Mr Connolly (inaudible) without. Yes, I do.

MR GARAS: Thank you. We are going to move on to the topic of the Riverbank accounts. Can we get Mr Sargeant's first statement, GWC.0003.0002.0001, and go to page 18, please.

5

MR SARGEANT: Is this the one back in May?

MR GARAS: This will be your first statement, which was May, you are correct, Mr Sargeant. Can we go to page 18 and can we just expand paragraph 80, please.

10

You've expressed in paragraph 80, Mr Sargeant, that specifically in relation to money laundering risks you don't believe that it was or indeed should be a responsibility of the GWC. Am I correct in saying that historically you understood the GWC's audits of the casino's gaming accounts when you referred to for the purposes of the revenue oversight, is that in substance ensuring that the correct casino tax is paid?

15

MR SARGEANT: Yes. Yes.

MR GARAS: Do you recall how regularly these audits were carried out?

20

MR SARGEANT: If I remember correctly, it was monthly. We were getting monthly reports, audits of the revenue.

MR GARAS: Thank you. You also say that at least historically you considered at the GWC and the Department did not pose skills or resources necessary to conduct sophisticated financial analysis. That's in paragraph 80. Can you just elaborate on what you mean by "sophisticated financial analysis"?

25

MR SARGEANT: Well, if you look at what analysis has been done by Crown in relation to the Bergin Inquiry, I can assure you the skill base of my inspectors, and even I didn't have that skill base to do that sort of analysis.

30

MR GARAS: Thank you. I just bring up another document then. CRW.513.024.6387. Sorry, can we confine that to the personal screen, please.

35

Now, Mr Sargeant, Mr Feutrill took you to this letter before. It was received, I should say dated, but received around the time of 23 August 2019. In particular, I will just note it is addressed to Ms Perry. Did you have a close relationship with Ms Perry?

40

MR SARGEANT: No.

MR GARAS: And then can I just have the document ---

45

MR SARGEANT: Bearing in mind that I was only an ordinary member of the Commission then. I wasn't a full-time staff member.

MR GARAS: Thank you. Just pause for a moment. Paragraph 2 makes reference to Direction 4.1(c), and Mr Feutrill took you to that particular direction earlier today which talked about the requirement to provide bank reconciliations.

5

Then can we just move the document up, please, so we can see the passage that says "As discussed with Mr Paul Hulme". Thank you. Can we magnify for Mr Sargeant those last two paragraphs. If I've understood your evidence before Mr Sargeant, you were aware that we --- you became aware of the Riverbank account in 2019 around --

10

MR SARGEANT: August 2019 when Mr Preston gave a presentation to the Gaming and Wagering Commission, late August.

15 MR GARAS: Thank you. I want to direct your attention to what is said in this particular passage where Crown has informed the Department that there had been an oversight in relation to the provision of information regarding the bank accounts, and you will see if you read it that it explains that Crown enclosed with this letter not just the reconciliation but bank statements for the relevant accounts for the 12-month

20 period from 1 July 2018 to 30 June 2019, and it is marked as Attachment 5.

Can I ask the operator to move forward to page 6444.

25 You will see there on the right-hand side at the bottom there, Mr Sargeant, it is attachment 5. And in the bottom half of the tab you will see that the Riverbank Investments account is identified. Four different accounts, and you will see four different currencies. If we can just move forward, please, to page 6694, that is the reconciliation in relation to Riverbank Investments. And if we move forward one page again, please, to 6695, you will see what starts here at this page, and I won't

30 take you to all of them but this is the bank statement for the Riverbank Investments accounts for the Australian dollar currency, and it is for the period 1 July 2018 to 31 July 2018. For the purposes of the transcript, the other currencies begin at 6731, 6736 and 6760, and the statements are provided for that 12-month period in relation to all four of the currencies.

35

Now, what I understand, what I wanted to ask you, Mr Sargeant, is whether you were aware that these statements had been provided to the department around this time.

40 MR SARGEANT: How could I? I wasn't a member. I had retired in March of 2018.

MR GARAS: But you were on the Commission ---

45 MR SARGEANT: Yes, but this is Departmental information. It didn't come to the Commission.

MR GARAS: That's what I wanted to get to. So to your knowledge this material was not provided to the GWC?

MR SARGEANT: Definitely not provided from my perspective. What was the date of the memo to Ms Perry? Was it October?

5 MR GARAS: This particular letter was 23 August 2019.

MR SARGEANT: 23 August so it was before Mr Preston came. No, I don't recall seeing any of that sort of detail. There is a lot of detail that was never come across the Gaming Commission agenda.

10

MR GARAS: Thank you. I will ask the question but it is obvious what your answer will be. So you don't know if any analysis was performed on these particular bank statements then?

15 MR SARGEANT: No, I do not.

MR GARAS: Thank you. Can we then go to another document, just on the personal screens again, please. GWC.0001.0007.0360.

20 Now what you are seeing here, Mr Sargeant, is correspondence the following month on 9 September 2019 again to Ms Perry, and you will see reference to the provision of accounts. Can we just move forward, please, to page 0024. Once again, this attachment you will see in the bottom half of the table refers to the Riverbank Investments account and the four currencies. And if we move forward, please, to
25 page 0048, and so the bank statements have again been provided in this instance for August, and it is all four of the currencies. I won't take you through them, but I will ask you the question: do you recall ever seeing these statements for this month?

MR SARGEANT: That didn't come to the Commission, no.
30

MR GARAS: Thank you. One more that I will just put up on screen for the moment, it is document GWC.0001.0007.0363. Just on the personal screens again, please. This is the following month, 14 October 2019. Again to the Department. If we can move forward, please, to page 0024. It is that same cover sheet for the
35 attachments, identify the four Riverbank Investments currency accounts. And if we can move forward to 0043. Again this is now the statement for September, the Australian dollar currency and the statements for the other three currencies are also provided. I will just ask again, do you recall ever seeing these statements for
40 September 2019?

40

MR SARGEANT: No.

MR GARAS: Thank you. Now, I can just say for the record, similar correspondence was sent to the Department dated 9 November 2019 and that is
45 GWC.0001.0007.0365, again providing the attachment at page 25 and the reconciliation and bank statements from page 47 onwards. They don't need to be shown. Then December, Commissioners, the 5 December document, GWC.0001.0007.0367, correspondence dated 5 December 2019, providing the table

that is common to these documents at page 25. And the reconciliation and bank statements from page 47 onwards.

5 Then I will have you bring this one up, GWC.0001.0007.0370. What you will see now, Mr Sargeant, is the same type of letter to the Department dated 6 January 2020. Again, I don't need you to move forward to the later pages but the attachment common to these documents with the table is at page 26 and the reconciliation and bank statements start at page 47. But I just want to draw to your attention the
10 numbered paragraph 3. On your evidence earlier today you said that the Commission was never notified that the Riverbank Investments accounts had been closed. I just ask you to read the closing sentence in numbered paragraph 3, which did in fact notify the Department that the account had been closed. Is it the case that that information was never conveyed to the Commission?

15 MR SARGEANT: No, not formally. I indicated I knew it had been closed. I had made inquiries myself, but I can't remember being formally advised, the Commission, it had been closed. But I was aware it had been.

20 MR GARAS: Thank you. Can we bring up document CRW.518.002.3444.

Mr Sargeant, these are the slides to a presentation that was given to the Commission on 27 October 2020. According to the minutes you attended that meeting via Teams do you ---

25 MR SARGEANT: That's correct.

MR GARAS: And if we can just move forward to page 3445, please. I will let you read the first two bullet points, but clearly they relate to the ILGA, an update in
30 relation to the ILGA Inquiry, and importantly a recap on immediate controls to improve compliance. And then can we move forward, please, to page 3448. I will allow you to read this, Mr Sargeant, but obviously it is specifically in relation to the immediate controls, identifying shortcomings that had arisen through the ILGA Inquiry and Crown acknowledges the seriousness of the issues, and then the sub
35 bullet points are a matter which you had presumably by now become aware of, the closure of the Riverbank accounts in December 2019. Can I just pause there. Did you first learn of the closure at this presentation or ---

MR SARGEANT: No, I think I would have known earlier than that because I was
40 trying to find some information about had the Department received any formal notice about the opening of the accounts, and they had gone back to about 2012 and still hadn't found anything to formally advise the Department the accounts had been open. So through that process I became aware the account had been closed before that.

45 MR GARAS: Thank you.

And then the further bullet points, the next one is particularly significant for what I want to discuss with you, so it explains that "Crown has issued a direction to the cage

that under no circumstances should transactions be aggregated in SYCO". I will let you read the next two bullet points about the ---

5 MR SARGEANT: Can someone make it bigger for me, please. Thank you.

MR GARAS: Is that better, Mr Sargeant?

MR SARGEANT: Yes.

10

MR GARAS: Thank you.

MR SARGEANT: Yes, I read that.

15 MR GARAS: Do you recall the discussions around these topics during that presentation?

MR SARGEANT: I don't think there was much discussion at all. Who actually presented it? Was this the CEO? I can't recall who presented it. Can you tell me that?

20

MR GARAS: Do you have a recollection of who presented it or not?

MR SARGEANT: No, I don't, I'm afraid. I think that was the time that Mr Connolly announced his relationship with Mr Marais to the Commission. Was it the CEO? I don't think it was the Chair. It doesn't really matter, it just might put a better context as to who presented.

25

MR GARAS: So you don't have a very clear recollection of the presentation itself?

30

MR SARGEANT: No, I don't think at this stage. A lot of it was motherhood statements to some extent. I don't recall who it was. We had a number of presentations in that period of time leading up to the December.

MR GARAS: Thank you. I will bring up a document to assist you. It's GWC.0002.0016.0333. So these are the minutes in relation to that meeting. Does that assist your recollection at all or are there particular items I can ---

35

MR SARGEANT: Can you magnify it a bit for me, please. It doesn't tell me who was presenting the report, though.

40

MR GARAS: Can we just move through the pages, please, onscreen.

MR SARGEANT: Normally it puts a list of attendees.

45

COMMISSIONER JENKINS: If I can try and move things along. I have a letter here which is GWC.0001.0010.0003, which is a letter from Crown, 14 December 2020 to Mr Ord, and it says:

We refer to the past presentation of Mr Ken Barton together with Mr Lonnie *Bossi* and Mr Claude *Marais* to the Gaming and Wagering Commission of Western Australia on 27 October 2020.

5

Does that ring any bells?

MR SARGEANT: Thank you, yes. I thought it was --- I wasn't sure whether Ms Coonan had come across. It was Mr Barton.

10

MR GARAS: Thank you, Commissioner. Can I direct your attention, Mr Sargeant, to the page on the screen, item 5.2.

MR SARGEANT: Yes, can you magnify it?

15

MR GARAS: Yes, of course. You will see that meeting obviously accords with the matters that Commissioner Jenkins just informed you of.

MR SARGEANT: Yes.

20

MR GARAS: And you will see that the meeting appears commenced at 9.08, or at least the attendance by those presenters at 9.08 and they left at 10.27.

MR SARGEANT: Okay, yes.

25

MR GARAS: So the meeting lasted, according to these minutes, over an hour. Does that accord with your recollection?

MR SARGEANT: It was a long meeting. I can recall that. But that generally accords with what happened, yes.

30

MR GARAS: Thank you. Now, can we have another document up on screen. Again, just the personal screens, please. It is GWC.0004.0015.0001. I will have parts of this magnified for you, Mr Sargeant, but this is a letter from Crown to Mr Ord on 14 December 2020. Now, if we just magnify the introduction first of all, the introductory paragraph, you will see in the introductory paragraph, Mr Sargeant, there is a reference to the presentation that was provided on 27 October 2020, being the very presentation material that I just took you to.

35

40 MR SARGEANT: Okay, yes.

MR GARAS: And then as you work your way down from the second paragraph onwards, you will see that Crown has essentially thanked the Commission for providing the opportunity to address the issues identified through the course of the ILGA Inquiry. Importantly, and I will take you to it in a moment, they attach annexure A to this letter which they say formally advises the Commission of the current status of the ILGA Inquiry. A second bullet point, the controls that Crown

45

had implemented in response to the inquiry, and it also talks about the significant reforms that have been implemented. Just pause there. Do you recall receiving or reading this letter at that time or subsequently?

5

MR SARGEANT: I can recall that they did follow it up with the detail from the October session.

10 MR GARAS: So if we can just go through, past the second page and just scroll through, and on to annexure A which is page 3, please.

15 This is the annexure A that was referred to on that first page, it commences at the third page of the letter. Can we move the page up to the second heading, and it should be entitled "ILGA Inquiry immediate controls". You will see in relation to the immediate controls, again reference is made to the presentation, and Crown goes on to explain at the bottom of the first paragraph that they have implemented controls to immediately mitigate against future incidents in a not-dissimilar way to what was set out in the October presentation.

20 MR SARGEANT: Yes.

25 MR GARAS: You see that the first paragraph a) identifies the closure of the account, which is historical. At b) they talk about the prohibition of aggregation in SYCO in relation to the accounts. In that same paragraph b) they give notice of a new bank statement monitoring policy which is enclosed as attachment 1. And in paragraph c) they give notice of the direction prohibiting all-cash deposits, and they provide a copy of that as attachment 2 to this letter. Over the page, and we'll get to item d) in a minute, can we expand that, please. You will see the third of the significant policies implemented is a policy prohibiting third-party transfers, a copy of which is enclosed in that letter as attachment 3. Can we just move up the page, please, to around the middle of the page with the paragraph commencing with "importantly". And can we expand that. So Crown goes on to talk about the fact that importantly, in respect of the controls referred to in paragraphs (a)-(e), and I've obviously taken you through (a) to (d), Crown has submitted proposed amendments to the Casino Manual (Operations).

35

In the next paragraph ---

40 COMMISSIONER JENKINS: Mr Garas, is there a question?

45 MR GARAS: There will be in a moment. I'm making sure the witness is familiar with the material before I ask those questions. Here Crown has identified the fact that they have obtained reports from Grant Thornton and Initialism which were enclosed with this letter concerning the Riverbank account. So I want to just direct your attention in particular to the third bullet point which identifies the fact that the Initialism report, in relation to its review regarding indications of money laundering, based on Grant Thornton's analysis of the accounts, were part of those materials.

You indicated you read this letter at some point in time. Do you recall when that was?

5 MR SARGEANT: No, I don't, but I have read it. I remember going through the reports. I wouldn't say I fully understood them but I can recall those reports.

MR GARAS: But you can't recall precisely when you went through it?

10 MR SARGEANT: No.

COMMISSIONER JENKINS: Mr Garas, can I just stop you there because my understanding is we have to have a 10-minute break for the transcribers if we are to go beyond 4 o'clock, so we might take that break now.

15

MR GARAS: Of course.

COMMISSIONER JENKINS: Mr Sargeant, it is as I've said: the transcribers require a 10-minute break if we are to go beyond 4 o'clock and we're not going to be able to finish before then. Whilst I do hope we will conclude shortly for your sake given the time there, we will require a 10-minute break now.

20

MR SARGEANT: Okay.

25 COMMISSIONER JENKINS: We will adjourn for 10 minutes.

ADJOURNED

[3:58P.M.]

30

RESUMED

[4:06P.M.]

COMMISSIONER JENKINS: Thank you. Please be seated.

35

Yes, Mr Garas.

MR GARAS: Thank you, Commissioner.

40 Mr Sargeant, following the receipt of that letter then dated 14 December 2020, to your knowledge did anyone at the Department or the GWC review the policies and directions that were enclosed with that letter or the Initialism or Grant Thornton reports?

45 MR SARGEANT: Not that I'm aware of, but the Commission members wouldn't do it, so it would be a matter for the Department. I'm not aware of a report coming back to say that it had been reviewed, no.

MR GARAS: Do you know if anyone within the Commission or the Department subsequently raised any queries with Crown about the substance of that letter and the attachments?

5

MR SARGEANT: Not that I'm aware of. I think at the December meeting we had another presentation at some stage. But, no, I can't recall. I can't recall.

MR GARAS: Do you know if any of these issues, as identified in that letter, were placed on any subsequent meeting agendas of the Commission?

10

MR SARGEANT: Not specifically, no.

MR GARAS: Coming back to whether or not the material itself was reviewed or analysed, and the view you expressed previous as set out in paragraph 80 of your first statement, is it the case that the Department and the Commission would not have actually had the skills inhouse to analyse any of this material?

15

MR SARGEANT: Well, again, the Commission wouldn't have been able to do it. It doesn't employ staff. It relied on the department. And the Department would not have had the skills to do that.

20

MR GARAS: Thank you. I want to move on to the last topic and I will be very brief. Are you aware of the suggestion that has been made by Counsel Assisting in this Commission that the GWC was potentially the subject of, and the phrase that was used is "regulatory capture"?

25

MR SARGEANT: I've had it --- I've read it but it hasn't come specific to me. There were no questions asked about that.

30

MR GARAS: Do you understand the meaning of that phrase?

MR SARGEANT: Yes, I do.

MR GARAS: Can I ask you this then: during your tenure as Director-General or a member of the GWC, did you ever personally give favourable treatment to Crown?

35

MR SARGEANT: No.

MR GARAS: Are you aware of anyone else within the Commission or the Department giving favourable treatment to Crown?

40

MR SARGEANT: No.

MR GARAS: Thank you, Mr Sargeant.

45

Commissioners, I have no further questions.

COMMISSIONER JENKINS: Thank you, Mr Garas. Commissioner Murphy?

COMMISSIONER MURPHY: No, thank you.

5

QUESTIONS BY THE COMMISSIONERS

10 COMMISSIONER JENKINS: Mr Sargeant, I have a few matters to ask you about. First, in relation to the removal of multi-line betting from the EGM policy, do I understand your evidence to be that whilst you were on the GWC, you do not recall the GWC approving the removal of the prohibition from the policy?

15 MR SARGEANT: That is correct, although the agenda paper referred to it, the agenda paper wasn't actually approved per se. So, no, it wasn't approved.

COMMISSIONER JENKINS: So when was the first time you heard that it had been removed from the policy?

20

MR SARGEANT: As a result of preparing my statements for this.

COMMISSIONER JENKINS: Now, I think another witness has drawn the distinction between the appendix and the policy in terms of how they would be amended. What did you understand about the EGM policy? Is that a GWC policy or a departmental policy?

25

MR SARGEANT: It would have been issued as a GWC policy, but the Department would have prepared it, and because the Commission only approved those two other items, there was no specific authority for them to amend their policy.

30

COMMISSIONER JENKINS: So the point I'm getting to is, who had the authority to amend the EGM policy?

35 MR SARGEANT: Only the Commission. It was not delegated at all. It was a Commission decision.

COMMISSIONER JENKINS: Thank you. In relation to the audits, and I apologise if I asked you on this the previous occasion, but in terms of the audit and inspection program, is there any reason why the GWC did not audit the Responsible Service of Gambling framework and program of the Perth Casino?

40

MR SARGEANT: I think I admitted in my evidence that we --- that is something we could have done a better job on. We weren't very proactive in that area. No, we didn't.

45

COMMISSIONER JENKINS: Do you recall, whilst you were on the GWC, whether the GWC authorised the Pearl Room at the Perth Casino to open during any COVID

lockdown period in Perth?

5 MR SARGEANT: No, I'm not aware that we specifically authorised that activity.

COMMISSIONER JENKINS: Was there any discussion of you doing that or not?

10 MR SARGEANT: I can't recall any discussion. From my perspective the casino was closed.

COMMISSIONER JENKINS: Either as the Director-General or a member of the GWC, did you have any understanding of the banknote acceptor limit for electronic gaming machines, what it was?

15 MR SARGEANT: I understood it to most of the machines was about \$100. \$100 note.

COMMISSIONER JENKINS: And did you understand that the fully automated table games had a different banknote acceptor limit?

20 MR SARGEANT: No, Commissioner, I didn't. I thought it was a common limit of \$100 at a time.

25 COMMISSIONER JENKINS: Thank you for that. We heard evidence from Mr Ord who said that there was an officer in the Department who was responsible for Responsible Service of Gaming and/or harm minimisation, I suppose, regulation within the Department. Mr Connolly said he didn't know of any such person. I just thought I would cover off and see if you are aware of any such person.

30 MR SARGEANT: I concur with Mr Connolly's evidence. I don't recall that.

COMMISSIONER JENKINS: Thank you.

35 In respect of the casino tax revenue and the questions you were asked by Mr Feutrill, I wanted to make sure we were all on the same page about that. The issue I have or that I want to speak to you about is not whether the casino deducted the value of certain things from their revenue, but actually whether they included the value of the Crown Rewards points which were then converted to gaming credits as part of their revenue. Now ---

40 MR SARGEANT: I wouldn't have thought so. I don't recall it. Given that the most revenues are centred around the cage activities, it is basically money in the --- through --- gambling less money played out as prizes. I would be very surprised if it would have come in. But from my perspective, no, it wasn't included.

45 COMMISSIONER JENKINS: And do you ever recall it being raised with the Department or the GWC by Crown, and Crown telling the Department and/or GWC that it was not going to include it as part of their revenue?

MR SARGEANT: All I can say is it was never raised with me, and it wasn't raised with the Gaming and Wagering Commission meeting. Whether it was raised with a Departmental officer level, I can't confirm that. But from my perspective, no.

5

COMMISSIONER JENKINS: Do I understand from what you are saying is that you cannot recall it ever being an issue at all?

MR SARGEANT: No, not an issue that required attention.

10

COMMISSIONER JENKINS: Thank you. Whilst you were on the GWC, was there ever an occasion where the casino sought probity approval for a new director either at the Burswood entity level or the Crown corporate level?

15

MR SARGEANT: They had to have key employee licenses, some of those people. They would have applied.

COMMISSIONER JENKINS: So a director, it would be in the sense that they would need a key personnel licence at the director level?

20

MR SARGEANT: At particularly, the Burswood Ltd. I'm not sure whether there was a few --- some of them at the Crown level may not have been, but I know we had some of the key, like chair, et cetera. Definitely at Burswood Ltd, they would all have had to have key employee licenses.

25

COMMISSIONER JENKINS: And did those applications have to be determined by the GWC, or could they be determined at the Departmental level or by delegation at the departmental level?

30

MR SARGEANT: It would have been by delegation at the departmental level. I can't recall them coming to the Commission so they must have been all in order. When I say that from a probity point of view, I think, under --- yes, I'm wrong. Under the agreement attached to the Casino (Burswood Island) Agreement, it had to be approved by the Commission members of the Burswood Ltd, but didn't require the same approval for people from the Crown holding company. So Burswood didn't (inaudible) the actual licence didn't have to come to the Commission, but they had to be approved by the Commission under the agreement attached to the Casino *(Burswood Island) Agreement Act, it was a requirement for all the directors to be approved by the Commission.*

40

COMMISSIONER JENKINS: So what I wanted to know was the process for that, whether such applications came to the GWC for approval or whether they were done under delegation?

45

MR SARGEANT: No, the approval for them to be appointed to the board of Burswood Ltd would have definitely come to the Commission, but it wasn't a probity approval application. That would have been done under delegation by the

departmental officers. So key employee licenses approved and before they became a director, they would have had to come to the Commission and the report would have indicated that they have the key employee licence okay, and it is now a matter of approving them under the agreement attached to the --- as scheduled to the Casino
5 *(Burswood Island) Agreement Act, the State Agreement.*

COMMISSIONER JENKINS: And in respect of a director of the Crown Resorts Board, for example, who was not going to be a director of one of the Burswood
10 entities, was any kind of probity or key personnel licence required for that?

MR SARGEANT: Yes, it would have been, but that wouldn't have come to the Commission, as long as it was all clean and it would have been done under
15 delegation by the departmental licensing officers.

COMMISSIONER JENKINS: And when you were Director-General, did any of those sorts of applications get dealt with by the Department that you can recall?

MR SARGEANT: They would have dealt with by the Department, in particularly in
20 2004 when the takeover occurred. There would have been a number of approvals required for key employee licenses, and that would have been handled by the licensing officers.

COMMISSIONER JENKINS: Was there any kind of policy or procedure for the
25 sorts of checks that had to be done when such an application was received?

MR SARGEANT: There was a standard application form. Sometimes there were elements of those forms which didn't have to be completed if they were licensed in
30 other jurisdictions of Australia, but there were fundamental principles and they would have been referred to the police for probity approvals. But there is a form they had to fill out.

COMMISSIONER JENKINS: In respect of the 2017 AUSTRAC casino junket report, when did you become aware that AUSTRAC concluded in that report that
35 some state regulators over-relied on immigration and Border Force vetting to ensure that operations were not infiltrated by criminals or conducted by criminals?

MR SARGEANT: Only through preparing my evidence statements.

COMMISSIONER JENKINS: You were asked about a coffee meeting with Mr Felstead on 27 October 2014. You said that you didn't think that Mr Felstead spoke
40 to you about reduction in the ICB tax rate. Do you recall what operational matter was current at that time which would have been the subject of the coffee meeting with Mr Felstead?

MR SARGEANT: No, I can't, Commissioner, at all. The reason why I'm confident
45 the tax wasn't covered is because Mr Felstead appreciated that it was a treasury matter and it wasn't a matter that I had influence on. So I doubt --- it would not have

been the subject of me having coffee with him. I can't recall. I apologise for that, but I just can't recall.

5 We had a lot of approvals going on with respect to the hotel. This is under the Casino (Burswood Island) Agreement Act. Whether that was part of it --- but most of that was done with Mr Preston, and not Mr Felstead. So I just can't recall.

COMMISSIONER JENKINS: Thank you.

10

In respect of the speed of play issue ---

MR SARGEANT: Sorry?

15

COMMISSIONER JENKINS: The speed of play issue.

MR SARGEANT: Yes.

20

COMMISSIONER JENKINS: You gave evidence that you understood that Crown's assertion that the average speed of play of a game with added features was more than 8 seconds, was based on GLI testing. Did I hear you correctly?

MR SARGEANT: That's what I recall it was because their submission was supported by GLI reports. That's what I recall.

25

COMMISSIONER JENKINS: So do I understand it from that that you thought that that part of their submission was based on laboratory testing of the average time of play?

30

MR SARGEANT: Correct. Correct.

COMMISSIONER JENKINS: The final topic --- sorry, go on.

35

MR SARGEANT: It's now become an issue in regard to --- because the Commission wanted some actual information on how the speed of play of those games had occurred since it has been introduced. And one of the last things --- whoops, I just lost the lights. One of the last things --- can you still see me?

COMMISSIONER JENKINS: Yes, we can, thank you.

40

MR SARGEANT: One of the last things the Commission was looking at is they weren't satisfied with what they were proposing to present to the Commission in relation to showing how the actual effect of that decision had been, and that was something which I don't know what would happen because that was going to be followed through after I left the Commission. It was an issue for the Commission.

45

COMMISSIONER JENKINS: So whilst you were at the Commission, did it ever --- was it ever conveyed to you that in fact, at least some of the submissions in relation

to the average speed of play of those sorts of games was based on an analysis of actual time that carded patrons were taking to play those games?

5 MR SARGEANT: I don't think it was, but the trouble with using carded play is it was based on, I understand it, it was based on the time the cards were slotted in the machine. It didn't necessarily relate to the time you were playing on the machine. That was the issue the Commission had, they weren't happy with that sort of analysis.

10 COMMISSIONER JENKINS: Last topic. It is about the gambling statistics that you referred to and the Queensland gambling statistics. And I think based on my inspection of them, they would indicate that Western Australia has the second highest State per capita casino expenditure, second only to Victoria. And as you've said, Western Australia's per capita casino expenditure has been decreasing since
15 about 2014. The question I had for you was, do you have an opinion as to why that is the case?

MR SARGEANT: The decrease?

20 COMMISSIONER JENKINS: Yes.

MR SARGEANT: Look, part of the problem could be the International Commission Business is part of that data? That could be attributed in part to that effect. Since the 2016 decision of Crown not to continue to bring Chinese patrons to the State, then
25 that has impacted on their profitability, and COVID obviously has had an impact on their profitability as well.

We have lights again.

30 COMMISSIONER JENKINS: That in fact was what I was going to ask you, was whether the data provided to the Queensland gambling, whatever they are ---

MR SARGEANT: It is the Treasury Department that does it on behalf of all the States.

35

COMMISSIONER JENKINS: Yes, whether that did include all Queensland gambling revenue, including that for overseas players?

40 MR SARGEANT: I understand it does. I understand it does because it's hard to differentiate it out.

COMMISSIONER JENKINS: So, other than that sense that you may have, do you know whether there has been any analysis done as to why Western Australia's per capita casino expenditure is reducing?

45

MR SARGEANT: No, I don't.

COMMISSIONER JENKINS: And are you aware of any regulatory changes which

would explain that decrease?

5 MR SARGEANT: No. There hasn't been any imposition placed on Crown. Whether it is partly the population is growing and of course their revenue is not growing too could be contributing to that sort of data.

10 COMMISSIONER JENKINS: Thank you, Mr Sargeant. They were the questions that I had.

Yes, Mr Evans.

FURTHER CROSS-EXAMINATION BY MR FEUTRILL

15

MR FEUTRILL: Sorry, Commissioner, there is one matter which I think I need to clarify.

20 Mr Sargeant, you were asked some questions by Commissioner Jenkins about a tax issue and I think you said it had not been drawn to your attention. In fairness to you I need to draw your attention to a document so we get a full picture of your evidence, CRW.708.017.0305. It is subject to a non-publication order. I asked questions about the IGT Advantage system. I did it in a summarised way.

25

MR SARGEANT: Yes.

30 MR FEUTRILL: I was in fact relying on this letter in order to put those questions to you, dated 14 April 2009. And then if I could ask that the operator move to the section with the heading on page 0312, "Treatment of non-cashable credits for Casino Tax purposes". Underneath that you will see a couple of paragraphs with an attachment including the legal advice that Burswood, as it was then called, had received from Mallesons, Stephen, Jaques. I won't take you to that but having seen that letter, I think the answer you gave to Commissioner Jenkins was that it hadn't
35 come to your attention or words to that effect.

MR SARGEANT: Was that addressed to me?

40 MR FEUTRILL: Yes, it is addressed to you. It may not effect the evidence you've given ---

MR SARGEANT: No --- (overspeaking) ---

45 MR FEUTRILL: --- as to your view whether the revenue falls in, the question is whether any consideration was in fact given to that question by the GWC. I think you said no. The letter might suggest otherwise.

MR SARGEANT: I'm happy to accept that. Thank you.

FURTHER QUESTIONS BY THE COMMISSIONERS

5

COMMISSIONER JENKINS: So if you had recalled that, Mr Sargeant, I was going to ask you whether you recall whether considering whether the Department or the GWC should obtain its own legal advice about whether those credits should be considered as part of casino taxable revenue?

10

MR SARGEANT: Well, I can't recall but obviously if were you going to do something major like that, we should have got advice from the State Solicitor's office.

15

COMMISSIONER JENKINS: Yes, Mr Evans.

RE-EXAMINATION BY MR EVANS

20

MR EVANS: Mr Sargeant, we will try and be very quick. Can I ask you one macro question and then deal with a couple of micro issues in response to the questions in particular from my learned friend Mr Feutrill. Can I bring up INQ.130.001.2034 at pinpoint 2059? Mr Sargeant, this is the Financial Action Task Force policy document from 2010 that you hadn't actually seen, but I want to ask you a policy question about it.

25

My learned friend Mr Feutrill took to you paragraph 95 at the base of paragraphs 94 and 95, at the bottom of that page. Perhaps we can have 95 highlighted. If you read paragraph 95.

30

MR SARGEANT: I've read 95.

MR EVANS: To what extent does that reflect your views on the functions of the GWC and the Department in supporting it?

35

MR SARGEANT: In accordance with what --- one of the core functions of what the regulator is.

40

MR EVANS: I will take you to how that interacts with AML/CTF. And you've had a number of questions from Mr Feutrill and also Mr Garrison, more recently from Commissioner Jenkins in relation to what I'm going to take you to, but you were asked some questions, and I will focus on 2019, about the media reporting in 2019, and Crown's presentation of the 27 August 2019; you recall that?

45

MR SARGEANT: Yes.

MR EVANS: Now, you may recall the presentation by Crown was preceded in the GWC board papers by an internal Departmental document by way of a briefing paper on junket operations; do you recall that?

5

MR SARGEANT: (Inaudible).

MR EVANS: I will bring it up for you, GWC.0002.0016.0283 at 0043. This is a paper authorised by Mr Connolly. It is entitled "Junket processes". It is explicitly in the context of the media allegations. You recall that?

10

MR SARGEANT: Yes. Yes, yes, it was after the Channel 9 episode on 60 Minutes, yes.

MR EVANS: I take you down to the last paragraph on that page and the first paragraph on the next page. Flash the sentence commencing "Player probity and following".

15

MR SARGEANT: This was a paper written by Mr Connolly, want it?

20

MR EVANS: That's correct. Now, to what extent does that reflect the view that the GWC then held and it held for some time.

MR SARGEANT: I think it reflects the view for some time, particularly since the 2010 amendments.

25

MR EVANS: Yes. And what was the fundamental source of information upon which the GWC relied for the formation of that view?

MR SARGEANT: Well, what would have been the Chief Casino Officer's at that time and it would have been Mr Connolly, his advice.

30

MR EVANS: Thank you.

And to put that in context in 2010 would that be Mr Toyne if Mr Connolly wasn't there?

35

MR SARGEANT: Mr Toyne wasn't the Chief Casino Officer. It would have been Ms Belling I think would have been the CCO.

40

MR EVANS: You recall there was a paper in 2010 at the time of the regulation (inaudible) Mr Toyne?

MR SARGEANT: Mr Toyne, he was previously one of the authors I understand, but there is a paper which has his name on it, yes.

45

MR EVANS: And he had also written the National Competition review to which you ---

MR SARGEANT: No, he didn't write that. We employed a consultant economist. We didn't rely --- he wasn't personally qualified to make that. He helped him but it was a report that was prepared by an economist.

5

MR EVANS: Thank you. Now, in that context you were asked --- as a result of that context I want to ask you a question. The question was asked by Mr Feutrill to the affect that do you accept that in relation to the integrity of junket operators in Perth, GWC depended upon Crown Perth's internal processes. That was for the assurance and integrity and you answered "yes". I want to ask you the question does that reflect your view now in the full knowledge of the events of the last 10 years and the Bergin Inquiry, or did that reflect your view up until the Bergin Report?

MR SARGEANT: It would have reflected my view probably slightly prior to the Bergin Report but since the Bergin Report, definitely.

MR EVANS: Prior to the commencement of the Bergin Report, who did you think you were relying on for integrity in relation to junket operators?

MR SARGEANT: We were still relying on Crown executives and their system of risk assessment that I think as time goes, particularly the 2020 era, the tide has started to change.

MR EVANS: Thank you.

25

You were asked some questions about the FTP, or EFTPOS, cashless transactions at tables in the casino from an RSG perspective. Were there any other non-RSG considerations which you took into account other than Crown's commercial interests, any benefits which accrued from EFTPOS transactions?

30

MR SARGEANT: Well, the benefit would have accrued to patrons with the convenience of having that facility. At one stage I can recall when Crown moved away from coin machines to notes for some people it was the end of the world. It was just a development of how things had come. With COVID there was a much greater reliance on EFTPOS to undertake activities rather than carrying cash around. So it was mainly a benefit to patrons would have been another consideration.

35

MR EVANS: Thank you. The final thing I want to take you to is DLG.0002.0003.0005. This is the document, a ministerial briefing, up to then Minister Waldron in relation to the tax reduction. Do you recall some questions in relation to this?

40

MR SARGEANT: Yes.

MR EVANS: A couple of questions were put to you that were put in terms that this was a submission by you to the minister. Can I ask how you would characterise this document?

45

MR SARGEANT: If you notice down there it talks about in the second paragraph:

5 *You have been provided with a copy of Treasury's BRIEFING NOTE FOR THE
TREASURER and have sought comment on Crown's proposal.*

So it wasn't a submission, I was just taking all the data and putting it to the Minister.
And in the very end it says "for your consideration" I think. There was no
recommendation.

10

MR EVANS: Yes. Thank you. No further questions.

COMMISSIONER JENKINS: Thank you, Mr Evans.

15 Mr Sargeant, that concludes your evidence, you will be pleased to know. Sorry that
we've kept you so long this evening, Sydney time.

What occurs now is that the summons will be kept in place because it is still possible
that Commissioner Owen or the Commission will have some questions for you but I
20 doubt very much that that will require you to return for further oral evidence. I don't
want to say it's impossible that that will occur because it remains a possibility. But I
hope certainly for your sake that that doesn't come to any reality.

25

MR SARGEANT: I would just love to get back to Perth!

COMMISSIONER JENKINS: Yes, I'm afraid we are living the dream I think
compared to you in Sydney.

30 MR SARGEANT: Well, I made a family decision to be locked in Sydney rather than
be locked out of Sydney. So there are benefits to it. But I will be glad when I can
get home.

35 COMMISSIONER JENKINS: Yes, we hope that you can get home sooner rather
than later as well. Thank you very much for your assistance over the last few days
and earlier of this year. And the link can now be turned out of and you can certainly
go about your business. Thank you.

MR SARGEANT: I wish you well. I wish you well.

40 COMMISSIONER JENKINS: Thank you, Mr Sargeant. Same to you.

THE WITNESS WITHDREW

45

COMMISSIONER MURPHY: Thank you.

04:40PM

COMMISSIONER JENKINS: We can now turn the link off.

5 The Commission will adjourn now until Monday, 20 September at what I believe
will be 11.00 am, a slightly later start. That start will be confirmed with you by the
Commission. Public hearings will then resume. Private hearings may be held in the
10 meantime. I also advise that the Commission will be undertaking a site visit of the
Perth Casino on a future date. The visit will be facilitated by Crown Perth. To the
extent that the visit involves other parties, the PCRC will contact the parties outside
of the hearings to make the arrangements. The visit will not be open to members of
the public or the media. So thank you very much counsel for your assistance and we
will now adjourn.

15 **ADJOURNED AT 4.42 PM UNTIL MONDAY, 20 SEPTEMBER 2021 AT
11.00 AM**

Index of Witness Events

| | |
|--|--------|
| MR BARRY ANDREW SARGEANT, ON PRIOR AFFIRMATION | P-3752 |
| CROSS-EXAMINATION BY MR FEUTRILL, CONTINUED | P-3752 |
| [VIDEORECORDING PLAYED] | P-3817 |
| CROSS-EXAMINATION BY MS SEAWARD | P-3822 |
| CROSS-EXAMINATION BY MR MALONE | P-3824 |
| CROSS-EXAMINATION BY MR GARAS | P-3827 |
| QUESTIONS BY THE COMMISSIONERS | P-3840 |
| FURTHER CROSS-EXAMINATION BY MR FEUTRILL | P-3846 |
| FURTHER QUESTIONS BY THE COMMISSIONERS | P-3847 |
| RE-EXAMINATION BY MR EVANS | P-3847 |
| THE WITNESS WITHDREW | P-3850 |

Index of Exhibits and MFIs