

## IN THE PERTH CASINO ROYAL COMMISSION

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**AMENDED WITNESS STATEMENT OF GERMAINE MARY LARCOMBE**

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## STATEMENT OF GERMAINE MARY LARCOMBE

**I, Germaine Mary Larcombe, c/- level 17, Gordon Stephenson House, 140 William Street, Perth WA 6000, Executive Director, Racing, Gaming and Liquor and Chief Casino Officer, say as follows:**

1. This statement is provided in response to the witness summons to give evidence, dated 16 August 2021 and issued pursuant to section 9 of the *Royal Commissions Act 1968* (WA), which is directed to me by the Perth Casino Royal Commission (**Royal Commission**). This statement has been prepared according to the list of topics provided by the Royal Commission on 23 August 2021: see document DLG.0001.0011.0001.

### **Qualifications and Experience (Topic 1)**

2. My qualifications and experience, including my experience as a regulator, are set out in my curriculum vitae: document DLG.0001.0011.0004. In short, I have over 20 years of national and international experience in regulatory delivery and reform, under a range of legislative frameworks, to deliver a variety of government priorities and objectives.
3. I do not have any specific qualifications or experience in relation to the regulation and oversight of casinos and casino gambling.
4. My substantive position is within the Department of Water and Environmental Regulation but by way of a secondment I, as of 8 July 2021, hold the position of Executive Director Racing Gaming and Liquor (**ED RGL**) within the Department of Local Government, Sports and Cultural Industries (**DLGSC**). When I accepted that secondment I was advised that a consultant with expertise in casino regulation would be engaged to assist me. David Snowden has since been engaged by the DLGSC. Mr Snowden has casino regulation experience in the ACT and is the former Chief Executive Officer of the ACT's Gambling and Racing Commission. I have had two teleconferences with him since commencing my secondment.

### **Appointment as Chief Casino Officer (Topics 2 to 4)**

5. I was appointed as Chief Casino Officer (**CCO**) on 15 July 2021, by the Director General of the DLGSC, Lanie Chopping, pursuant to the provisions of Part 3 of the *Public Sector Management Act 1994* (WA) and section 9 of the *Casino Control Act 1984* (WA) on the 15 July 2021: document DLG.0001.0011.0007.
6. I understand that DLGSC's intention was for the newly established role of ED RGL to be tied to the position of CCO. My formal instrument of appointment as CCO is not time limited but currently the length of my secondment to the DLGSC is 6 months.
7. At the first meeting of the GWC following my appointment (27 July 2021), members of the Gaming and Wagering Commission (**GWC**) questioned the training I had received for the CCO role. In response I outlined my regulatory experience: document GWC.0012.0001.2573.
8. At the time of my appointment as CCO, I was not provided with any information as to whether my obligations to the DLGSC or the GWC are to take precedence in the event of conflict or a need to prioritise limited time or resources.
9. In my preliminary view, I do not view my obligations as ED RGL and CCO to the DLGSC and the GWC as mutually exclusive. In the context of gaming and wagering, the CCO and ED RGL roles are part of the same regulatory framework. If competing priorities arose between gaming and wagering, and liquor, it may be more problematic. The integrated service delivery model currently employed by the DLGSC means there can be competition for resources between those two regulatory areas.

### **Roles as the CCO (Q5 to 7)**

10. I have not received any training specifically related to the performance of my functions as CCO.
11. As noted above, my appointment as CCO resulted from my occupancy of the position of ED RGL. Although the role of CCO is not expressly referred to in the JDF of the ED RGL, the CCO's delegated functions fall within the ED RGL's role: see specifically duties 2, **and 3, 7 and 9** of the Duties of the Position Section: DLG.0001.0011.0008.

12. I am currently unable to give an informed view on the days, hours or weeks I ordinarily act as CCO, nor can I express a view as how much time is ordinarily required to properly discharge the CCO's functions. This is for three reasons:
  - a first, I have been the CCO for a very short period of time, in which I have been familiarising myself with the legislative framework and regulatory delivery models for each area within the ED RGL's responsibilities;
  - b secondly, I have become the CCO at a disruptive time for the DLGSC and the GWC which is not the normal operating environment;
  - c thirdly, as I explain below at paragraphs [20]-[27], since being appointed as the CCO, I concluded that there was uncertainty in the GWC's current position with respect to its delegation of powers to the CCO. On this basis I sought clarity from the GWC at its meeting of 27 August 2021 as to the status of a proposed interim CCO delegation discussed at its June 2021 meeting.
13. I can express a view as to the time spent in my position as ED RGL. As the ED RGL, I am responsible for the regulation of Western Australia's gaming, wagering and liquor sectors. To date, approximately 70% of my time has been spent on gaming and wagering and 30% of my time spent on liquor matters.
14. My estimate of time spent on gaming and wagering includes time focusing on issues concerning GWC governance, providing support to the DLGSC and GWC's response to the PCRC and learning the current framework for regulatory delivery. In relation to GWC governance, the GWC Secretariat has recently been established, with a General Manager appointed from 9 August 2021.
15. I have not received any additional remuneration for performing the role of CCO. Rather, the role of CCO is incorporated within the position of the ED RGL. The role of ED RGL is a Class 1 role under the Public Service Award 1992.

#### **Powers, duties and obligations of the CCO (Q8 to 9)**

16. I was not given a specific information pack prior to my appointment as CCO. As part of my due diligence and to gain a better understanding

of the legislative and supporting regulatory frameworks I am responsible for administering in the racing, gaming and liquor sectors. I also requested the following:

- a copies of relevant legislation;
- b any information pertaining to the role of the CCO; and
- c the RGL Review document authored by former DLGSC Deputy Director General, Fiona Roche (which contained some summary information in relation to the CCO role): see document DLG.0001.0009.0053.

17. I was provided with the requested documents and a table outlining the CCO's responsibilities: document DLG.0001.0001.0002. I was also provided with a copy of a presentation on the regulatory framework compiled by the GWC's solicitors.
18. I met with Nicola Perry (the former interim CCO) on several occasions so that she could brief me on the role and the broader legislative remit. In addition, I met with the senior leadership team of the Racing, Gaming and Liquor area to familiarise myself with their work.
19. My understanding of the relevant GWC policies and procedures to ensure the proper exercise of powers and discharge of responsibilities and obligations in respect of the regulation and over the Perth Casino, responsible service of gaming and the Perth Casino and various RISKS,<sup>1</sup> is limited. This is due to my short tenure as ED RGL and CCO. Additionally, from my observations to date, there appears to be limited procedures and policies in place in respect of such matters.

### **Discharge of duties, powers and functions of the CCO (Q10 to Q19)**

20. As at 30 August 2021 I had not to my knowledge discharged or exercised any powers of the CCO. As is explained below, I anticipate that in the very near future I will exercise powers of the GWC that are delegated to the CCO.
21. During one of my briefing sessions with Ms Perry she raised that there had been discussions at the May and June 2021 meetings of the GWC

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<sup>1</sup> Which I understand means '[r]isks associated with junket operations, money laundering, cash and electronic transactions at the Perth Casino and criminals infiltrating casino operations'.

as to the propriety and utility of the GWC's delegations, including delegations to the CCO, and consequently a review of the GWC's delegations had commenced: see documents GWC.0012.0001.2549 and GWC.0012.0001.2560. By the time of my appointment as CCO, I understood that this issue had not yet been resolved.

22. From the briefing with Ms Perry and my own observations, I concluded there was a lack of clarity on the GWC's current position as to the CCO's execution of delegated powers, in particular as provided for by the instrument of delegation dated 27 June 2017: document GWC.0001.0007.0176.
23. On this basis, I formed the view that it would be inappropriate of me to exercise any delegated powers as CCO, until I obtained clarity from the GWC. To obtain that clarity, I prepared a paper on the issue for discussion at the GWC's meeting on 27 August 2021: see document GWC.0012.0001.2588.
24. In preparing the paper, I drew on my career to date as a regulator, including my experience executing delegated powers and functions as an authorised officer or delegated decision maker. I first sought to understand the relevant legislative framework and the sufficiency and currency of the existing instrument of delegation. In my experience instruments of delegation are typically supported by policies, protocols and supporting processes, manuals, and training on how delegations are to be executed legally, to achieve the specified objectives, consistent with principles of better regulatory practice (consistency, proportionally, transparency, evidence-based decision-making with appropriate consideration of risk).
25. My paper was presented to the GWC at its meeting of 27 August 2021, along with a proposed instrument of delegation from the GWC to the CCO intended to replace, and which is narrower than, the instrument dated 27 June 2017. Accompanied with the proposed new instrument was a supporting table setting out relevant considerations to the exercise of any delegated power by the CCO: see documents GWC.0012.0001.2596, GWC.0012.0001.2598. At the meeting the GWC members indicated that they wanted slight amendments to the supporting table.

26. Following the meeting the DLGSC sent the GWC members, out of session, an amended instrument of delegation and supporting table, and asked members for endorsement of it by midday 31 August 2021. The members endorsed the revised delegation and support delegation considerations table within the specified timeframe and the Chairperson of the GWC will approve the instrument.
27. If and when the proposed new instrument of delegation is approved, I will start working through a backlog of applications for approval of 'key casino employees' and determine those applications in accordance with my delegations.

### **Risk Assessments**

28. Given my relatively short tenure as ED RGL and CCO, I have not had the opportunity to proactively conduct any formal risk assessment in relation to the Perth Casino.
29. In my 6 to 7 weeks in these roles, I have familiarised myself with the RGL team and the legislative and supporting regulatory delivery frameworks for the areas I am regulating. I will continue to further my understanding as to the relevant risks and issues.
30. During my limited time as ED RGL, no-one has advised me of any risk assessments in relation to the Perth Casino being carried out or revised during my tenure, whether by the DLGSC or others acting on behalf of the DLGSC.
31. Due to my limited tenure as ED RGL and CCO I am unable to provide a comprehensive response as to the effectiveness of the current licensing, audit and inspection requirements imposed by the GWC in respect of the Perth Casino, generally, and the RISKS, specifically. However, the issue I refer to at paragraph [42] below, concerning the lack of protocols and procedures surrounding the CCO's current instrument of delegated authority from the GWC dated 27 June 2017, is in my view an obvious area for improvement and it is being addressed at this moment.

### **Interaction with other jurisdictions**

32. Since commencing in the role of ED RGL, I have participated in two meetings with casino regulators from other jurisdictions:
  - a on 29 July 2021 - Interjurisdictional Casino Liaison meeting (operational forum for casino regulators with representation from Qld, NSW, Vic, SA, ACT, Tas); and
  - b on 2 August 2021 – Meeting with the VCGLR on National standards for Accredited Testing Facilities.
33. I have also connected digitally with the Queensland Casino regulator.

### **Delegation of Commission powers**

34. It is my understanding that the GWC can, by resolution, delegate powers under section 16 of the *Gaming and Wagering Commission Act 1987* (WA), generally or through an instrument of delegation, such as that dated 27 June 2017. Section 16 of the *Gaming and Wagering Commission Act 1987* (WA) outlines that the GWC can delegate all or any of its powers or duties, except the power of delegation.
35. Subject to the developments mentioned in paragraphs [20]-[27], the instrument dated 27 June 2017 is the only delegation I am aware of that is (presently) relevant to the position of the CCO.
36. My understanding of the instrument dated 27 June 2017 is it does not outline any limitations in respect of the execution of delegated powers/functions. I am not aware of any other documented legal limitations in respect of this delegation.
37. The powers/functions delegated by the instrument dated 27 June 2017 are extensive and quite broad in some instances. They include powers to issue directions to the casino licensee, to declare a game to be an authorised game (except for poker machines) under the *Casino Control Act 1984* (WA) and powers under associated regulations with respect to the licensing and approval of casino key employees.
38. As outlined above, given the GWC's discomfort with the delegation currently in place, I have put up a paper to the GWC to address the issue of scope of the delegations conferred on the CCO by the GWC.



### **Obstruction**

39. I have not been obstructed in the performance of my duties as CCO. However, since commencing in the role, there has been a lack of clarity in the GWC's current position as to the CCO delegation. This lack of clarity means I have refrained from executing delegated functions or powers that I might otherwise have executed. The lack of clarity has been compounded by the apparent lack of supporting policies, process and training in respect of the delegation instrument dated 27 June 2017.

### **Resources**

40. At this stage I am unable to meaningfully comment on whether there are adequate and or sufficient resources in place that would enable me to exercise or discharge my powers as CCO.

### **Relationship with the Gaming and Wagering Commission (Q20 to Q23)**

41. Given my relatively short tenure in the position of ED RGL and CCO, I am unable to express a meaningful response as to the role of the CCO in providing administrative and other services to assist the GWC in discharging its functions. This is in part due to the uncertainty that currently surrounds the role of CCO. Further, to the extent that the CCO does provide administrative and other services to the GWC, that function is also served by the ED RGL. As the ED RGL, I am responsible for ensuring that the RGL business unit, appropriately performs any delegated functions, conducts the authorised officer activity as well as deliver a service to the GWC.
42. To date, I have not prepared any papers for the GWC relating to the regulation of Perth Casino, except for the paper prepared for the GWC's August 2021 meeting, seeking clarification of the GWC's current position in respect of the CCO delegation and a status update on a Probity Investigation. In preparing the paper on the CCO delegation I outlined the legislative context, summarised the existing delegation, provided my notice of appointment, provided a revised delegation and associated rationale. I advised what I would consider appropriate contemporary governance and regulatory practice in respect of delegations. I suggested basic protocol and governance

requirements with respect to how I proposed to execute the reduced delegation to ensure the GWC had visibility and understanding moving forward.

43. The decision-making process I would adopt in preparing any paper for the GWC is circumstantial and depends on the type of paper to be prepared and the issues involved. Not uncommonly I would be looking to prepare an options paper that identifies the legislative and supporting regulatory framework (and if applicable any delegation framework) and assesses among other things how the options set out in the paper interact with relevant regulatory/operational model(s) or frameworks as well as any relevant considerations to be taken into account in making a decision.
44. At the GWC's July 2021 meeting, the first GWC meeting I had attended, I was tasked with undertaking several minor tasks by the Chair, predominantly seeking clarification on matters or legal advice from the State Solicitors Office on a number of matters.
45. I am of the view that, to date, I have not been directed by the GWC to undertake any substantial activities in either my capacity as CCO, or more broadly as ED RGL. However, I have only attended two GWC meetings to date, with my most recent meeting occurring on 27 August 2021.

### **Conflicts of Interest (Q24 to 26)**

46. On 8 July 2021 I received via email from the DLGSC's HR team a range of corporate policies including:
  - a Code of Conduct;
  - b Conflict of interest guideline;
  - c Gifts, benefits and Hospitality Policy; and
  - d Employment Screening Policy.
47. Before I agreed to accept the secondment to the position of ED RGL, the Director General, Lanie Chopping, and the then Deputy Director General, Fiona Roche, discussed conflict of interest management and asked if I was aware of any conflicts of interest (perceived or actual) in relation to the casino licensee. I advised that to the best of my

knowledge that I did not have any conflict of interests (perceived or actual) in relation the Casino licensee.

48. To the best of my knowledge, I have no conflicts of interest perceived or actual in relation to my role as CCO.
49. Since commencing my secondment, my elderly mother-in-law brought to my attention that she was a Crown Loyalty Member but cancelled her membership upon learning of my appointment. I have registered this matter with my line manager.

### **Any changes in role (Q27 to 28)**

50. I have both monitored and been informed of the matters into which the PCRC has conducted examinations, and the matters reviewed and reported on by Ernst & Young (**EY**), relevant to the gaming and wagering operations of the DLGSC and GWC.
51. Given my short tenure as ED RGL and CCO, I am unable to provide a meaningful response on the question of the extent to which policies or practice have changed, or new policies or practices have been instituted, relevant to my functions as CCO in response to evidence presented to the PCRC and the EY review.
52. However, I am in the process of restructuring the compliance functions within the RGL to delineate clearly between casino, community gaming, racing and liquor compliance programs and requirements. This is intended to be an interim measure whilst longer term regulatory reform is implemented.
53. Longer term regulatory reform requires:
  - a confirmation of the legislative framework, with clarity and understanding of the roles and responsibilities of the GWC, the DLGSC and other regulators;
  - b the development of an appropriate and robust delegation framework;
  - c the articulation of a clear regulatory model intended to achieve the goals and objectives of the legislative framework;
  - d the identification and development of a supporting operational model to support the regulatory model; and

- e the progression of a number of preliminary work programs for both the GWC and the DLGSC to address issues raised by the PCRC Interim Report, the EY Audit and the internal Roche Review.

I declare that this statement is true and correct to the best of my knowledge and belief and that I have made this statement knowing that if it is tendered in evidence I will be guilty of a crime if I have wilfully included in this statement anything which I know to be false or that I do not believe is true.

Contains sensitive information



On \_\_\_\_\_ at \_\_\_\_\_

By \_\_\_\_\_