

IN THE PERTH CASINO ROYAL COMMISSION

WITNESS STATEMENT OF LANIE-MAREE CHOPPING

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STATEMENT OF LANIE-MAREE CHOPPING

I, LANIE-MAREE CHOPPING, **Contains sensitive information**
Contains sensitive information Director General of the
 Department of Local Government, Sports and Cultural Industries
 and Chairperson of the Gaming and Wagering Commission, 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.0001.0009.0001. This Witness Statement addresses those topics.

Qualifications and experience (topic 1)

2. Please see DLG.0001.0009.0006, being a current copy of my CV.
3. My current substantive role under a senior executive service contract commencing 2019 and expiring 2024 is a Level 9 position as Director, Retail & Services, Consumer Protection in the Department of Mines, Industry Regulation and Safety (**DMIRS**).
4. I received what is known as a 'direction to act' in my current role as Director General of the Department of Local Government, Sport and Cultural Industries. I commenced as Director General on 31 May 2021.
5. The experience I have relevant to the regulation and oversight of casino gambling is extensive experience as a public servant and regulator, with a particular focus and interest in:
 - a. regulatory delivery;
 - b. enforcement;
 - c. regulation theory and policy; and
 - d. to a lesser extent, policy development and advocacy.

6. That experience has in particular been honed from my roles as:
- a. Commissioner for Consumer Protection, DMIRS. I principally occupied this role from January 2020 to May 2021 and for alternating periods of approximately two weeks throughout 2019, with my predecessor occupying the role when I was not. Notably:
 - i. the Commissioner administers over 40 State Acts covering various sectors and issues, a summary of which is provided at DLG.0001.0009.0011;
 - ii. the Commissioner's duties include reviewing legislation, reviewing and administering licensing, approval and compliance processes and providing information to the public and Government;
 - iii. for the Australian Consumer Law collaboration with the Commonwealth and all States and Territory jurisdictions is necessary. Compliance responsibilities include providing education and warnings to the public and traders, conciliation of consumer complaints, initiating product safety action and civil and criminal proceedings against individuals and businesses;
 - iv. in WA, Consumer Protection is serviced by a substantial legal unit advising the Commissioner on matters including possible court action. There is a dedicated unit engaging with the media on consumer protection issues. These units complemented licensing, compliance and enforcement units acting on delegations of power. The delegations were structured so that minor matters were approved on an administrative basis and major or contentious matters were referred to the Commissioner. While licensing, call centre and legal services have now been incorporated as business areas of DMIRS the Commissioner acts to ensure that these areas achieve the needs of Consumer Protection; and
 - b. A/Deputy Director, Public Sector Reform, Department of Premier and Cabinet (DPC) (June 2019 – December 2019). I was seconded to this role, which involved driving reforms and initiatives with a whole-of-government focus; and

- c. Director, Retail & Services, Consumer Protection (June 2015 – February 2019) and General Manager, Retail & Building Services (January 2012 – May 2015), both in Consumer Protection in DMIRS or (formerly) the Department of Commerce. In these roles I led the operation of respectively a Directorate and a branch, executed delegated powers under legislation, oversaw enforcement teams for consumer protection, product safety and compliance with Standards matters, and directed or assisted in a number of regulatory and policy initiatives; and
 - d. Assistant Director and A/Executive Director, Economic Regulation Authority, (April 2006 – December 2011), where I worked predominantly in the Licencing, Monitoring and Consumer Protection area developing the consumer protection framework in the WA gas, electricity and water industries; and
 - e. Senior Project Officer, Deputy Director & A / CEO, WA Council of Social Services, (June 2001 – April 2006), where I directed research, input and advocacy with respect to State Government social services policy.
7. I was formerly the inaugural WA Chair of the National Regulators Community of Practice (2018-2020).
8. I currently hold the following board positions or memberships:
- a. Commissioner, Legal Aid WA (appointed January 2018);
 - b. Member, Council of Regulators (2021 - onwards); and
 - c. Fellow/Graduate, Leadership WA (2007).
9. Beyond the tertiary and vocational qualifications listed in my CV, I have completed the following courses:
- a. Executive Fellows Program – Australian and New Zealand School of Government (3 week intensive; 2021);
 - b. Shifting sands: Regulating in the 21st Century – Australian & New Zealand School of Government, Melbourne (October 2017);
 - c. Solving complex problems well – tools and techniques - Australian & New Zealand School of Government, Melbourne (October 2017); and
 - d. Leadership Essentials – Public Sector Commission (2016); and

- e. Company Directors Course - Australian Institute of Company Directors (GAICD) (2011); and
 - f. Internal training completed in relation to Budget & Finance, Occupational Health & Safety, Human Resources – Recruitment, Media (2011 to 2015); and
 - g. Senior Executive / Level 8 & 9 Workshop - Digital Era Governance (2011).
10. I do not yet have specific qualifications, training or experience in casino regulation, casino gambling, or gaming and wagering. However, I have taken steps to initiate membership of the International Association of Gaming Regulators, which will provide professional development for myself and relevant team members.

Role on the Commission (topics 2-8)

11. On 31 May 2021, I commenced in the office as Director General of the Department of Local Government, Sports and Cultural Industries (**DGLSC**). As a result of occupying that position, I became the *ex officio* Chairperson (and therefore a member) of the Gaming and Wagering Commission (**GWC**) that same day.
12. Topic 3 is addressed at paragraphs [2]-[10] above.
13. So far my areas of responsibility on the GWC have been managing the preparation of and chairing meetings; co-ordinating the interaction of the GWC and the DLGSC and developing and executing a program of training, capacity building and workshopping for the GWC. I have attended all three monthly meetings of the GWC scheduled during my tenure. I also attended about half of the GWC's strategy planning day on 21 June 2021, with unavoidable work commitments precluding my attendance for the whole day. I expect that the GWC's priorities will evolve as my tenure continues and I will take responsibility for the delivery of many aspects of those priorities.
14. The answer to topic 5 is no.
15. Currently, the role of Chairperson of the GWC takes up approximately 20% of my time, which includes time spent on gaming and racing matters in a broad sense such as improving governance, resourcing and

- regulatory road-mapping matters and matters arising from this Royal Commission. Casino regulation occupies approximately 60% of that time.
16. In my experience, the regulatory function of the GWC Chairperson in overseeing the preparation of papers and agendas, chairing meetings and considering papers is a 'sessional' function requiring a consistent but periodic and recurring commitment of time. In usual circumstances I would expect that function to take up roughly 5% of my time. My experience to date is that what may be considered the executive functions of the Chairperson, namely managing and co-ordinating administrative divisions, reviewing and reforming processes and systems and organising legal advice and services, has required a greater time commitment than would otherwise be the case.
 17. It is my understanding and practice that if a real or possible conflict of interest arose as described in topic 7 I would seek independent legal advice from the State Solicitor's Office (**SSO**); further, if it were necessary, I might encourage GWC members to seek legal advice on behalf of the GWC. In the event of a need to prioritise limited competing resources, I might seek legal advice, or more likely I might seek officer advice, and in any event I would where possible consult with DLGSC and GWC stakeholders to facilitate an acceptable solution. In the event of a need to prioritise limited time I would weigh up all relevant factors, information and possibilities known to me and make a critical decision one way or another.
 18. I do not think the Chairperson of the GWC should be the Director General of the DLGSC. The dual role creates risks of possible conflicts of interest of the kind described in topic 7. It is too early for me to form a considered view on what changes I would suggest because I think that requires an opinion on other separate, large issues such as the proper statutory framework and constitution of the GWC and the ideal statutory relationship between the DLGSC and the GWC.

Powers, duties and obligations of GWC (topics 9-14)

19. As to topics 9 and 10, I had, and continue to receive, verbal briefings and meetings with DLGSC officers, and I received a transition pack with legislation and relevant materials.
20. I also arranged for a SSO presentation for myself on the legislative framework which underpins the work of the GWC. I found this to be useful

and have encouraged my senior DLGSC officers and GWC members to avail themselves of this type of learning opportunity.

21. My answer to topics 11 and 12 is I am not aware of any obstruction.
22. I am becoming familiar with the pre-existing GWC policies and procedures for the regulation of the Perth Casino, responsible service of gaming and RISKS¹ which pre-dated my appointment. I can make the following general observations:
 - a. there apparently is not, but there should be:
 - i. consistent themes and objectives underlying the policies and procedures; and
 - ii. evaluative criteria and frameworks which can be used to consistently assess and evaluate outcomes, decisions, proposed courses of action and submissions and correspondence from the Casino licensee;
 - b. the pre-existing policies and procedures place a large amount of trust and confidence in the Casino licensee, such as to self-report matters or to determine how it will comply with certain requirements;
 - c. it has recently come to my attention that some risk analysis work was commissioned for the DLGSC in 2020. The extent to which this work was operationalised is currently under investigation. So far the following documents have been identified:
 - i. documents DLG.0001.0009.0172 and DLG.0001.0009.0176, email chains between Partners of RiskWest, and DLGSC officers. I am informed that documents DLG.0001.0009.0205, DLG.0001.0009.0210 and DLG.0001.0009.0224 were located from or in connection to these email chains; and
 - ii. documents DLG.0001.0009.0181, email from Mark Humphries, RiskWest to Michael Connolly, and DLG.0001.0009.0182, email from Michael Connolly to DLGSC officers. Documents DLG.0001.0009.0204,

¹ 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'.

DLG.0001.0009.0208 and DLG.0001.0009.0209² (all draft risk assessments by RiskWest), I am informed, were located from or in connection to these emails;³ and

- d. with respect to RISKS, the GWC did not appear to have policies or procedures in place. As I understand it the philosophy underlying that position was that there are other regulators, such as AUSTRAC, responsible for those regulatory risks.
23. The regulatory objectives and philosophy of the GWC policies and procedures pre-dating my tenure are not clear to me, nor, in my view, were they sufficiently clear to the GWC. At this time one of my most important and urgent priorities as Chairperson and Director General is to clarify regulatory objectives and philosophy across the GWC and DLGSC.
24. Broadly speaking it is too early for me to say whether or not the GWC has adequate or sufficient resources: that is because I have commenced adjusting the administrative and reporting structure within the DLGSC and would want to see the results of those changes first before I reach any firm view as resourcing. Some of those changes include:
- a. the appointment of a dedicated Executive Director, Racing, Gaming and Liquor, Germaine Larcombe, who also holds the position of CCO. I specifically sought out Germaine for this role because in my view she is a highly competent and skilled public servant with valuable specialisations in regulatory delivery and legislative enforcement models;
 - b. I have specifically tasked the Executive Director, Racing, Gaming and Liquor with separating officers within the compliance branch of Racing, Gaming and Liquor division so that they either work solely on Liquor or on Racing and Gaming, and so that officers working on Racing and Gaming who work in casino regulation will specialise

² I am advised the DLGSC retains an original of this document, a spreadsheet, which comprises four sheets. On 31 August 2021 one sheet, 'DLGSC-LP', was deleted from the copy of the document provided to the Royal Commission with this witness statement, so that the copy comprises three sheets. I am advised this was done because 'DLGSC-LP' wholly contained a draft risk assessment on local government matters. I am advised that on that same copy, on 31 August 2021, rows 6-9 on the sheet 'DASHBOARD' were painted over in black in Excel because the information within those rows wholly concerns risk assessment of local government matters.

³ I am advised that documents, not included with this witness statement, concerning risk assessment of local government matters only were also located from or in connection to these emails.

in casino regulation. The purpose of this adjustment is to ensure that the Racing, Gaming and Liquor division can be more secure and focused in that space and can more clearly account for its work;

- c. I also directed relevant DLGSC officers to review the Racing, Gaming and Liquor's needs and develop a costing model for the various needs and a budget for presentation to the GWC; and
- d. I have employed by way of secondment an Executive Manager of the GWC, at a Level 8 position. Her responsibilities include looking at the interface of the GWC and the Department and reporting on relevant matters and suggested improvements to the Executive Director, Racing Gaming and Liquor. The DLGSC officer currently responsible for minuting the GWC's meetings is required to report to the Executive Manager of the GWC.

Support from the Department (topics 15-19)

- 25. My understanding is the GWC is constituted by members and vested with statutory powers and duties as well as powers of delegation but essentially it has no administrative resources to act of its own volition. Furthermore, the knowledge and regulatory understanding of the GWC at any one time depends on the knowledge of its members at that time. Accordingly, the role of the DLGSC is to assist the GWC to effectively discharge its statutory functions.
- 26. During my tenure as Chairperson of the GWC, I have seen a marked improvement in the quality of the briefing papers received by the GWC from the DLGSC: see also paragraph [64] of this Witness Statement.
- 27. In my view, the officers of the DLGSC have been responsive to requests from the GWC, and there has been a measured improvement in the technical quality and diligence of DLGSC advice. In my view, this improvement is in part driven by officers' willingness to address issues raised by the GWC, as well as internal DLGSC changes aimed at improving the agenda papers. However, I consider that optimisation of the administrative structure and regulatory capacity and knowledge building within the DLGSC and the GWC is required for the quality of this support to further improve.
- 28. I am certain there should be changes to the role of the DLGSC in supporting the GWC and in this Witness Statement I have endeavoured

to outline many changes I have set in train. However, I think it is too early for me to express a comprehensive view on this topic because a number of large questions remain such as the ideal statutory constitution of the GWC and whether amendments should be made to relevant casino gaming legislation (and if so, what amendments).

29. I understand that the MOU entered into between the then Department of Racing, Gaming and Liquor and the then Department of Local Government and Communities in 2015 is no longer current. However, I understand that the proposed new MOU replacing the previous one has been developed and signed by the Director General of the Department of Communities. I am yet to consider the new MOU.

Conflicts of Interest (topics 20-24)

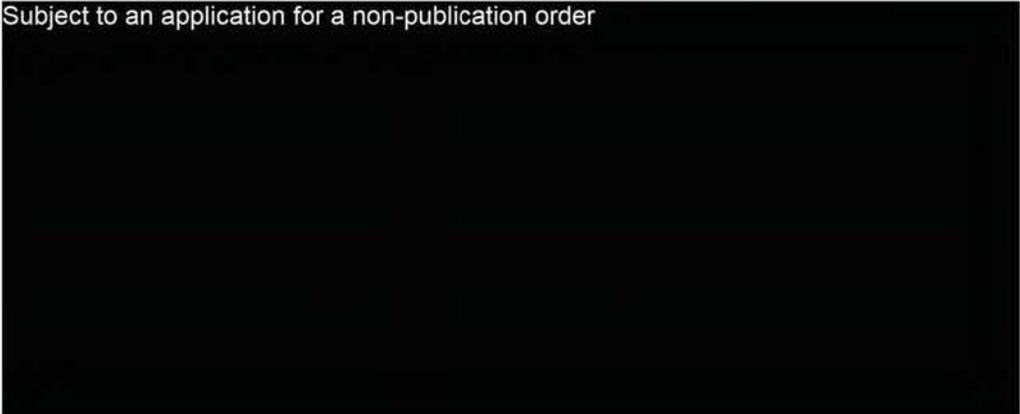
30. As to topic 21, on 28 May 2021, I received and later completed a range of Departmental on-line training modules for:
- a. the Code of Conduct;
 - b. Conflicts of Interest and Gifts; and
 - c. Benefits and Hospitality; and
31. I also complied with the Employment Screening Policy by, on my commencement, providing a Police Clearance certificate.
32. Further, on my arrival I reviewed the DLGSC Conflict of Interest policy. I have approved a new policy. The improvements include a centralised register of declared conflicts and approved management plans and independent verification and approval of management plans.
33. So far I have not detected any actual conflict of interest between my roles as Director General and Chairperson. That is not to deny that one could exist; my experience so far has been that the obligations of each role have sat together without issue. I am concerned about possible conflicts of interest between obligations, time or resources. I would deal with such a conflict consistently with paragraph [17] above.
34. In my role as Chairperson, and Director General overseeing DLGSC racing, gaming and liquor matters, I have two known conflicts of interest. I have submitted all relevant paperwork for these known conflicts (see documents DLG.0001.0009.0166; DLG.0001.0009.0168) and declared them to the GWC at its 22 June 2021 meeting (document

GWC.0012.0001.2547) and to the DLGSC's Executive Director of Corporate Services by email (document DLG.0001.0009.0167). The known conflicts are:

- a. first, I have a professional relationship and friendship with Mr David Hillyard. David has, from time-to-time been a participant in syndicates that own greyhounds. As I understand it the syndicate he is involved with (I do not know its name) does not currently own a dog;
 - b. secondly, my paternal Aunt, Barbara Nicholls, is a member of a syndicate that owns trotting horses. I have not seen my aunt for many years; however, I have exchanged occasional text messages with her, purely on family matters. I do not know the name of the syndicate; and
 - c. thirdly, as Director General, I hold *ex officio* the position of Director of Liquor Licensing, which position is responsible for approving liquor licences (of which Crown has several).
35. To the best of my knowledge, I do not know of any other real or possible conflicts of interest relevant to racing, gaming, or wagering.
 36. As to topic 23, both the GWC and the DLGSC have Codes of Conduct addressing conflicts of interest.
 37. GWC members are aware of their obligation to declare any potential conflicts of interest and, currently, declarations are recorded in the meeting minutes. The GWC's Strategic Work Program 2021/22 includes the development of a Conflicts of Interest Policy: see document DLG.0001.0009.0023. My intention is to present the revamped DLGSC Conflict of Interest policy, which provides for independent consideration of conflicts and independent approval of proposed management plans, to the GWC to see whether the members consider that the revamped policy deals with conflicts of interest adequately and whether they want to replicate that policy or some of it for GWC purposes. Furthermore, at the GWC's meeting at 27 August 2021, I suggested to members that the contemporaneous version of the GWC's register of conflicts of interest should be included in the member's pack for each meeting, giving members the opportunity to consider at each meeting whether it remains accurate. I understand that members were supportive of that suggestion.

38. In my view the GWC had an inadequate system for registering and managing the conflicts of interest described in topic 24. I do not think a standing meeting agenda item for declaring conflicts provides sufficient visibility. Though this question refers to the GWC, I note that the DLGSC's conflict of interest system prior to my tenure consisted of numerous registers dispersed across different business units. There was not clear documentation in all cases as to these conflicts are to be managed. These issues drove some of the changes I made to the DLGSC's Code of Conduct and conflict of interest practices, and I intend to oversee similar changes for the GWC.
39. I am advised that a GWC induction pack and related charter is being developed for the benefit of members and future appointees, covering items such as conflicts of interest.
40. Communications have recently been sent to DLGSC officers reminding them to declare any potential conflicts of interest and that information and advice is readily available for officers. In addition to the Code of Conduct, the DLGSC has a Gifts, Benefits and Hospitality Policy which provides reminders regarding conflicts of interest. The DLGSC is delivering training for all officers including in the Racing, Gaming and Liquor Division, in the DLGSC's Accountable and Ethical Decision-Making Course and baseline regulatory training. At the GWC's 27 August 2021 meeting, I indicated to members that the DLGSC is aiming for 100% or as close as possible compliance, with the minimal requirement of completing Accountable and Ethical Decision-Making Course training by 30 September, and to this effect 10 face to face sessions in the course have been procured and I have offered these sessions up to GWC members. This area is a key focus for the DLGSC as it rebuilds its regulatory deliveries for the racing, gaming and liquor industries.

Subject to an application for a non-publication order



Subject to an application for a non-publication order

Commission and staff capabilities (topics 25-29)

42. Members of the Commission are appointed by the Minister in accordance with section 12(1)(b) of the *Gaming and Wagering Commission Act 1987* (WA).
43. With respect to how members are identified and appointed, I raised my view to the Minister that it would be appropriate for the DLGSC to present the Minister with a list of appropriate candidates and an analysis of the strengths of each candidate and other factors relevant to the decision. The Minister was supportive of that protocol, which I intend to follow.
44. I understand that there is no formal induction training program for GWC members but newly appointed members receive an informal induction by DLGSC officers. I am advised that induction training is being developed and I have offered to facilitate appropriate training, including regulatory delivery and legislative framework workshops, which members may wish to undertake.
45. There are no formal ongoing training requirements for GWC members. Informally, there is a training budget, and I understand that prior to the Covid-19 pandemic GWC members attended national conferences on relevant issues. Formalising ongoing formal training in (at least) regulatory and enforcement theory and delivery is a key priority for me.
46. As to topic 27, the CCO is appointed under the *Casino Control Act 1984* (WA). The CCO must be an officer appointed under the *Public Sector Management Act 1994* (WA) and is not a standalone position of employment within the DLGSC; rather, its functions are incorporated into the duties of a departmental position. During my tenure, I have established the Executive Director, Racing, Gaming and Liquor as the appropriate departmental position.
47. As I understand it the CCO delegate is who has been delegated the functions of the CCO under the above *Act*.

48. Government inspectors and officers who may be appointed as the CCO or CCO delegate are recruited through the public sector recruitment process in accordance with the *Public Sector Management Act 1994* (WA).
49. As I understand it there are no ongoing or initial training requirements for the CCO and CCO delegate. I understand that advice from experienced DLGSC officers is available. As Director General I arranged for the DLGSC to contract an experienced Australian Capital Territory gaming and racing regulator to consult with the current CCO and provide her with advice, feedback and mentorship. I understand that the current CCO has availed herself of those services and will continue to do so. The contract is capped by the value of consultancy services provided.
50. I am not aware of the full extent historically to which the GWC has made use of the services referred to in topic 29. I am advised that in the past the GWC engaged external experts to undertake an audit of Crown's IT systems and processes for collecting and reporting gaming revenue.
51. As to whether the GWC intends in future to make use of such services, the GWC recently resolved to support the DLGSC commencing a procurement process to employ the services of external experts in Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF). Their brief will be to undertake an annual audit of Crown Perth's bank accounts, review the Casino Manual (Operations) to ensure that all relevant aspects of AML/CTF are captured in it, and develop an audit program based upon the internal controls. The review will include an analysis of the risk of money laundering occurring in the International Gaming Facility, also known as the Pearl Room, and recommend an appropriate system of internal controls for it.
52. Beyond that indicated above, my assessment is the current GWC members would welcome future use of consultants and experts where appropriate and it is something I will strongly encourage and move the GWC towards.

Resourcing of casino regulation and oversight (topics 30-32)

53. I am becoming familiar with the matters raised by topic 30. Within a week of commencing as Director General I directed that I be provided with a briefing and oversight on these matters. A paper and presentation was

provided to the meeting of the GWC on 27 August 2021, outlining the methodology by which an allocation is sought by the DLGSC from the GWC to cover the costs of assisting the GWC in discharging its statutory functions. I am continuing to assess this matter and have requested further analysis.

54. As to topic 31, I am not familiar with the practice prior to my tenure, but I have directed that a detailed expenditure and revenue budget be prepared for the September meeting of the GWC. When that budget is finalised, I will direct that a monthly financial report be generated by reference to the budget and that the CFO of the GWC make themselves available to present on the report when necessary. Also, I am aware that the GWC can seek additional funds from Government for casino regulation, as part of the mid-year Budget review process or by *ad hoc* application to the Expenditure Review Committee in Cabinet.
55. I am not aware of any budget submissions relevant to topic 32.

Corporate Governance (topics 33-37)

56. The current Minister met with the members of the GWC in the week prior to my arrival. I have a regular fortnightly meeting with the Minister and update the Minister on matters whenever I consider appropriate. In terms of future changes, I think the GWC should have upwards communication to the Minister on a regular basis (at least quarterly).
57. The formal relationship between the GWC and the DLGSC is, in my view, set out and defined by the relevant legislation, the instruments and delegations issued under that legislation and any policies and agreements between each entity. The relevant legislation in particular is the *Casino Control Act 1984 (WA)* and the *Gaming and Wagering Commission Act 1987 (WA)*. In my view the legislative framework is complex and work needs to be done by the DLGSC and its legal advisers to develop documents and frameworks distilling the legislative framework and providing guidance to DLGSC officers and GWC members as to the framework. Furthermore, I have instructed the Executive Director, Racing Gaming and Liquor, to prepare a centralised delegations register. It is not clear to me whether prior to my tenure there were policies and agreements between the DLGSC and GWC materially defining the formal relationship. It is a priority for me as Director General and Chairperson to

oversee the development of policies and agreements usefully clarifying matters such as (but not limited to) the use of delegated powers; shared and individual regulatory philosophy and objectives; and the provision of services by the DLGSC to the GWC and the cost recovery mechanisms (including service level agreements) involved with that.

58. The practical relationship between the GWC and the DLGSC is broadly one where the GWC retains certain decision-making power and instructs or directs the DLGSC as to some matters, but overall the GWC is dependent on the DLGSC for financial, legal, policy and/or administrative advice and support. The formal delegations of power by the GWC to the CCO and/or DLGSC officers are decisive in shaping the relationship. As I understand it, the members of the GWC have in recent times more readily asserted the GWC's autonomy and decision-making power.
59. I have reviewed paragraphs [44]-[45] of the former Director-General, Mr Duncan Ord's, Third Witness Statement to this Royal Commission, and I consider it accurately sets out the manner in which the GWC currently is provided with information by the DLGSC as to the services provided to the GWC by the DLGSC. As I have foreshadowed at paragraph [57] above, in the near to mid future I want to see the development of a service-level agreement setting out the terms and expectations by which the DLGSC provides services to the GWC and seeks cost recovery for those services. In my view, at present, the services provided by the DLGSC to the GWC are not provided under 'terms' or agreed conditions; the sole agreement appears to be the GWC affirmatively approving its proposed budget each year (which sets out the 'actual service charge').
60. As to topic 35, I am certain there should be change to the formal and practical relationship between the DLGSC and the GWC, but I think it is too early for me to express a considered view on the topic yet.
61. The GWC's method of oversight of the CCO's performance, including the framework for the exercise of power delegated by the GWC to the CCO, is under review at the request of the GWC. I have not had a full opportunity to assess how the GWC oversees the CCO's performance because in my first GWC meetings the major matters have been capacity building, training and road-mapping, matters arising from this Royal Commission as well as ordinary regulatory approvals. I have heard

feedback from the GWC and the DLGSC that oversight has not been adequate in the past.

62. In my view there should be changes to the GWC's policies and procedures for reporting to GWC members on the regulation and oversight of the Perth Casino. To some degree I address this at paragraph [64] below. Beyond that, I am concerned from feedback provided to me that the reporting structure and process was too dependent on, or controlled by, a single individual, Michael Connolly.
63. It is too early for me to say whether there should be changes to the frequency and length of GWC meetings and how much time is spent on items relating to casino regulation. It may become apparent in time that too little time is spent on certain items; equally, in my experience, it is likely that some items can be dealt with more efficiently than is presently the case.
64. In my view recent changes to the methods used to settle GWC meeting agendas and prepare GWC members' packs for meetings have shown real improvement. Relevant data and papers show improvement in being better contextualised so that comparison can be made in a meaningful way, and so that the GWC has better visibility of the status of various inquiries, tasks and projects. As I noted at paragraph [24] above, I have arranged for the secondment of an Executive Manager for the GWC and tasked her with various responsibilities. In the past fortnight the Executive Manager and the officer working under her have been tasked with improving the format and quality of GWC meeting agendas, members' packs and minutes. I have personally reviewed that work and consider that those officers are making substantial improvements in that area: see document DLG.0001.0009.0018, an example of an agenda paper for the GWC's meeting of 27 August 2021. I have also tasked those officers with reviewing the logistical process and steps for settling GWC meetings and meeting packs and materials, to improve the efficiency and efficacy of that process.

Discharge of duties, powers and functions (topics 38-43)

65. Topic 38 appears to cover similar ground to topic 13 and I have endeavoured to cover both at paragraphs [22]-[23] above.

66. I am not aware of the detail of any risk assessments completed by the GWC or on its behalf relating to the matters identified in topic 39 (including the detail of the assessments mentioned in paragraph [22.c] above). Furthermore, the regulatory philosophy by which priorities are set for more frequent and close monitoring is not currently clear to me and, as noted earlier, a top priority for me as Chairperson is to clarify that philosophy. I am conscious from my experience that regulators can gravitate towards monitoring areas of risk that are more convenient or straightforward to monitor at the expense of monitoring areas of risk that pose greater harm to consumers and/or the public.
67. My assessment of the effectiveness of current licensing, audit and inspection requirements imposed by the GWC, including with respect to RISKS, is limited for a number of reasons. Those reasons include my relatively short tenure in the role and that my initial focus has been directed to addressing cross-Department/GWC issues of critical importance. My immediate impressions are that:
- a. the nature and gravity of the allegations raised in the NSW, Victorian and WA inquiries with respect to the Crown group itself indicates substantial areas for improvement;
 - b. the presentation of reports, paper and data when I first arrived, including their non-contextualised format, made it more difficult to assess how the regulatory framework is performing and accordingly it is critical (and a key initial priority for me) to improve reporting methods;
 - c. training on regulatory delivery and theory should be provided to members of the GWC and officers of the Department to encourage more robust critical assessment of (both) DLGSC and Crown reports, correspondence and submissions;
 - d. a proper evaluation of the effectiveness of the licensing, audit and inspection requirements requires:
 - i. at the outset, clarity within the Department and the GWC as to regulatory purpose and philosophy. In my view the underlying regulatory philosophy sets the background and context by which the efficacy of any regulatory system is to be measured; and

- ii. robust analysis and reporting specifically focused on the question of the efficacy of the system. That is, in my view, a measured, staged process of review is desirable in order to reach firm conclusions on the efficacy of the overall system. Of course, obvious areas of ineffectiveness should be addressed whenever possible.
- 68. My general understanding of the GWC's interactions with regulators of casinos is that:
 - a. prior to Covid-19, members of the GWC would occasionally attend gaming and wagering conferences in which officers of casino regulators from other jurisdictions would attend; and
 - b. during Michael Connolly's tenure as CCO, correspondence between the GWC and casino regulators from other jurisdictions would essentially occur through his conduit.
- 69. On my commencement as the Director General of the DLGSC I was invited to a Casino Gaming Regulators conference in Tasmania, held very early in my tenure. Although attending this conference would be valuable, particularly in terms of learning opportunities and developing inter-jurisdictional relationships, I was mindful that I had been Director General for only a very short period and decided not to attend.
- 70. Other than a view that interaction between the GWC and equivalent regulators should not depend on Mr Connolly's conduit as much as it apparently had in past years, I have not formed a considered view on appropriate changes in this area.
- 71. Although topic 41 is directed to the GWC, my understanding of the DLGSC's interactions with equivalent regulators is that it consists of informally structured, but sound, relationships between DLGSC officers and relevant inter-State/Territory officers. I understand that there are periodic conferences for casino and wagering regulators. I think sound informal relationships are valuable and important. In my preliminary view there seems to be a very large scope for the DLGSC and equivalent regulators to collaborate in the development of regulatory policies, practices and enforcement tools so as to substantially improve the efficiency and efficacy of each jurisdiction's regulatory system.
- 72. The GWC's interaction with other Australian regulators of casino operations, such as AUSTRAC, and with WA Police, is not very clear to

me at this point, because it has changed over time. In order to evaluate what changes in those relationships/interactions are required, I think it is desirable to set out and assess the timeline or chronology of the relationship, including recent interactions, and (in some cases working with the relevant regulator) roadmap where the working relationship should go, developing also a plan to execute that roadmap. The DLGSC's work program includes progressing a MOU with AUSTRAC and WA Police: see document DLG.0001.0009.0226.

Any changes in function (topics 44-45)

73. I have monitored and been advised on the matters the Royal Commission has examined and/or which Ernst & Young considered in its review.
74. Given my short tenure in the position of Director General, I am unable to provide a meaningful response to topic 45 at this time. However, prior to and during my tenure the DGLSC and the GWC have taken a number of steps responding to issues within the DLGSC/GWC regulatory framework both generally and as raised by this Royal Commission. These actions are reflected in, or set out in:
 - a. document DLG.0001.0009.0023, the GWC's draft Strategic Work Program;
 - b. document DLG.0001.0009.0024, a final copy of Ernst & Young's review commissioned by the DLGSC in January 2020, which the DLGSC is considering;
 - c. document DLG.0001.0009.0053, a copy of the review of the RGL division of DLGSC undertaken by former Deputy Director General, Fiona Roche;
 - d. document DLG.0001.0009.0206, an excerpt of the DLGSC's draft proposed management response to adverse findings recently received from the Office of the Auditor General as to the DLGSC's policies and procedures for assessment and collection of casino tax revenue;
 - e. a draft induction bundle being prepared for my benefit and the benefit of any future Director General of the DLGSC and GWC Chairperson, including many relevant documents such as:

- i. document DLG.0001.0009.0009, an overview of relevant instruments of delegation with respect to casino regulation pre-dating my tenure, which I will seek to have replaced with a comprehensive delegations and protocols register;
- ii. documents DLG.0001.0009.0012 and DLG.0001.0009.0017, draft legislative and regulatory frameworks;
- iii. copies of relevant legislation and regulations; and
- iv. documents DLG.0001.0009.0020,⁴ a draft memorandum on the interim executive structure for the RGL division within the DLGSC and DLG.0001.0009.0022, an organisational flowchart summarising the interim structure.

⁴ This document incorrectly states that it was 'prepared for Parliament': I am advised it was prepared on a template and the watermark stating 'prepared for Parliament' was inadvertently not removed.

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.

Signed Contains sensitive information

Witnessed at Contains sensitive information

On 31 AUGUST 2021 at 5:30 pm

By Contains sensitive information