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PERTH CASINO ROYAL COMMISSION

PUBLIC HEARING - DAY 13

10.00 AM THURSDAY, 27 MAY 2021

COMMISSIONER N J OWEN

COMMISSIONER C F JENKINS

COMMISSIONER C MURPHY

HEARING ROOM 3

MR MICHAEL FEUTRILL SC and MR ADAM SHARPE and MS ROSEMARY ROACH and MS MIA HENDERSON and MS APARNA JAYASEKERA as Counsel Assisting the Perth Casino Royal Commission

MR NICK MALONE as Counsel for Mr Michael Christopher Connolly

MR PETER SADLER and MS MONIKA MECEVIC appeared for Gaming and Wagering Commission of Western Australia

MS FIONA SEAWARD and MR KEAHN SARDINHA appeared for The Department of Local Government, Sport and Cultural Industries

MR KANAGA DHARMANANDA SC and MR RICHARD LILLY and MS CLARA WREN and MS MIRANDA CUMMINGS appeared 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

10:00AM

COMMISSIONER OWEN: Thank you. Please be seated. Mr Duckworth, I just remind you that your affirmation that you made yesterday continues.

5 MR DUCKWORTH: Yes.

**ANDREW MARTIN EDWARD DUCKWORTH, ON FORMER
AFFIRMATION**

10

CROSS-EXAMINATION BY MR FEUTRILL, CONTINUING

15 MR FEUTRILL: May it please the Commission.

Mr Duckworth, I want to start this morning if I could by taking you to a document in much the same way that I took you to some documents yesterday.

20 MR DUCKWORTH: Yes, okay.

MR FEUTRILL: And the first document I'd like to take you to, the reference is GWC.0002.0016.0150 at page 57. Again, I'll make it easy for you by handing a copy. It should be an agenda paper for a meeting in June 2015. Again, you may
25 have had an opportunity in the last couple of days to refamiliarise yourself with that document. What I'd like to do, if I may, is draw your attention to attachment 1 to the paper. I have some questions about some of the matters referred to in it. If you needed time to re-read it and think about before you answer the questions, feel free to do so.

30

MR DUCKWORTH: Okay.

MR FEUTRILL: So the first part I'd like to draw your attention is under the heading it says "How the Commission Will Achieve These Objectives".

35

MR DUCKWORTH: Yes.

MR FEUTRILL: And in the second paragraph there's a statement:

40 *Officers from the Department conduct casino compliance and related activities that meet the compliance strategy objectives of the Commission*

And then it says:

45 *..... and the objectives of the Department's strategic plan.*

MR DUCKWORTH: Sorry, second paragraph, is it?

10:03AM

MR FEUTRILL: Second paragraph under the heading "How the Commission Will Achieve These Objectives".

5 MR DUCKWORTH: It's relating to testing facilities, is that right?

MR FEUTRILL: Well, if you don't have a clear recollection of the paper, that's fine. I'm going to ask you some questions about what you understood the meaning to be of the strategic objectives of the Commission and the strategic objectives of the
10 department at the time.

MR DUCKWORTH: Okay, right.

MR FEUTRILL: The paper itself you'll see on the first page concerns the Casino
15 Compliance Strategy for 2015/2016.

MR DUCKWORTH: Is this on here, sorry?

MR FEUTRILL: It's on the first page. If you look at it - sorry, you may not have
20 the right page.

MR DUCKWORTH: All right.

MR FEUTRILL: If you have the document in the top right-hand corner it should be
25 0002.0016.0150 and the first page will start with_001 and it should be in front of you Mr Duckworth.

MR DUCKWORTH: And then 0057.

30 MR FEUTRILL: And then 0057 is what I'm directing your attention to.

MR DUCKWORTH: Right, okay.

MR FEUTRILL: The title of the paper is "Casino Compliance Strategy 2015/16".
35

MR DUCKWORTH: Yes.

MR FEUTRILL: And then there's a reference to:

40 *As part of the operational planning process, compliance strategy has then been devised.*

If it's easier for you Mr Duckworth, it's in the paper I handed to you, one of those
45 papers.

MR DUCKWORTH: Okay, I'll find the paper. I'd rather just have a look at it.

MR FEUTRILL: It might be easier if we take back the ones you don't need anymore

10:05AM

and just work with the one you have got.

MR DUCKWORTH: I don't know which they are.

5

MR FEUTRILL: It ends "0150".

MR DUCKWORTH: Okay, right. That's it, okay.

10 MR FEUTRILL: Thank you. Sorry about that, Mr Duckworth.

MR DUCKWORTH: No, that's okay.

MR FEUTRILL: There's a recommendation that:

15

The Commission resolve to approve the 2015 and 2016 Casino Compliance Strategy.

MR DUCKWORTH: Mmm-hmm.

20

MR FEUTRILL: And what then follows is a brief description and then attachment 1 is the document entitled "Casino Compliance Strategy".

MR DUCKWORTH: Yes.

25

MR FEUTRILL: Looking at it now, is it one of the documents you've had a chance to review in the last few days?

MR DUCKWORTH: I'm trying to think. Probably. Sorry I can't be more definite
30 but I'm sure I would have seen it in the last few days and I do remember the compliance strategy.

MR FEUTRILL: All right, so that was really going to my first question. So do you
35 remember this event, coming up with the compliance strategy in the middle of 2015?

35

MR DUCKWORTH: Yes, I think so.

MR FEUTRILL: Okay, so if I could just draw your attention back to that second
40 paragraph under the heading "How the Commission Will Achieve These Objectives"?

40

MR DUCKWORTH: Yes.

MR FEUTRILL: And there's a reference there to the strategic objectives of the
45 Commission and the objectives of the department's strategic plan.

45

MR DUCKWORTH: Yes.

MR FEUTRILL: What was your understanding at the time of the strategic objectives of the Commission?

5 MR DUCKWORTH: Well, pretty much as laid out there. I mean --- sorry, it's two strategic objectives of the Commission, promote, maintain compliance with legislation, ensure fairness, integrity. Basically see that the conduct of gaming is done in accordance with the regs and the necessary rules. Ensure that things like
10 licensing of employees is correctly done. That as a system for reporting and penalising infringements if employees don't that --- well, that's basically it.

MR FEUTRILL: Okay, and did you have an understanding at that time of what the objectives of the department's strategic plan were?

15 MR DUCKWORTH: Well, I would --- I didn't actually see the department, or at least I may have done, but I can't remember the department's strategic plan. But their plan would be I guess to ensure the efficient use of their inspectorate to ensure that the conduct of gaming both in the casino and in the community was being carried out as it should be, to take any steps to report and remedy anything that, or report to the
20 Commission any cases where this wasn't happening. So, I mean, they are basically a regulatory department, that their strategic plan would be how best they can carry out that regulation, given their brief.

MR FEUTRILL: Okay. Now, you mentioned in there something about efficient use
25 I think of resources, which I want to come back to, but before I do could I just draw your attention to the last paragraph under the heading "How the Department Will Achieve These Objectives".

MR DUCKWORTH: Yes.

30 MR FEUTRILL: There's a reference:

In order to achieve the objectives of the strategy, the Department will develop operational plans and management practices to ensure

35 Essentially, the outcomes.

MR DUCKWORTH: Yes.

40 MR FEUTRILL: To your knowledge, were operational plans and management practices developed by the department and brought to the GWC for its consideration?

MR DUCKWORTH: I think to some extent. Certainly they were brought to the GWC for consideration, particularly the question of the use of inspectors, for
45 example.

MR FEUTRILL: Okay. I think I know what you're referring to there, which I'll come to in a moment.

10:11AM

MR DUCKWORTH: Yes.

5 MR FEUTRILL: If we could move now to a different agenda paper. This is for a meeting in August 2015 and it's at GWC.0002.0016.0155 at page 17. Now, what I might do ---

10 COMMISSIONER JENKINS: Mr Feutrill, if you just ask madam associate to retrieve it, she will do that. Save you from having to leave the bar table.

MR FEUTRILL: Thank you.

15 This may have been one of the papers that you were just referring to in terms of things coming back to the GWC for consideration. Again, I just want to draw your attention to some parts of this and then I want to ask you some questions about it. The first is a recommendation to endorse the approval to remove a dedicated inspectorial presence of 20.5 hours a day from after 1 September 2015.

20 MR DUCKWORTH: Yes.

MR FEUTRILL: And then the paper sets out some observation and reasons for that recommendation. The part I'm interested in is on page 0019, there's a paragraph immediately above a heading "Proposed Regulatory Approach" that refers to:

25 *Continuing pressures relating to the allocation of scarce inspectorate resources and managing salary and operational budgets has meant more changes are unavoidable.*

30 MR DUCKWORTH: Yes.

MR FEUTRILL: Can I just ask you to hold that in your mind and then, if I can take you to the minutes of the meeting. It's just an extract. There seems to have been a larger explanation of that at the meeting, and if I could just draw your attention, so on page 2 of that document at GWC.0002.0016.0156_002 ---

35 MR DUCKWORTH: Yes.

MR FEUTRILL: --- so there's a paragraph at the bottom of that page that explains that:

40 *The Department is under considerable pressure to operate within its salary limit*

45 MR DUCKWORTH: Yes.

MR FEUTRILL: The question I have for you, is it your understanding that one of the driving reasons for the recommendation to change or remove the inspector

presence from the casino at the time was one of financial constraints, or was there some other reason for it?

5 MR DUCKWORTH: One of them was certainly financial constraints, yes.

MR FEUTRILL: So in respect of that --- and I think we dealt to some extent with the budget of the GWC yesterday --- and one of the sources of its funding being the licensing funding it recovers from the casino operator ---

10

MR DUCKWORTH: Yes.

MR FEUTRILL: My question really is, what impact, if you like, what budget constraint was there on the GWC in terms of its ability to fund its operations when it had a source of funding from the casino itself?

15

MR DUCKWORTH: I don't know that there were any constraints on the GWC per se. This is where the interlinking of the department is a sort of grey area, I guess, because it seemed that the saving was being made for the sake of the department.

20

MR FEUTRILL: That really is my point, or my question is, if it was a saving for the department or from its budget, meaning in your budget you had an allocated amount for the services that the department would provide ---

25

MR DUCKWORTH: Yes.

MR FEUTRILL: --- so was there any debate or discussion around well, we have our own funds for these services, we'd prefer that you'd continue, for example, to stay within the casino itself?

30

MR DUCKWORTH: No, but because we were pretty much convinced that the standard of electronic surveillance and frankly, a more efficient use of people power, the casino was a compelling argument. I think the original inspectorate sort of contingent had started in the '80s or '90s and hadn't changed a lot since. There was a bit of an occupational culture I believe, where it was seen as the inspectors themselves used to get a fair amount of overtime and so on, and there was a look at that --- this is how I understood it at the time --- looking at all that, together with the very significant advances in electronic surveillance and IT stuff generally since those days, it was concluded that just as in other spheres of life where surveillance has gone from people walking round or whatever to cameras and people in rooms able to scrutinise in minute detail what's going on, that if the system at the casino was of that type, then there was a very compelling argument that --- and the Commission was very keen that there be still a human presence, but perhaps not such a large or full-time human presence as had been before. I'm pretty --- I'm convinced that that was the overriding argument.

45

MR FEUTRILL: Okay.

MR DUCKWORTH: Now there may have been arguments from people who had the dual role being departments of the Commission who were more interested in possible savings, but the Commission members themselves thought yes, why should we be an
5 organisation where large numbers of people are walking round, when state-of-the-art cameras can capture this sort of stuff very well? And I remember a sort of a visit to the casino, them showing off this hardware and saying look, we can sort of count the spots on a car at 100 paces, sort of thing. So, to be really fair to the Commission, it was convinced that we had a superior system being proposed and if it made savings,
10 so be it.

MR FEUTRILL: And was it your understanding or expectation that the Commission itself would make those savings?

15 MR DUCKWORTH: Look, I must confess, I didn't get that detail from it, I really didn't consider that.

MR FEUTRILL: Was there any discussion from other members of the GWC at the time?

20

MR DUCKWORTH: I don't believe so there was, no.

MR FEUTRILL: So, if there was a consideration of financial benefit, you didn't turn your mind to it that would be the GWC's benefit, or to the benefit of the department?

25

MR DUCKWORTH: I considered that the benefit would be to the department. I thought that would be the outcome.

MR FEUTRILL: And just to, I guess, summarise what you said --- again, if I don't
30 do this accurately, please feel free to disagree with me --- the GWC was content to have the change because it considered that the level of surveillance would be --- would remain essentially the same via electronic mechanism.

MR DUCKWORTH: More than happy, I would say, yes. It wasn't just "Okay, this
35 is all right", it was "This looks better".

MR FEUTRILL: So it was a win-win?

MR DUCKWORTH: Yes.

40

MR FEUTRILL: All right. I'd like to move to a slightly different topic now. You'll no doubt know what I'm talking about when I talk about the ABC 'Four Corners' program that aired in 2014.

45 MR DUCKWORTH: Now, there were two show programs.

MR FEUTRILL: This one was titled "High Rollers, High Risk and the Threat Proposed by Organised Crime" was the title of the article.

10:21AM

MR DUCKWORTH: Yes.

MR FEUTRILL: Do you recall that?

5

MR DUCKWORTH: Yes, I recall that and then later on there was a 60 Minutes. I try to keep them separate in my mind.

10 MR FEUTRILL: And do you recall one of the central features or allegations in the program that was aired was that there was a link between junket operators in Macau and organised crime groups and that --- and essentially Australian casinos who were operating with those junket groups.

MR DUCKWORTH: I remember that, yes.

15

MR FEUTRILL: Did you have the time, or did you watch the ABC program in 2014?

MR DUCKWORTH: I did, yes.

20

MR FEUTRILL: And as a member of the GWC, were the allegations in that article of concern to you?

MR DUCKWORTH: They were, yes.

25

MR FEUTRILL: Was it raised in any of the GWC meetings?

MR DUCKWORTH: It was, yes.

30 MR FEUTRILL: And what was the outcome of the consideration of that topic at the meetings?

35 MR DUCKWORTH: There was great concern, but I have to say for some reason, it was "Let's wait and see what it brings forth," and at that point there seemed to be no -- and I'm part of that --- no real concern that this might be going on right now in our own casino in Perth.

MR FEUTRILL: Okay.

40 COMMISSIONER JENKINS: Sorry, I just want to make sure I heard that. So, there was no real concern, no real concern that it was going on in Perth at that time?

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

45 MR FEUTRILL: Can I draw your attention again to a paper that was prepared by the department on this at the time, you might recall. I'll take you to the paper. It's in the agenda for the December 2014 meeting. This is at GWC.0002.0016.0121. Again, I

5 don't know if you have had an opportunity to read this document, this paper before attending this week but the question I really have for you is whether in answer to the question from Commissioner Jenkins earlier you confirmed that you didn't have any concerns about it taking place in the Perth Casino at the time. Was one of the reasons for you reaching that view the information you received from the department about the way that the Perth Casino was being operated?

10 MR DUCKWORTH: Um, I suppose it's more that yes, we had no indication that there was any matter of concern. Nothing had been raised.

MR FEUTRILL: Again, do you recall this paper and reading it at the time?

15 MR DUCKWORTH: The ---

MR FEUTRILL: The paper from the Deputy Director-General of 3 December, agenda item 5.2 International Commission Business - Crown Perth --- 5.4.

20 MR DUCKWORTH: 5.4. Without seeing the paper --- is this the paper? No. Without seeing the paper, I can't say that I do.

MR FEUTRILL: The paper is there.

25 MR DUCKWORTH: As part of that?

MR FEUTRILL: You may not have the right paper. It's on the screen at the moment.

30 MR DUCKWORTH: Sorry. Right, if I can just have a minute to read it perhaps.

MR FEUTRILL: Certainly. Mr Duckworth when you get to the last bullet point on the second page, let me know and we can scroll to the point on the page.

35 MR DUCKWORTH: All right, good. I get the gist of this, yes. All right, so the bullet point at the bottom of the page you want me to have a look at?

MR FEUTRILL: I'll draw your attention to those and then I'm hoping to get the next page up, so you can see the final section of the paper.

40 MR DUCKWORTH: Yes.

MR FEUTRILL: Again, I have a couple of questions about this when you're finished.

45 MR DUCKWORTH: Okay.

MR FEUTRILL: All right, now again, having read it now do you have a recollection of dealing with this topic at a meeting of the GWC?

10:28AM

MR DUCKWORTH: Let me think. Not a very good one, but I'm sure ---

MR FEUTRILL: All right, if I could just start ---

5

MR DUCKWORTH: What's the date?

MR FEUTRILL: This was in December 2014, so it is some time ago.

10 MR DUCKWORTH: December, 2014.

MR FEUTRILL: Yes.

15 MR DUCKWORTH: Now, around that time I was overseas, but I don't know whether I was back there. Can I check the minutes?

MR FEUTRILL: Yes, the minutes do record you were there.

20 MR DUCKWORTH: All right, okay. That's fine. Yes, I do remember these, the substance of this, yes.

MR FEUTRILL: All right. Now the question I want to ask, if you could look at the page, at the foot of the page with the paragraph beginning "In summary" and there are a number of --- series of bullet point. The third bullet point refers to:

25

Approve and audit policies and procedures for entry into ICB programs and the VIP gaming areas.

30 That's one of the bullet points. And under the heading of the GWC offices conduct a range of activities relating to ICB, my question for you is what, if any understanding did you have then or do you have now of what the board approved in relation to the international commission business was?

35 MR DUCKWORTH: I think after the 2010 decision that the Commission wasn't in a position to vet junket players and so on, there was very little input from the Commission into the international players, um, as the paper said there was the feeling that the federal Customs and other authorities would scrutinise people coming in, that the casino had processes for following up on backgrounds and accounts and so on and that being as the Commission had relinquished the assessment of junket groups
40 and at this point in time, there was really no --- not much of a role.

MR FEUTRILL: So, the thrust of the ABC article was in spite of all those things, there was junket operators in Australia who did have those links to the Macau-based organised crime groups.

45

MR DUCKWORTH: Yes.

MR FEUTRILL: So the question I really have is: In light of that, was there any consideration given to your recollection of whether it's a field in which the GWC should re-engage to ensure that the other authorities were catching specifically the risks associated with the Perth Casino?

MR DUCKWORTH: No, there wasn't.

MR FEUTRILL: All right. Now, if I mention the China arrests, will you know what I'm talking about if I make reference to that?

MR DUCKWORTH: Yes.

MR FEUTRILL: So you became aware, I expect during 2016, that some Crown group employees in China had been arrested?

MR DUCKWORTH: Yes.

MR FEUTRILL: Again, was this something that, to your recollection, was raised during meetings of the GWC?

MR DUCKWORTH: Yes.

MR FEUTRILL: And what was the nature of the discussion at the meetings on this topic, to your recollection?

MR DUCKWORTH: Initially, it was to get someone to come from Crown as quickly as they could to give us a briefing on what it was all about, the basis of the arrests and tell us whatever they could. I suppose bearing in mind that, strictly speaking, how Crown as a corporation operates in China was maybe not the business of the GWC, but we certainly had a strong interest in that and we did get a follow-up whereby Mr Preston came down and spoke to us about the incident.

MR FEUTRILL: And what's your recollection of his explanation for it?

MR DUCKWORTH: Well, basically what he said was that China --- the argument, really, was that China had changed the rules, if you like. That Crown Perth had been operating in China for quite a long period of time marketing their casino, trying to attract players and so on and suddenly he put it down to a crackdown by the Chinese Government on Chinese people gambling and so on, gambling overseas, but they were taken unawares what had been perfectly okay the week before was now designated a crime, which merited arresting people who were doing it. That was his explanation at the time.

MR FEUTRILL: And was there, to your recollection, any questioning of Mr Preston by the GWC members after or during this presentation?

MR DUCKWORTH: Was there?

MR FEUTRILL: Questioning of Mr Preston during the presentation?

5 MR DUCKWORTH: Yes, there would have been. People wanted to know exactly what they were doing and why did it fall outside the guidelines of what China regarded as legitimate and, again, he came back to the argument he didn't know, because it had been legitimate before and he gave the idea, as well, that the people at Crown themselves were somewhat confused about why all this had happened.

10 MR FEUTRILL: After Mr Preston had left, was there any discussion between the GWC members about, or any concerns expressed about the Crown Group more generally in circumstances where its employees had been arrested and ultimately convicted of offences in China?

15 MR DUCKWORTH: Um, it's fair to say some people did have concerns, but it was sort of at arm's length. It was happening in China. There was a feeling of still at that point, let's see what else comes out of this, because the other thing which Mr Preston said and which appeared to be the case, there was no real information coming out about the activities that these people were supposed to have done in any detail. I
20 mean, broadly he spoke about they're marketing the Crown product and trying to attract players, but there was no detail that we knew coming out of China saying exactly what they'd done. I mean, had they approached particular people or whatever, so we didn't really know. We were in the dark.

25 MR FEUTRILL: I want to ask you a question. I'm not suggesting that the two follow necessarily, but if a person is convicted of an offence in a foreign country, it might provide an indication of their character and the organisation's character, if you like, for the Crown Group. Was there any concern in your mind, or expressed by any other members of the GWC, that the fact that employees had evidently been
30 operating illegally in China reflected poorly on the character of the Crown Group in Australia?

MR DUCKWORTH: I didn't have a definitive judgment on that, because I was somewhat persuaded by the fact that whatever they were doing before, the Chinese
35 Government hadn't objected and, therefore, it could signify something about Chinese politics. Also in the back of my mind were other non-casino type cases where academics or journalists had been sort of suddenly arrested for alleged offences and all sorts of things. So personally, I was open to the idea that it was as much about what was going on in internal Chinese politics as anything else and at this point, I
40 didn't in my own mind, have anything to suggest that Crown are doing anything differently from what they had a month before.

MR FEUTRILL: All right. So again --- and if I was to summarise what I think you've said and correct me if I'm wrong --- were you essentially satisfied in the event
45 that the GWC was satisfied by the explanations that Mr Preston gave at that time that they were caught out by a change in the approach by the Chinese authorities?

MR DUCKWORTH: I think at that time, people saw that as a reasonable case to put to us, yes.

5 MR FEUTRILL: Okay. Again, I'm going to ask you to look at another document which you should have, I hope, had an opportunity to review before attending. This is GWC.0002.0016.0239. It's an agenda item of a paper presented at the August 2018 meeting of the GWC.

10 MR DUCKWORTH: Mmm-hmm.

MR FEUTRILL: What was produced to the GWC at that time was a copy of the Victorian regulator's sister review of the licensee in Victoria, Crown licence in Victoria under the legislation in Victoria.

15

MR DUCKWORTH: Yes.

MR FEUTRILL: Again, I'm going to draw your attention to some aspects of it and then ask you some questions about the deliberations of the GWC at the time. But before I do, first, do you have a recollection of receiving this report and it being considered at a meeting?

20

MR DUCKWORTH: Yes, I do.

25 MR FEUTRILL: Okay, so under the heading, there's a major heading on the page, on page 0278 "Suitability". And there are two underlined subheadings "Outcome" and "Purpose". And the summary by the author of this document is that Crown Melbourne remains a suitable person to hold a casino licence and the purpose is to explore questions of general suitability.

30

MR DUCKWORTH: Mmm-hmm.

MR FEUTRILL: And a little further down there's an explanation --- in the second and third paragraphs under that heading, it identifies some failings in governance and risk management and refers to three disciplinary actions that have been taken during the review period.

35

MR DUCKWORTH: Mmm-hmm.

40 MR FEUTRILL: And that there'd been a commitment to improve risk management and references to the AML and CTF compliance. Now, you understood that to be references to the money laundering?

45

MR DUCKWORTH: Yes, yes.

MR FEUTRILL: All right, now a little further there's a major heading "Areas for Improvement".

MR DUCKWORTH: Where are we?

MR FEUTRILL: This is on page 0279.

5

MR DUCKWORTH: "Areas for improvement", yes, got that.

MR FEUTRILL: And there were three headings, responsible gambling,
organisational approach to regulation and institutional governance. Then, on the next
10 page is an attachment that summarises the recommendations of the Victorian
regulator and under "Recommendation 3" on page 0280 ---

MR DUCKWORTH: Yes.

15 MR FEUTRILL: --- effectively connected to the corporate governance observations

MR DUCKWORTH: Yes.

20 MR FEUTRILL: --- there's a recommendation that:

*Crown assess the robustness and effectiveness of its risk framework and
systems*

25 MR DUCKWORTH: Yes.

MR FEUTRILL: Et cetera, and then I want to draw your attention to another
recommendation on page 0283. This is recommendation 17 under the heading
"Money laundering" and a recommendation:

30

*..... that by 1 July 2019, Crown undertake a robust review (with external
assistance) of relevant internal control statements, including input from
AUSTRAC, to ensure that anti-money laundering risks are appropriately
addressed.*

35

MR DUCKWORTH: Yes.

MR FEUTRILL: Now, given these were recommendations in respect of the
operations in Victoria, was there any consideration that you can recall by the GWC
40 of whether a similar level of investigation and inquiries should be undertaken in
Western Australia regarding the Perth Casino operations to ascertain if the areas for
improvement that have been identified in Victoria applied equally to Western
Australia?

45 MR DUCKWORTH: Yes, I do recall a kind of plan or strategy or review plan being
drafted and put to the Commission. I think in connection with this incident, unless
I'm thinking of the later one, in which a whole number of things were put down as
needing revisiting and scrutinising to make sure that they were as good as could be.

MR FEUTRILL: Okay. Now, can you put --- is your evidence that resulting from this paper or this report, there was a recommendation to undertake some form of review of the Western Australian regulatory regime, is that ---

5

MR DUCKWORTH: There was, but just the doubt in my mind. There was this incident and then very much later I think --- I don't know whether it was after I left the Commission. I'm thinking of the 60 Minutes' business. Sorry, I'm just thinking out loud. I'm trying to think what I saw.

10

MR FEUTRILL: Yes.

MR DUCKWORTH: But there was a paper put out recommending that a whole lot of areas be scrutinised.

15

MR FEUTRILL: I think I know the paper you're talking about and actually in chronology, it actually comes before this paper.

MR DUCKWORTH: Oh, right.

20

MR FEUTRILL: I will take you to that.

MR DUCKWORTH: Yes.

25

MR FEUTRILL: Can we just focus on whether your recollection is anything came of this? So the Sixth Review by the Victorian regulator, was there anything arising out of that whereby, for example, the GWC considered that a deeper investigation was required into the corporate governance and the processes for effectively AML or money laundering processes in Perth were fit for purpose?

30

MR DUCKWORTH: Um, I can't recall, no.

MR FEUTRILL: I will come back to that other review in a moment, but you will no doubt recall that during 2019, there were a lot of allegations the media made in respect of the Crown Group generally?

35

MR DUCKWORTH: Yes.

MR FEUTRILL: And again, I'm going to take you to --- this one's the subject of a non-publication order, so I'll need to ensure I don't read anything. I'll just take you to the documents. It is GWC.0002.0016.0283 at page 43.

40

MR DUCKWORTH: Page 43, yes.

45

MR FEUTRILL: If I could just draw your attention to the agenda, so it puts you into the timeframe.

10:48AM

MR DUCKWORTH: Right. 2019, August.

5 MR FEUTRILL: Yes, and you'll see --- if you look at agenda 6.4, there's an agenda item "Junket Processes".

MR DUCKWORTH: Yes.

10 MR FEUTRILL: That's the program I have just shown you. It doesn't identify this in general business but you might recall there was a presentation given by representatives of Crown at the meeting.

MR DUCKWORTH: Let me just skim read this. Yes, I remember this paper, yes.

15 MR FEUTRILL: All right.

MR DUCKWORTH: Okay.

20 MR FEUTRILL: I've got some questions for you on this, so if I could also ask that you be provided with the minutes of the meeting and a copy of the Crown presentation? So the minutes of the meeting are GWC.0002.0016.0286 and the presentation paper is GWC.0001.0009.0001. Now, I just need to warn you that parts of the content of the presentation and the minutes and possibly the agenda paper as well, are the subject of a non-publication order, so we can't identify the contents of
25 them openly.

MR DUCKWORTH: It's the subject of a non-publication?

30 MR FEUTRILL: It's the subject of a non-publication order.

MR DUCKWORTH: Oh, right.

MR FEUTRILL: So you can't read it out loud, as it were. You just need to read it to yourself and I will ask you some questions about it without revealing the contents.

35

MR DUCKWORTH: Okay.

40 MR FEUTRILL: Now, if I could perhaps again just ask you, if I could take you back now to the agenda paper which is 6.4 headed "Junket Processes" and there is a box that has got a recommendation.

MR DUCKWORTH: Yes.

45 MR FEUTRILL: And the author is Mr Connolly.

MR DUCKWORTH: Yes.

MR FEUTRILL: And there are a number of --- there's essentially a large discussion

10:50AM

and then a recommendation. Now, the recommendation ultimately was accepted and the minutes record that and this is at GWC.0002.0016.0286 at page 3 under the heading 6.4 "Junket Processes".

5

MR DUCKWORTH: Yes.

MR FEUTRILL: Now the question I have for you on this particular document is you see under the resolutions there are really three items for noting and one item authorising ---

10

MR DUCKWORTH: Right.

15

MR FEUTRILL: --- the department to explore the idea of a national framework.

MR DUCKWORTH: Yes.

20

MR FEUTRILL: To approve the management of junket activities. I want to focus on the third one which is noting there are other inquiries being conducted.

MR DUCKWORTH: Yes, yes.

25

MR FEUTRILL: And I just want to understand whether there was any discussion at this particular meeting that you can recall regarding whether any other steps should be taken by the GWC, for example, to undertake its own inquiry and what the nature of the deliberations were on that?

30

MR DUCKWORTH: Okay. The general feeling, I think, was to go along with the idea that "wait and see what comes out in the end in Victoria" as a basis for knowing whether --- when Perth would need to do more.

35

MR FEUTRILL: Do you recall whether at this time it was in your mind there was an inquiry in New South Wales as well?

MR DUCKWORTH: Um, I think it would have been in my mind, yes.

40

MR FEUTRILL: What was any discussion or reasons debated for, we will call it, the "wait and see" approach?

MR DUCKWORTH: No, there wasn't. The reasoning was we might get more information coming out of the Victorian inquiry which would then guide the GWC into any further action, if necessary.

45

MR FEUTRILL: And did you understand at the time that the GWC had a power to undertake its own investigation if it chose to do so?

MR DUCKWORTH: Yes, there was --- but there didn't seem to be a feeling for that.

MR FEUTRILL: I beg your pardon?

5 MR DUCKWORTH: Yes, I understood the power, but in general discussion, there didn't seem to be a feeling for that.

MR FEUTRILL: All right. So, the existence of the power was discussed, but there wasn't a consensus for its use; is that a fair assessment?

10 MR DUCKWORTH: No, that's not. I can't recall whether it was discussed or not. Members obviously knew there was the power, but there was no suggestion at this point in saying, "Okay, well we'd better start our own investigation".

15 MR FEUTRILL: When you say there was a general --- the feeling or something or words to that effect, what did you mean by that?

MR DUCKWORTH: Well, I took it that like myself other people would understand that under the Act there was that power.

20 MR FEUTRILL: But then, how did you gain the feeling or impression that other people, other members of the GWC were not inclined to exercise that power?

25 MR DUCKWORTH: Well, because there's an expression, it was verbalised in the meeting, "At this point let's wait and see what else comes out of Victoria".

MR FEUTRILL: I see, I understand.

MR DUCKWORTH: Sorry.

30 MR FEUTRILL: Do you have a recollection of the presentation being given by representatives of Crown?

35 MR DUCKWORTH: Mr Preston, yes. I think he came with a couple of people, but he was the lead. He gave the presentation.

MR FEUTRILL: If I ask you to look at the PowerPoint slides, which is GWC.0001.0009.0001 and is that, to the best of your recollection, a presentation that was given at the meeting?

40 MR DUCKWORTH: Yes.

MR FEUTRILL: And was it given by way of a PowerPoint process, or were the slides handed to you and talked to?

45 MR DUCKWORTH: I actually don't remember. I mean, I think given that he's done this on a PowerPoint, I'd imagine it was a PowerPoint, but yes, it's a strong delivery, yes.

MR FEUTRILL: To your recollection, were there questions asked of the Crown representatives during the course of that meeting?

5 MR DUCKWORTH: Yes, I'm sure there were, yes.

MR FEUTRILL: Did you ask any questions yourself of the representative?

10 MR DUCKWORTH: Um, can't remember. No, I didn't, but some other members did I think.

MR FEUTRILL: And do you recall what the nature of the questions were?

15 MR DUCKWORTH: Um, I think it was someone may have asked about "Tell us more about the due diligence you carry out". Others were --- I think it was more focused on the fact that Mr Preston's opinion was that the media, it was a media beat-up and, you know, they'd made mistakes before and they'd identified a plane that was the wrong one, or even an individual who wasn't the individual they said they were, so I think there were some questions a bit about the veracity of the allegations that he was throwing into doubt.

MR FEUTRILL: And were you personally convinced by his explanations about that?

25 MR DUCKWORTH: In the end, I was, yes. I started off being sceptical, but he was extremely persuasive and I suppose it's one of those things. There's always a case you can go back to and the media do a very good job, but occasionally someone's been wrongly accused or whatever of something and in the back of your mind is sort of innocent until proven guilty. It sounds plausible that this could be, particularly, dare I say, the nature of the show which I think used to be a serious kind of fair show, but it's become a little bit more tabloid over the years and I suppose that influenced personally my view of things. Is this just a ratings sort of thing? I shouldn't have been as flippant as that.

30 MR FEUTRILL: Are you referring now to 60 Minutes?

MR DUCKWORTH: Yes. But no, he was very persuasive and if people did have a small margin of doubt, it was well --- there's not enough to go on to suggest it's other than the picture that he's portraying. I mean, we believed the examples he gave of, you know, wrong aeroplanes being filmed or whatever it was. I can't remember the exact details. So, it was a case of casting doubt on the veracity of the story.

40 MR FEUTRILL: And in your mind at least was that part of the reasons that persuaded you to wait until other inquiries had been completed?

45 MR DUCKWORTH: Yes, it was, yes.

MR FEUTRILL: And was that the subject of any discussion between the other

members of the GWC; that given the response by Crown you were persuaded to wait rather than ---

5 MR DUCKWORTH: Yes, that was the response, yes.

COMMISSIONER JENKINS: If we can move on from that document, agenda item 6.4. I know it's not on the screens, but can I see the other pages of that report? It's on my screen.

10

MR FEUTRILL: Yes. I think I know the page you might be looking for. Is this the one referring to April 2017?

15

COMMISSIONER JENKINS: No, I just wanted to see what else was in that document for agenda item 6.4, the paper. It's on the Commissioners' screens at the moment. I just wondered whether the --- could I see the next page? And the next one, please. Thank you. That's all I wanted to do.

20

MR FEUTRILL: Very well, thank you. I'd like to take you back, if I may, to one of the comments you made earlier about the review being conducted.

MR DUCKWORTH: Yes.

25

MR FEUTRILL: I think you may have been making reference to a review that took place in 2017. Again, I think perhaps, madam associate, if you could remove all the surplus papers and exchange it for this one which is GWC.0002.0016.0202.

MR DUCKWORTH: Thank you.

30

MR FEUTRILL: This is quite a big document, and I am not ask you to read the whole thing. There are a number of attachments to it.

MR DUCKWORTH: Yes.

35

MR FEUTRILL: The gist of it is it's a report identifying from the Deputy Director-General in February 2017 and the subject matter is in the first paragraph, there's a reference to instruction from:

40

..... the Director-General to conduct a review of all gambling and liquor compliance activities performed by the department to assess the effectiveness of current programs and the processes and practices employed.

MR DUCKWORTH: Yes.

45

MR FEUTRILL: And a little further down the page there's a reference to a recent report by the Victorian Office of the Auditor-General:

In relation to Casino Supervision, the VCGLR have concluded in their report

that 'the Victorian regulator have not paid sufficient attention to areas of risk in the casino's operations, such as the detection of people excluded by Victoria Police, responsible gambling and money laundering.

5

MR DUCKWORTH: Yes.

MR FEUTRILL: Then, you make some comments about considering those comments unfair, but is this the review that you had in your mind when I asked you some questions earlier about the 2018 regulator's report on the ---

10

MR DUCKWORTH: Mr Connolly's review, sorry.

MR FEUTRILL: A little earlier I took you to the Victorian, the sixth review of Crown in Melbourne and asked you some questions about the paper on that and as a consequence of those questions you said you thought there'd been a fairly wide review undertaken, but you were a little unsure of the timing.

15

MR DUCKWORTH: Yes.

20

MR FEUTRILL: What I'm asking you is whether you may have confused the two reports and whether the report you actually had in mind was this Victorian Valuer General's report and the review that came out of that that Mr Connolly was indicating would be undertaken in 2017?

25

MR DUCKWORTH: Gosh, yes, it's possible. I'm really just thinking of the review that Mr Connolly proposed. Sorry, I can't be more certain than that.

MR FEUTRILL: Again, I'll take you to a series of agenda papers that we've been able to identify that deal with this topic. I'll hand them all to you basically and run through them. It might assist you to provide some answers to these questions.

30

MR DUCKWORTH: Okay.

MR FEUTRILL: Can you collect them and I'll read them. The papers for the benefit of the transcript are GWC.0002.0016.0202 and I think the minutes accompanying that may have a non-publication on them. The next document is GWC.0002.0016.0212. It has a non-publication order in respect of it. The next few documents, I'm just going to give the last digits so I don't have to repeat them. They have got all at the beginning 0002.0016 and they end .0125, .0216 and .0218. We'll start with 225. Sorry, just organising papers, Mr Duckworth. I didn't identify this one. The first one I want to take you to is GWC.0002.0016.0225 at page 13 and I think this may have been --- you mentioned in answer to an earlier question a proposal for a review on Mr Connolly?

40

45

MR DUCKWORTH: Yes.

MR FEUTRILL: You'll see this is agenda item 5.2 "Compliance Review".

MR DUCKWORTH: Yes.

5 MR FEUTRILL: And the recommendation is to note it and again, if I could just draw your attention to some aspects of this under the heading "Background".

MR DUCKWORTH: Yes.

10 MR FEUTRILL: The last paragraph on the first page talks about it being:

..... timely considering the recent publishing of a Victorian Auditor-General's report

And there's a reference to:

15

Many of the findings and recommendations may also relate to the compliance activities and processes in Western Australia.

MR DUCKWORTH: Yes.

20

MR FEUTRILL: Under the heading "Purpose". So, having reviewed that, is this the broad review that you had in mind?

MR DUCKWORTH: I think this is the one I had in mind, yes.

25

MR FEUTRILL: I don't want to take you to these in any great depth. I just want you to let me know if you can remember effectively the process that was undertaken in this review and your recollection of the outcome. But to assist you in that, if I could take you to the September agenda paper. This is the subject of a non-publication order and I don't need you to go through them in depth. Note the heading is "Casino Revenue and Tax Verification Procedure", so that was the subject of a report by Mr Connolly. Then in October, which is the next one which ends 0215, if you have that in front of you ---

30 MR DUCKWORTH: 0215.0011?

MR FEUTRILL: That's right, and if you turn over the page, you should have the agenda paper there.

40 MR DUCKWORTH: To the action?

MR FEUTRILL: That's the first item, and then the next item is the agenda for 5.2, "Compliance Review - Table Games - Gaming Integrity".

45 MR DUCKWORTH: "Compliance review". Sorry, on my "Matters to be actioned", "compliance review" 5.1, "Undertake review of Community Poker policy".

11:10AM

MR FEUTRILL: Mr Duckworth, I have confused you. In the top right-hand corner the page number should be 0013.

5 MR DUCKWORTH: That's wrong, too. Okay.

MR FEUTRILL: The last digits.

10 MR DUCKWORTH: Yes, "Compliance Review - Table Games - Gaming" --- sorry, yes.

MR FEUTRILL: There was a paper produced on that subject matter. "Casino Revenue and Tax Verification Procedures - Table Games - Game Integrity Review".

15 MR DUCKWORTH: Yes. Security and surveillance, yes.

MR FEUTRILL: The next paper, if you could find it --- if you want time to read it, just let me know --- it ends, it's the major paper ending 0216. It will be in one of the separate ---

20 MR DUCKWORTH: I've got that.

MR FEUTRILL: And the page I want you to look at it 0012. This was a report in November 2017. And the subject matter was "Compliance Review - Security and Surveillance".

MR DUCKWORTH: Yes.

30 MR FEUTRILL: Now, we don't have a copy unfortunately of the paper for December 2017, but we do have the agenda ---

MR DUCKWORTH: Mmm-hmm.

35 MR FEUTRILL: --- which is a separate sheet you have which is 02181 and under the item 5.2 is a reference to "Compliance Review - Electronic Gaming Machines - Integrity of Gaming". It's probably in a single sheet of paper there.

MR DUCKWORTH: Yes. So what number am I looking at, sorry?

40 MR FEUTRILL: You're looking --- this is just the agenda and it's got "Business Arising", 5.2, "Compliance Review - Electronic Gaming Machines - Integrity of Gaming".

MR DUCKWORTH: Yes.

45 MR FEUTRILL: I'm not entirely certain our records from the GWC are complete, but as best we've been able to identify, there are those four papers --- the casino revenue and tax verification procedures, table games, gaming integrity, electronic

gaming machines, integrity of gaming and a paper on security and surveillance.

MR DUCKWORTH: Yes.

5

MR FEUTRILL: And I appreciate again this is some time ago, but do you recall there being any other papers produced in the review dealing with any other topics?

10 MR DUCKWORTH: Let me think. No, the only one that might have been would be to re-look at the responsible gambling issues. I think quite late in my term as I remember, there was quite a lot of attention given to how effective the organisation that the casino funded was for people and whether there was additional things we should have been doing, but I don't know whether that came into a paper or not.

15 MR FEUTRILL: All right, if I could just cast your mind back to the initiating, one of the catalysts for this review which is the Victorian Auditor-General's report.

MR DUCKWORTH: Yes.

20 MR FEUTRILL: And the reference in that to the improvement, if you like, in terms of the regulation in Victoria to the Victorian regulator. Were you expecting as a member of the GWC that the review of the compliance in Western Australia would include some of the topics that were the subject of the Victorian Auditor-General's consideration, namely, money laundering and matters of that nature?

25

MR DUCKWORTH: Um, no, I wasn't.

MR FEUTRILL: Why do you say that?

30 MR DUCKWORTH: Because of the view long-held and expressed in other papers that other agencies bore the prime responsibility for money laundering and that it was beyond our capability to do anything about it.

35 MR FEUTRILL: Did it not occur to you that if there were concerns being expressed about the regulation elsewhere in Australia who were adopting a similar approach, that that was something that perhaps the Western Australian regulator should also consider reviewing?

40 MR DUCKWORTH: Yes, should have done and ---

MR FEUTRILL: Did it occur to you, is all I'm asking?

45 MR DUCKWORTH: Um, it wasn't top of mine, no. But we were in this mindset of waiting to see what happened in Victoria.

MR FEUTRILL: That concludes the questions I have, Mr Duckworth.

COMMISSIONER OWEN: Thank you, we'll adjourn and come back at 11.30.

11:16AM

Thank you.

5 **ADJOURNED** [11.16 AM]

RESUMED [11.30 AM]

10

COMMISSIONER OWEN: Please be seated. Mr Dharmananda?

MR DHARMANANDA: No, thank you, Commissioners.

15 COMMISSIONER OWEN: Who have we got? Ms Seaward. I couldn't see you, sorry.

CROSS-EXAMINATION BY MS SEAWARD

20

MS SEAWARD: I just have a few questions to ask you. In your statement you spoke about there being a three to five-yearly review of the Perth casino licence.

25 MR DUCKWORTH: Yes.

MS SEAWARD: Mr Feutrill asked you some questions about that. You were shown a document by Mr Feutrill, which we will bring up on the screen now, GWC.0002.0016.0239 at page 277. Just while that's coming up on the screen, as part
30 of your work on the Commission, departmental officers would sometimes bring you papers explaining what had been done in other regulators in other States?

MR DUCKWORTH: Um, yes, I think occasionally, yes.

35 MS SEAWARD: And in particular, the Victorian regulator there would sometimes be a report concerning investigations or reviews that the Victorian regulator ---

MR DUCKWORTH: Yes, there was a Victorian report, yes.

40 MS SEAWARD: And if you look, that document should be up on the screen in front of you now, This is one of those papers, I think you'll find, it's headed "Crown Melbourne - Sixth Review of the Casino Operator Licence".

MR DUCKWORTH: Yes.

45

MS SEAWARD: And if you look down under the "Recommendation" box the first paragraph talks about Crown Melbourne Ltd holds the only casino licence granted under the Casino Control Act.

11:32AM

MR DUCKWORTH: Yes.

5 MS SEAWARD: And it talks about that licence being granted in 1993 and expiring in 2050.

MR DUCKWORTH: Right, yes.

10 MS SEAWARD: And in the next paragraph it talks about the Victorian regulator in accordance with their Act they conduct regular investigations and reviews.

MR DUCKWORTH: Right.

15 MS SEAWARD: At intervals not exceeding five years.

MR DUCKWORTH: Right.

20 MS SEAWARD: Then it goes on this paper --- we don't need to look at the rest of the particular report --- summarising what's in the Victorian regulator's report and it then is attached. Do you think in writing your statement, you may have got confused about the three to five-yearly review in this regard? Do you think perhaps it's the Victorian Act that requires their casino licence to be reviewed every five years?

25 MR DUCKWORTH: Yes, that is possible, actually, that was in my mind, yes.

MS SEAWARD: As opposed to the Perth one?

MR DUCKWORTH: Yes.

30 MS SEAWARD: So if I was to say to you there's nothing in the legislation in Western Australia that requires the Perth Casino licence to be reviewed every three to five years ---

35 MR DUCKWORTH: Right.

MS SEAWARD: --- would you accept that you would instead have got confused and were thinking about ---

40 MR DUCKWORTH: I certainly would, yes.

MS SEAWARD: Now, if the witness could please be shown document GWC.0002.0016.0001 at page 337. So, just to orientate you, this is the agenda paper prepared by the department in February 2010 in relation to approval for amending the Casino Control Regulations in relation to junket requirements.

45 MR DUCKWORTH: Yes.

MS SEAWARD: Do you have an independent recollection of what was discussed at this meeting in relation to this agenda paper?

5 MR DUCKWORTH: Um, my only recollection was that the scrutiny by GWC of junket operators was a very fraught and difficult process that hadn't yielded much up until that point of time for various reasons, like the police not being available if and when you needed them, no direct links from us, but with international crime-fighting organisations. So, that's my main memory of it. It was that it was something that
10 was there under the Act, but it was something which was not able to be done.

MS SEAWARD: So then, Mr Feutrill asked you a series of questions about this paper ---

15 MR DUCKWORTH: Mmm-hmm.

MS SEAWARD: --- and what was within it. Is it fair to say that when you're answering a lot of those questions, you were reading the words and attempting to decipher and interpret them today?
20

MR DUCKWORTH: Sorry, can you rephrase?

MS SEAWARD: Mr Feutrill took you to various parts of this paper.

25 MR DUCKWORTH: Yes.

MS SEAWARD: And asked you some questions about what it meant.

30 MR DUCKWORTH: Yes.

MS SEAWARD: Is it fair to say that in answering Mr Feutrill's questions you were reading the words of this paper and deciphering and interpreting them today as you sat there as opposed to relying on your memory of what was discussed at the time?

35 MR DUCKWORTH: Yes, I would say so.

MS SEAWARD: Now, Mr Feutrill asked you some questions about the scope of the amendments that were proposed. Did you understand at the time that what was being proposed was a removal of all of the regulations that in any way dealt with the
40 GWC's involvement in junket regulations?

MR DUCKWORTH: No, I don't think so. I thought it simply meant that the GWC itself couldn't undertake the task of vetting and then approving, but that it would perhaps still have an interest in it.
45

MS SEAWARD: And when you say "it would have an interest in it", what did you think would be left for the GWC to do?

MR DUCKWORTH: Um, nothing except for the power in the Act, I guess.

MS SEAWARD: Right, so I think in your answers to some of Mr Feutrill's
5 questions you said that you understood that other agencies ---

MR DUCKWORTH: Yes.

MS SEAWARD: --- may have a role. AUSTRAC would have a role or the police
10 would have a role.

MR DUCKWORTH: Yes.

MS SEAWARD: So, it was your understanding that for the purpose of this
15 recommendation was to remove any role that the GWC might have in relation to
junkets on the basis that other agencies have a role in relation to junkets?

MR DUCKWORTH: Yes.

MS SEAWARD: So you didn't understand there to be any individual regulations
20 that might be left behind?

MR DUCKWORTH: No.

MS SEAWARD: No further questions, thank you.

COMMISSIONER OWEN: Thank you, Mr Malone?

MR MALONE: No questions, thank you, Commissioner.
30

COMMISSIONER OWEN: Commissioner Jenkins?

QUESTIONS BY THE COMMISSION

35

COMMISSIONER JENKINS: I have a few questions to clarify things. In relation
to that last issue that Ms Seward has asked you about, do you recall whether in 2010,
you understood that in addition to the requirement that the GWC approved junket
40 operators and their representatives before the junket operators and representatives
arrived in Perth there was also rules about the Perth Casino operator advising the
GWC about the details of junket operators and representatives when they did arrive?
Their names and details.

MR DUCKWORTH: Sure. At the time I didn't, but subsequently, I've found that
45 that was the case, yes.

COMMISSIONER JENKINS: So, was your evidence to Ms Seaward there that

when you look at the recommendation --- and I think it's on the screen in front of you --- that the Commission consider amending the Casino Control Regulations to remove the requirement for junket operators/representatives to be approved by the Commission, you thought that that was all that the regulations required? That is, a prior approval. You didn't understand that there were other obligations?

MR DUCKWORTH: Like the obligation of the casino ---

10 COMMISSIONER JENKINS: Yes.

MR DUCKWORTH: --- to retain records and so on.

15 COMMISSIONER JENKINS: Yes, and indeed to advise the GWC about the details of junket operations.

MR DUCKWORTH: I can't clearly recall what I knew at that time to be honest, but ---

20 COMMISSIONER JENKINS: Well, if you don't recall.

MR DUCKWORTH: Okay.

25 COMMISSIONER JENKINS: Now, just on some other matters. Firstly, in respect of the membership of the GWC. What is your opinion as to whether the Director-General should be the chair of the GWC, or whether it should have ---

30 MR DUCKWORTH: Speaking today, I think it should definitely be an independent chair and I suppose on my experience as being on the GWC, I was uneasy about the fact sometimes that, you know, first of all, there was strong competition for the chair's time as the departmental head. That the two-hat thing I don't think actually was good. That's not to say that the chair, certainly Mr Sargeant did for the longer term, Mr Ord was new and was gaining knowledge, but certainly Mr Sargeant was very good in the sense of he knew his stuff well. He was very good with providing information. He was very good with perhaps bringing to the attention of the members things that they hadn't thought of, because they didn't have as much experience as he did. So I can't fault him, in that sense. It's not a person criticism, it's a role criticism. I think it would be far better to have an independent chair that doesn't have to think about liquor licensing, you know, the next Estimates in Parliament, whatever, whatever. So, yes, sorry. I went on a bit long there.

40 COMMISSIONER JENKINS: And do you think there should be a police representative on as a member of the GWC?

45 MR DUCKWORTH: Well, I gave some thought to this again recently, I have to say. It was my opinion --- well, a police representative depending on the kind of police work background they had, particularly with someone in financial, corporate or perhaps even fraud issues would be an asset. But I also thought in terms --- I

suppose, I mean, you probably want to hear what I'm thinking now, but in view of being called before the Commission I've given these things a lot of thought. Some kind of forensic accounting person or corporate accounting person. Someone who's
5 able to, if necessary, go right through the maze of records and corporate charts and roles and so forth and have an eye for knowing what's what. So, I would say something with that sort of forensic accounting, possibly police. I think the chair or if not the chair, then someone should have extensive regulatory experience and I guess Mr Sargeant did have that. But I think government or corporate regulatory
10 experience, I would think.

COMMISSIONER JENKINS: And the evidence we've heard is to the effect that the GWC itself did not have any role in advising the Minister as to possible persons to be appointed or even advising the Minister as to whether a person with particular skills
15 should be appointed ---

MR DUCKWORTH: That's correct, yes, that's right.

COMMISSIONER JENKINS: And do you think the GWC should have a role in doing either of those two things?
20

MR DUCKWORTH: I think it would be a good thing. I think, thinking of it as a reconstituted GWC, which had its own chair and so on, yes.

COMMISSIONER JENKINS: When you were a member of the GWC, were you aware that Mr Connolly had friendships with one or more persons who were involved in --- sorry, who worked for the casino and who were involved with the department in casino regulation?
25

MR DUCKWORTH: No, I wasn't. But I'll qualify that. Given that Mr Connolly, I think, at one time in his career had worked as an inspector or some such in the casino, I surmised that he would have known a few people who worked for the casino. But I wasn't thinking in terms of sort of hierarchy-type people, just other people he'd perhaps been an inspector with or that sort of thing in the past years. But
30 certainly not --- I didn't have any specific reference to specific individuals that he knew, no.
35

COMMISSIONER JENKINS: So you don't ever recall him talking about such friendships ---
40

MR DUCKWORTH: No.

COMMISSIONER JENKINS: --- during meetings even?

MR DUCKWORTH: No, he used to talk a lot about his leisure pursuits, particularly fishing and sky-diving, but didn't say who he did those activities with.
45

COMMISSIONER JENKINS: Were you aware that there was a direction issued to

the casino which was 3F, which permitted the casino to extend credit to international business players?

5 MR DUCKWORTH: Yes, I was aware of that.

COMMISSIONER JENKINS: And how were you aware of that?

10 MR DUCKWORTH: Well, just through --- I mean, the topic would come up at a meeting or more than one meeting perhaps. Um, I remember asking a question --- either me or someone else asking a question --- and the answer was well, in all the big casinos these days that's the sort of standard practice that the people coming in from overseas have access to loans if they need them.

15 COMMISSIONER JENKINS: So, that was going to be my next question. Did you understand why that was permitted?

20 MR DUCKWORTH: It sounded like, but it was almost a case of well, all the other casinos are extending that facility, therefore, the local casino here should also be in the competitive sort of field of international gambling, they also should have that facility.

COMMISSIONER JENKINS: Do you recall who it was who told you that?

25 MR DUCKWORTH: It was probably Mr Sargeant.

COMMISSIONER JENKINS: And in light of that power, did you think it was appropriate for the GWC to regulate the way in which that credit was provided, for example, just so you understand what I'm saying ---

30 MR DUCKWORTH: Right.

35 COMMISSIONER JENKINS: --- did you think it was appropriate for the casino to regulate the extent of the credit that was allowed to be provided, or to regulate whether interest was payable on that credit, or to regulate the method in which methods could be used to recover debts arising from that?

40 MR DUCKWORTH: Um, I certainly think that the GWC needed to be kept informed about the extent or the level of the amounts and so forth that were in these accounts. I suppose in my own mind, I hide that by saying it's their sort of corporate business in a sense how they manage these accounts, but the GWC needs to be aware of them and the extent of them.

45 COMMISSIONER JENKINS: Was that information afforded to the GWC?

MR DUCKWORTH: Not on a regular basis, but I do have some recollection of there being some discussion of sort of the extent of the accounts that they provided for these people. But beyond that, it wasn't like a regular agenda item.

COMMISSIONER JENKINS: Could I go to the issue of the China arrests, and you were asked about those and asked several questions about them. Were you, as a member of the GWC, satisfied that the explanations you received from either Crown or the department in respect of why those arrests had occurred?
5

MR DUCKWORTH: At the time, yes.

COMMISSIONER JENKINS: And at that time, did you or the GWC consider getting independent advice, rather than relying upon what you were told by Crown or the department?
10

MR DUCKWORTH: No.

COMMISSIONER JENKINS: And after the Victorians did report on the China arrests, did you consider making the directions recommended by it?
15

MR DUCKWORTH: I don't think the GWC did, no.

COMMISSIONER JENKINS: And did the GWC consider prohibiting junkets until more was known about the China arrests and why they had occurred?
20

MR DUCKWORTH: Again, it was more of a wait and see strategy. I think the junkets started to fall off anyway because of that. I think, from memory, they dropped off very substantially.
25

COMMISSIONER JENKINS: I now want to go to the issue of problem gambling and socially responsible gambling. Was minimising problem gambling an objective of the GWC?
30

MR DUCKWORTH: Yes, to do what --- to do what it could to assist in the minimisation of that, yes. Harm minimisation.

COMMISSIONER JENKINS: And how did the GWC seek to meet that objective?
35

MR DUCKWORTH: Um, so there's a couple of things. First of all, we wanted to get an idea of to what extent the measures that were in place, for example, like people deciding to seek to bar themselves from the casino because obviously they felt they couldn't control their gambling. The number of barrings against people. We had a run of statistics. To be honest, they didn't tell us a great deal. There were a handful of people each month who were either self-excluders, or excluded on the basis that they were seen as problem gamblers. There were monies that went from the Commission to assist in provision of counselling services for problem gamblers. They were sort of promotional events to highlight the problem. There were limits on the amount of money people could withdraw from ATMs and the ATMs to be a set distance from the gaming floor, so a few environmental measures of that sort. I mean, really, difficult problem always. Gambling is legal. Compulsive gamblers
40
45

often don't recognise when they should stop. Unless people self-report or seek assistance, it's difficult to sort of randomly, or to get people to address their problems. But beyond those things --- and I mean, to me it was a small effort and I suppose at the back of everyone's mind is the casino which is trying to get people to spend money there and to attract people to gamble as a good corporate citizen they want to be seen to be doing something about responsible gambling, but it seemed unlikely there'd be an all-out effort which would sort of dominate what they were doing.

10

COMMISSIONER JENKINS: So in relation to that, in the time that you were a member, did the GWC ever sit down as a Commission to establish a program of action to assess the extent of the issue of problem gambling at the Perth Casino and then to have a suite of programs and strategies to address the problem?

15

MR DUCKWORTH: Okay. There was some of that. It was a bit more piecemeal than what you describe. One of our members at the time was particularly strong on this issue of the harmful effects of gambling. I think based on the fact that a good friend of his had lost all his money and so on. And we did get Crown people from their unit, which looks at this issue to come down and talk about what they were doing. There was a lot of quite heavy questioning, especially from Mr Bovell. There was always an eye to making sure there were no incentives to go to the casino. That was one of the things they weren't allowed to do. To have trained staff to try and spot, if you like, if people were compulsive gamblers. So there was a training program that was initiated by the casino so that all staff were made aware of the signs of compulsive gamblers. So there was a string of issues which didn't quite articulate into a full-blown integrated strategy, but there were a number of measures, yes.

20

25

30

COMMISSIONER JENKINS: And do you recall whether these were before or after the sixth review of the Victorian regulator, which was published in the second half of 2018?

MR DUCKWORTH: Many of them were before that date.

35

COMMISSIONER JENKINS: And do you recall after that report was published whether you looked at that, the GWC looked at that report and decided to endorse or not, or to implement or not the recommendations about socially responsible gambling in that report?

40

MR DUCKWORTH: Um, just remind me of the exact nature of those.

COMMISSIONER JENKINS: Well, they included that the casino should implement a new socially responsible gambling program, that it should monitor that program, that it should increase the number of people on the floor ---

45

MR DUCKWORTH: Okay, yes.

COMMISSIONER JENKINS: --- to identify problem gamblers. I mean, there's

about half a dozen recommendations directed towards socially responsible gambling.

5 MR DUCKWORTH: Okay. Now, a lot of those were actually being done. As I said, the staff had to undergo training recognising irresponsible gambling. There was the usual things like posters in strategic places, which provided contact points and phone numbers for various gambling help agencies. There was the on-site, or there was a small team on site at Crown who could arrange for counselling to occur with people. And a lot of this was before the Victorian recommendations, so there were these things available and it was felt that, comparatively speaking, Perth Casino had some decent measures in place.

10 COMMISSIONER JENKINS: Thank you for that. Can I just move onto the last matter and that is, you gave some evidence about the paper delivered in August 2019 by Mr Connolly about junket processes.

15 MR DUCKWORTH: Mm.

20 COMMISSIONER JENKINS: And the paper commences by saying that it was about reviewing current processes and potential improvements to reduce regulatory risks around junkets; do you recall that paper?

MR DUCKWORTH: Yes, I think so. August 2019, was it?

25 COMMISSIONER JENKINS: Yes.

MR DUCKWORTH: Hang on. Yes, I would have been there. I was trying to think.

30 COMMISSIONER JENKINS: Just what I wanted to ask you --- I don't want to ask you so much about the issue discussed in there, but rather, the format in which it was put to you. Can I suggest to you that what it does is to basically set out Mr Connolly's position in respect of this and what he thinks should happen and then asks the Commission to make recommendations consistent with his position. Do you agree with that?

35 MR DUCKWORTH: Yes, I think so, yes, yes.

40 COMMISSIONER JENKINS: And as an alternative, do you agree that it doesn't, for example, as an options paper might do, say "This is the issue, this is the factual background, these are the options which the Commission might have, this is my recommendation, but it's your decision".

MR DUCKWORTH: Yes.

45 COMMISSIONER JENKINS: And, for example, the options in respect of that particular issue might have been for the Commission to hold an inquiry using its powers. You were asked about that. It might be to wait for the interstate inquiries and do nothing else. It might be to wait for interstate inquiries or the results of those,

but to suspend junkets in the meantime or it might have been for an example, to obtain an independent opinion from an expert about the extent of the issue and what you could do about it.

5

MR DUCKWORTH: Yes.

COMMISSIONER JENKINS: You agree that that suite of options and maybe even potentially more, were not set out in that paper?

10

MR DUCKWORTH: No, they weren't and that would have been preferable.

COMMISSIONER JENKINS: Well, that's what I was going to ask you about, was the format. And, did it ever occur to you that in receiving a report in that kind of format, that the GWC was sort of being led to the recommendations that the author of the report wanted the GWC to make?

15

MR DUCKWORTH: I think that's a fair conclusion. Having said that, I mean, they weren't bad recommendations or suggestions, but as you yourself pointed out Commissioner, there wasn't a suite of options to say, "Well okay, that's one way you could go, but here's other things that could have happened," and really speaking, that would have been preferable.

20

COMMISSIONER JENKINS: Thank you, Mr Duckworth.

25

COMMISSIONER OWEN: Mr Duckworth, I've got three topics I want to ask you about and the first is conflict of interest.

MR DUCKWORTH: Yes.

30

COMMISSIONER OWEN: You remember very early in your exchanges with Mr Feutrill you said you did have a good idea about the concept of conflicts of interest.

MR DUCKWORTH: Yes.

35

COMMISSIONER OWEN: Then, just to see that my understanding of conflicts of interest and yours align, the conflicts of interest can cover a wide range of things. They might be financial, they might be personal relationships, they might be a predilection to a particular approach, very wide-ranging; is that how you see conflicts?

40

MR DUCKWORTH: Yes, and actual and perceived.

COMMISSIONER OWEN: All right. Now, you then said that this was a standing agenda item in the GWC agenda.

45

MR DUCKWORTH: Yes.

COMMISSIONER OWEN: And I've done a random search. I've spent the last five weeks having enormous fun trawling through GWC agenda papers and if you believe that you believe in the tooth fairy, but I've taken a random sample of each year from
5 2010 through to close to the present.

MR DUCKWORTH: Yes.

COMMISSIONER OWEN: And you're right, that item always appears. From 2010
10 until May 2017, the heading of the agenda item is disclosure of pecuniary interest.

MR DUCKWORTH: Right.

COMMISSIONER OWEN: From May 2017 onwards, the heading is "disclosure of
15 any interest". I'm just intrigued as to why that change was made. Was there any discussion, or are you aware of why that change was made?

MR DUCKWORTH: No, I'm not actually, no, no.

COMMISSIONER OWEN: All right, thank you. The next subject is governance,
20 what I would call serious governance issues and I realise there's a value judgment involved in that, but this morning, you have been taken to three separate incidents. One was the 2014 'Four Corners' program, one was the China arrests and one was the 60 Minutes program and the other media allegations around the time.

25 MR DUCKWORTH: Yes.

COMMISSIONER OWEN: The subject matter of the allegations in each of those
30 incidents, would you regard those subject matters as being serious governance issues?

MR DUCKWORTH: Yes.

COMMISSIONER OWEN: All right. Now in relation to each of those occasions,
35 your conclusion of the GWC was what I might call a "wait and see approach".

MR DUCKWORTH: That was correct.

COMMISSIONER OWEN: And this is not pejorative, this is passive.
40

MR DUCKWORTH: Yes.

COMMISSIONER OWEN: As opposed to active. As you sit here now, and to the
45 best of your recollection, can you think of any instance, any example where a serious governance issue which came --- relating to the casino, which came before the Commission was dealt with in an active rather than a passive way?

12:05PM

MR DUCKWORTH: Um, no, there was a couple of conduct issues, but not serious governance issues, no.

5 COMMISSIONER OWEN: And is that because nothing that you would regard as a serious governance issue in that respect came?

MR DUCKWORTH: No, I didn't see any issues that I regarded as serious.

10 COMMISSIONER OWEN: All right, thank you. Now, the last topic I want to deal with you moves into perhaps a more hypothetical area and it relates again to junkets. Now, just to set the scene, I understand your position to be that you appreciated that there was a risk link between junkets and criminal activities such as money
15 laundering, but that the primary responsibility to identify and deal with that risk link lay with other agencies than the Commission, is that right?

MR DUCKWORTH: That was the view I held, yes.

20 COMMISSIONER OWEN: This is a qualified proposition that I'm putting to you. If it be the case, let's make it relatively time-specific, because I'm asking you about your experience on the Commission after 2010, so, after the regulations had been repealed.

MR DUCKWORTH: Yes.

25 COMMISSIONER OWEN: And, let's just take a point in time for the sake of the exercise and say it's Autumn of 2017. If it be the case that a comparative study had been done and that it indicated that in relation to the regulatory oversight of junkets generally, Western Australia had the most lenient system of regulation of any of the
30 jurisdictions in Australia, if that be the case, is that something of which you in your capacity as a member of the Commission would like to have been advised?

MR DUCKWORTH: Yes.

35 COMMISSIONER OWEN: Were you ever advised of any such study as that?

MR DUCKWORTH: No.

40 COMMISSIONER OWEN: And, if there had been, if there had been contact between officers of the department and AUSTRAC about AUSTRAC's oversight of the junket activity in Australia, is that something which you in your role as a member of the Commission would like to have been advised?

MR DUCKWORTH: Absolutely.

45 COMMISSIONER OWEN: And were you, as you sit here now, can you recollect advice given of contact between departmental officers and AUSTRAC about the oversight of junkets?

12:08PM

MR DUCKWORTH: No, I can't.

5 COMMISSIONER OWEN: All right, thank you. Mr Feutrill, is there anything arising from that.

MR FEUTRILL: No.

10 COMMISSIONER OWEN: Mr Sadler.

CROSS-EXAMINATION BY MR SADLER

15 MR SADLER: Thank you, Commissioner, just one question.

Yesterday, you were asked questions by Commissioner Owen in relation to delegations?

20 MR DUCKWORTH: Yes.

MR SADLER: I understand you wish to clarify?

25 MR DUCKWORTH: Yes, I do. Commissioner Owen, yesterday at the end of my session you asked me about delegations and you said you understood that I believed that there was prior discussion in many of the issues which then were delegated, or in the majority of them. Now after, probably because this was almost the last thing in the afternoon, I thought quite deeply about that and my recollection is particularly in the latter years as more things seemed to be delegated that there was probably, rather
30 considerably more issues which were done between meetings without reference to the GWC than there were with reference to GWC. Now, there were still some of the ones which were done after discussion, the type of thing would be there needed to be a communication, a letter or some other communication with an organisation, be it the bookmakers, the casino or whoever stating a request or some points that needed
35 to be made or something arising from a discussion. And the usual thing then was that it would be thrashed out. The conclusion would be, "Okay, we need to send this letter to Fred Smith bookmaker about late payment of his fees or whatever it is and it needs to contain these points specify this date by which we need to hear from him." Okay, organise that and then send it off without bringing it back again to the
40 Commission for final signoff. So, that's what I understood by some delegated items which were, if you like, worked through first, but then rather than saying, "Okay when you've done all that, bring it back next time, we'll look at it again and then if it's okay, it can go." We said, we trust you to put this together as requested and for the sake of expediency and time, action it. So, I sorry I've been rather long-winded,
45 but those were the things that were uppermost in my mind. There's quite a few of those, but thinking in my mind was these sort of agenda sheets and so forth or the minutes and I would say that there were more items delegated predominantly of a very minor matter, I think, of procedural sort of stuff without first saying to the GWC, "Oh, by

12:11PM

the way, we need to do these". But they were listed for review in the next, in the next minutes.

5 COMMISSIONER OWEN: Thank you for that clarification.

MR DUCKWORTH: Sorry to be pedantic.

COMMISSIONER OWEN: Thank you for that qualification.

10

MR DUCKWORTH: Thank you.

COMMISSIONER OWEN: Mr Duckworth, thank you very much for your evidence which has been of assistance to us. And you are now free from the obligations under the witness summons, you're free to go and we will adjourn for 5 minutes or so to allow for a changing of the guards. Thank you.

15

THE WITNESS STOOD DOWN

20

ADJOURNED

[12.12 PM]

25 **RESUMED**

[12.21 PM]

COMMISSIONER OWEN: Thank you. I think we have Mr Radis. Would you come forward Mr Radis, thank you, and could you give us your full name for the record?

30

MR RADIS: Leigh Thomas Radis.

COMMISSIONER OWEN: Do you wish to affirm or take an oath?

35

MR RADIS: I'll take an oath.

LEIGH THOMAS RADIS SWORN

40

EXAMINATION-IN-CHIEF BY MS SEAWARD

45 MS SEAWARD: Mr Radis, you received a witness summons to attend at this Commission?

MR RADIS: Yes, I did.

MS SEAWARD: As part of that summons there was a witness statement for you to consider?

MR RADIS: Yes, there was.

5

MS SEAWARD: There should be a document in front of you on the table. Does that look like a copy of your witness statement you prepared for the purposes of this Royal Commission?

10 MR RADIS: Yes, it is.

MS SEAWARD: The front page is dated 25 May?

MR RADICH: Yes, it is.

15

MS SEAWARD: There are 21 pages?

MR RADIS: Yes, there is.

20 MS SEAWARD: And 64 paragraphs?

MR RADIS: Yes, there is.

MS SEAWARD: And I think there were two small typographical corrections you would like to make. If we start in paragraph 1.

25

MR RADIS: Yes.

MS SEAWARD: I think your precise job title is slightly incorrect. Can you just explain which word needs to be altered?

30

MR RADIS: The title is the manager of industry regulation and education for liquor and gambling, so if we remove "employment" and put "education".

MS SEAWARD: In the first line there, it looks like there might have been a typographical error. Which word needs to be removed?

35

MR RADIS: Yes. Commission, so just GW Commission's responsibility.

MS SEAWARD: So ultimately it was the GW Commission's responsibility?

40

MR RADIS: That's correct.

MS SEAWARD: So, with those two amendments, is the contents of this statement true and correct to the best of your knowledge and belief?

45

12:23PM

MR RADIS: Yes, they are.

5 MS SEAWARD: I tender the witness statement of Mr Radis, which is
DLG.0001.0006.0002_R.

10 COMMISSIONER OWEN: The witness statement of Leigh Thomas Radis dated 25
May 2021 bearing the document identifier number that Ms Seaward has just read out
will be admitted into evidence as an exhibit. Thank you. Now, Mr Sharpe.

**EXHIBIT #DLG.0001.0006.0002_R - WITNESS STATEMENT OF LEIGH
THOMAS RADIS, DATED 25 MAY 2021**

15 **CROSS-EXAMINATION BY MR SHARPE**

20 MR SHARPE: Mr Radis, just to clarify your current job title is manager of industry
regulation and education for liquor and gambling?

MR RADIS: That's correct.

25 MR SHARPE: If we can call up GWC.0002.0002.0013. The document that I'm
calling up is position details for manager liquor and gambling regulation. I just want
to ask you about whether this is the job description, which applies to you now. Sorry,
we'll just wait till it comes up.

30 MR RADIS: Yes.

MS SEAWARD: While we're waiting for that, it was pointed out I gave the wrong
document reference number for the witness statement. Can I just perhaps clarify it's
DLG.0001.0006.0001_R.

35 COMMISSIONER OWEN: Thank you. I thought perhaps when you referred to
two, it was because there'd been a substituted ---

MS SEAWARD: No.

40 COMMISSIONER OWEN: The admission of that document as an exhibit is to be
altered accordingly. Thank you, Ms Seaward. Is that document simply not coming
up?

45 MR SHARPE: I'm not sure what the problem is Commissioner.

COMMISSIONER OWEN: Can you move to something else, and then come back
to that?

MR SHARPE: In your witness statement at paragraph 5, you state that you were:

5 *last appointed as government inspector (Inspector) pursuant to section 9.1 of the Casino Control Act on 2 March 2012.*

Did you have previous appointments as a government inspector pursuant to section 9(1) of the Casino Control Act?

10 MR RADIS: Yes, I believe so. It was our identifications got updated and it meant we got new cards, so that obviously got resigned and that was the last date.

MR SHARPE: And when was the first date that you were appointed?

15 MR RADIS: I couldn't tell you offhand but it would have been ---

MR SHARPE: What was the year?

20 MR RADIS: It would have been the year that I commenced as an inspector, which I think would have been in 2004.

MR SHARPE: So just going through your witness statement, you said that at paragraph 6 you said that you were:

25 *seconded to the Office of Racing, Gaming and Liquor as an Acting Inspector in the Operations Division.*

Did that include any casino work?

30 MR RADIS: At that time, I wasn't introduced to casino regulation, it was as I became a substantive shift inspector, that was when I received that appointment under 9(1).

35 MR SHARPE: So then when you were an inspector level 3 in the operations division from June 2002 to February 2004, did that include any casino work?

MR RADIS: No, it did not.

40 MR SHARPE: No. So when you became shift inspector level 4 in the compliance division from March 2004 to January 2008 that included the casino work?

MR RADIS: Yes.

45 MR SHARPE: And you then continued doing inspection work through till 2008, or did you continue after 2008 doing inspection work?

MR RADIS: No, then I was successful in gaining a position as a senior inspector, compliance, my role as inspector ceased and I didn't perform audits and inspections

from that day onwards.

MR SHARPE: So you were an inspector of the casino from 2004 to 2008?

5

MR RADIS: That's correct. It was also conducting inspections of the liquor industry, wagering industry and community gaming as well as casinos. So, there were four industries in which I was involved in as a regulator.

10 MR SHARPE: And did you ever receive any formal training about regulating casinos --- in the regulation of casinos?

15 MR RADIS: The training was in-house training from staff from experienced inspectors. I was fortunate to have some training from a very experienced day one casino inspector. She was very thorough and that is --- it would have been --- she's now recently retired over the last years, but she was a very good trainer.

20 MR SHARPE: And from 2004 to 2008, how many inspectors were there that would inspect the casino?

25 MR RADIS: From that period, if I can remember, we had, I think, between 18 to 21 inspectors on our roster and we would perform, there were two shifts at the casino every day. Our shifts were essentially 10-hour shifts, well, nine and a half hours. They were called a day shift and a night shift. So you would perform generally two day shifts and then two night shifts and every day of the year.

MR SHARPE: So there would be two inspectors there for the day and three inspectors there for the night?

30 MR RADIS: No, sorry. There was one inspector who was on the day shift and then at 5.30 or 5 o'clock the night shift would commence, there'd be a half an hour where you'd do a bit of a handover and a bit of a chat and discussion and the night shift would work till 3 am. So it was really one during the day and one in the evening.

35 MR SHARPE: And what were the tasks that the inspector would perform at the casino?

40 MR RADIS: There were various tasks. Our focus really around two things and that was around ensuring that the various controls and processes in place in regards to the collection of gaming revenue was recorded appropriately for the purposes of calculating casino tax. Mainly the day shift inspector, that role provided a lot of focus around those matters, in particular attending the count rooms to do the two counts, the hard count, the soft count, the buys and we had an independent software database then where we would record after collecting various financial
45 documentation from the casino licensee and enter that data into our software base and perform the task of making sure they were balanced for that trading day. The night shift would then come on and then confirm the figures that we would enter in our independent database. So, there was a checker and that was part of the night shift's

role. The other side of our role was to ensure that the integrity of gaming itself was conducted in accordance with the numerous rules and regulations that were in place. So, they were the two broad terms, roles that we had. We also dealt with matters of disputes that occur on the gaming floor. The casino directions required the casino licensees during surveillance to advise us of any unlawful, suspected unlawful activities that might occur and they would contact the on-duty government inspector and notify us and we would deal with it as appropriately as we could. And that was, obviously, within the realms of what our powers gave us under the Casino Control Act and the Gaming and Wagering Commission Act.

MR SHARPE: You mentioned disputes there, what were the kind of disputes that you might deal with?

MR RADIS: Patron player disputes, essentially. If they were having an argument about something that occurred on the table in regards to questioning a rule and generally casino staff would try to resolve these matters, but there were times where they'd ask for the government inspector to be that person to, you know, step in, examine the footage and give some advice in regards to the outcomes. So, that was at that a time when we were there obviously every day bar that little gap in between after 3 am, where I guess it was intrinsic with the casino licensee and their staff that they knew that a government inspector was on duty and part of that role was to comply with the directions was to notify us. So we always had that role and they always knew whether it was security surveillance or gaming staff, that we were there.

MR SHARPE: And you've said there was one inspector on day shift and one inspector on night shift. That is correct?

MR RADIS: That is correct.

MR SHARPE: And did you consider that that staffing was enough time to do the tasks that were required to be performed at the casino for regulation at that time?

MR RADIS: I believe so. As a minimum, yes.

MR SHARPE: And was there any other oversight of the casino other than the two inspectors, so the day inspector and the night inspector, was there any other oversight by the regulator at that time?

MR RADIS: Well, there was a regulatory team which was separate to the inspectorate that had a role within the department and their role was mainly around the calculations of casino tanks and other processing of amendments to rules and procedures. That's going back some time, yes.

MR SHARPE: And so just to clarify, you said there were about 18 to 21 inspectors engaged by the department at that time, but one would be at the casino in the day and one at the night and then the others would be attending to other matters on behalf of the department. Is that right?

MR RADIS: That's correct, yes.

MR SHARPE: Right, well I'll just take you back to the first question that I was
5 asking you about. If we call up GWC.0002.0002.0013. This is a document entitled
"Position details for Manager Liquor and Gambling Regulation." It's got an effective
date you'll see of 25 May 2020. The purpose of the position is said to be the:

10 *Leads and manages a team of inspectors within the Compliance Division to:
Ensure the effective and efficient regulation of the Gambling and Liquor
industries by allocating resources in accordance with identified risk.*

Is this the details that apply to your position now?

15 MR RADIS: 13819, that is my position.

MR SHARPE: Sorry?

MR RADIS: If you look at "Manager Industry and Sector Regulation, Inspector X
20 10", that is my position even though --- I know it might sound different to what my
current title is, it's just my delegations that I have under the Liquor Control Act are as
the title I have now. That's the title.

MR SHARPE: So just to clarify. Your reference to 13819, that's the position you
25 report to?

MR RADIS: That's --- I manage those ten inspectors --- well, there's 12 at the
moment. So my title is, as I said in my statement and that's, because the delegation
of powers that I was given under the Liquor Control Act are at that title, so that title
30 I've remained in case I have to deal with prosecutorial matters, so I've remained with
that title despite what it says in that document. I hope that's not too confusing, but ---

MR SHARPE: So, just to clarify, the position number in the top right, that's your
position number? No?

35

MR RADIS: Well, that may have been previously.

MR SHARPE: What I'm seeking to understand is this document has a position
number of 13921, but under --- scroll down, please --- but under "Reporting
40 Relationships" has "Reports to 13819 - Manager Industry and Sector Regulation".
Are you saying you are 13819?

MR RADIS: Because the positions reporting to this position, the inspectors report to
me.

45

MR SHARPE: I think that ---

MR RADIS: Yes?

5 MR SHARPE: My understanding of what this reporting relationship is conveying is that this position --- can we scroll down and show the whole page, please? This position of manager liquor and gambling regulation, the reporting relationships for that position are that there are ten inspectors reporting to that position of manager liquor and gambling regulation and that the position of manager liquor and gambling regulation reports up to the manager industry and sector regulation.

10 MR RADIS: There is no manager industry and sector regulation, I report directly to the director. There is only one manager which is me and I report to a director.

15 MR SHARPE: So, do you understand that this position detail statement applies to your position, or do you understand that it does not apply to your position?

MR RADIS: Well, my title isn't there.

20 MR SHARPE: So it's unclear whether this applies to your role?

MR RADIS: It would be unclear, but reading the purpose, it sounds very much like my position.

25 MR SHARPE: Commissioner, I tender that document GWC.0002.0002 .0013, the position title for Manager Liquor and Gambling Regulation dated 25 May 2020.

COMMISSIONER OWEN: That document is admitted as an exhibit.

30 **EXHIBIT #GWC.0002.0002.0013 - POSITION TITLE FOR MANAGER LIQUOR AND GAMBLING REGULATION 25 MAY 2020**

35 MR SHARPE: Can I next call up GWC.0002.0002.0051. This is the job description form for the director industry regulation and education. Is that the job that you report to? Is that the position you report to?

40 MR RADIS: Yes, yes, that is. But yes, the level 8 is the director I report to, but that particular title is the role of Peter Minchin. He is the director that I report to.

MR SHARPE: So that's the ---

45 MR RADIS: Well, his title is director liquor control and arbitration, to confuse things even more.

MR SHARPE: In that document --- sorry, just to get the date of this document --- the date of that document is at page 5. Can we go to page 5, please? So, this is signed by the Director-General on 23 June 2017.

12:41PM

MR RADIS: Right.

5 MR SHARPE: So, this is a 2017 document. If we can then go back to the first page. At the foot of the page is position supervisor, so that I take to mean position supervised by the director, industry regulation and education.

MR RADIS: That's me.

10 MR SHARPE: Manager, industry regulation and education, level 6. So that's your position?

MR RADIS: Correct.

15 MR SHARPE: So your position is identified in this document ---

MR RADIS: Yes.

MR SHARPE: --- as reporting to that director?
20

MR RADICH: Yes.

MR SHARPE: Can we now turn to DLG.0001.0006.0002_R. I should have
25 tendered this document GWC.0002.0002.0051, the job description form for Director Industry Regulation and Education.

COMMISSIONER OWEN: That document is admitted as an exhibit.

30 **EXHIBIT #GWC.0002.0002.0051 - JOB DESCRIPTION FORM FOR DIRECTOR INDUSTRY REGULATION AND EDUCATION**

MR SHARPE: Can we call up DLG.0001.0006.0002. Thank you. Now, at the foot
35 of the page there's: *Work History. 2017 to present. Manager Industry Regulation & Education - Liquor & Gambling (Level 6).*

And under that is a statement "Key Responsibilities", and can we have the next page,
40 please? Then you've identified five dot points ---

MR RADIS: Yes.

MR SHARPE: --- as your key responsibilities?

45 MR RADIS: Yes, thank you.

12:43PM

MR SHARPE: So, those five you've identified as your key responsibilities in your current role?

5 MR RADIS: Yes.

MR SHARPE: Then, if we can scroll down to 2001 to 2017, you've identified various positions and then stated the key responsibilities and it appears to me that the key responsibilities are identical to the ones that have been stated above. Is that your
10 understanding?

MR RADIS: Yes.

MR SHARPE: And the roles that you've referred to in 2001 to 2017 range from
15 shift inspector, liquor and gambling to manager, liquor and compliance. So I thought I'd clarify with you, which of those roles had with them the key responsibilities which are listed there?

MR RADIS: The first three.
20

MR SHARPE: The first three. So, the manager liquor and gambling, manager compliance and senior compliance ---

MR RADICH: Senior inspector compliance.
25

MR SHARPE: Senior inspector compliance, they all had - --

MR RADICH: Yes.

30 MR SHARPE: So, shift inspector was level 4?

MR RADIS: Yes, very good.

COMMISSIONER JENKINS: Are there now only ten shift inspectors?
35

MR RADIS: At present, 12.

COMMISSIONER JENKINS: At present, 12?

40 MR RADIS: At present we have 12 shift inspectors.

COMMISSIONER JENKINS: And is that the full complement?

MR RADIS: There are some vacant roles, so there's at least two and possibly more
45 to come with retirements that are imminent. And so, we've reduced over the years. From the last count it was 18 shift inspectors when I commenced that role and over that period of time, inspectors had either retired, some took voluntary redundancies

fairly recently and some had just moved to other positions and those positions were never filled. So, they reduced.

5 COMMISSIONER OWEN: Sorry, you said there were 18 when you started in the role. Which role? You've had several.

MR RADIS: As a senior inspector compliance, but it became manager compliance, manager liquor and gaming. We had ---

10 COMMISSIONER OWEN: That's from 2008 then, is it?

MR RADIS: As far as I can remember, we had between 18 to 21 when I was a shift inspector and then from that period, it started to reduce.

15 COMMISSIONER OWEN: And that's the official complement at the moment?

MR RADIS: Active shift inspectors on duty, 12. That's across all industries we regulate.

20 COMMISSIONER OWEN: Yes.

MR SHARPE: I think the Commissioner's question might have been directed to how many positions there are and I might direct your attention on page 7 of your witness statement, you've set out a diagram there that indicates your position and then under it there are 13 ---

MR RADIS: 13.

30 MR SHARPE: --- positions, so there are 13 officially there.

MR RADIS: Yes.

MR SHARPE: But then a note on the left column, four down, it says "vacant".

35 MR RADIS: That's right.

MR SHARPE: So one position's vacant.

40 MR RADIS: Correct.

MR SHARPE: So can I take it that position has been vacant for some time?

MR RADIS: That is correct and that's why we have 12 active, sorry.

45 MR SHARPE: And is there a reason why that position wasn't filled even though there's a position there?

MR RADIS: You'd have to ask my director that question, I don't know.

5 MR SHARPE: So there's 13 positions, but only 12 of those are currently filled?

MR RADIS: That's true and may become less with some imminent retirements.

10 MR SHARPE: Just for the sake of clarity, when you refer to them being a shift inspector as opposed to an inspector, what's the significance of the shift inspector?

MR RADIS: We only have shift inspectors.

MR SHARPE: Okay.

15 MR RADIS: And we have for some time. There are no day shift inspectors, they are all shift inspectors on an ASA agreement.

MR SHARPE: So the significance is they will perform day and night shifts?

20 MR RADIS: That is correct.

MR SHARPE: Now, just turning to the CV, the second dot point you include is:

25 *Development and review of audit and inspection programs across all areas of regulated activity, undertake and coordinate investigations.*

Can I just ask you to explain, what is the difference between audit and inspection programs for casino purposes?

30 MR RADIS: An audit is a more of an in-depth analysis of, you know, a particular casino operation and obviously that may be a financial-based audit, or an audit of the processes and procedures in place. And they're obviously governed by the casinos, the Commission's approved operating manual and procedures and authorised rules. So these audit programs are a bit more extensive to give us, and so we draw to a
35 reasonable level of assurance when we make our decisions as to whether they're compliant or not. And inspection is more of a quick sort of a snapshot of whatever process and procedures that we're examining. It could be a table game audit or a table game inspection to inspections of an electronic gaming machine audit, so a little bit more thorough and detailed.

40

MR SHARPE: And just on those two examples you've given, what would an inspection of a table game be inspecting? What would you be doing?

45 MR RADIS: To ensure that the game is being conducted in accordance with the approved rules and the procedures that apply to it and that the personnel wearing appropriate identification are engaged in trying to conduct and perform that game.

MR SHARPE: And for the electronic gaming machines, what would an inspection

have meant?

5 MR RADIS: The inspection of an electronic gaming machine, essentially the inspector would check for HMAC-SHA1 signatures on the machine itself, the software and we'd check that the theoretical return to player is what is at, that the Commission approved which is at a minimum of 90%, and that's brought up on screen and the inspector verifies that as to what was approved by the Commission at the time for that particular game time, the machine.

10 MR SHARPE: And I'm not sure I quite caught, you referred to a particular type of signature?

15 MR RADIS: HMAC-SHA1 signature. I am not an IT expert, but that is like a significant, a code number, a serial number that relates to that game time, and when the Commission approved that game to be played at the casino before the approval is given, the Commission require through the national standards of gaming machines and the WA appendix that that machine before approval must be tested and audited, inspected by an accredited testing facility. They're essentially experts in gaming
20 technology and they test and run,, EGMs are quite complex in nature, in this really complex algorithm, so the ATFs are qualified to examine that and with their test of the software they came up with these codes, these serial numbers, which are called HMAC-SHA1 signatures. So when the Commission approved these for use, they're put out on the floor, the inspectors have those approvals, because we have the
25 records of what machines are approved and a part of the inspection is to test that they match so when it comes up on screen, we test that software, it should have the same HMAC-SHA-1 signature that was approved by the Commission.

30 MR SHARPE: As part of the inspection audit process, do you inspect or audit Crown's bank accounts or sorry, the casino's bank accounts?

MR RADIS: No.

35 MR SHARPE: And do you audit in compliance with the casino's directions?

MR RADIS: Yes.

MR SHARPE: In what respect?

40 MR RADIS: Well, the directions sits above all the approved, you know, operating manuals and procedures. So, essentially our role is to ensure that the casino licensee complies with those directions, so part of our test role in numerous programs involve provisions in the directions that they must comply with. They are the audit and inspection programs that we do.

45 MR SHARPE: And when you've discussed --- in your CV you set out that you develop and review audit and inspection processes. Can I first ask you, how do you go about developing audit and inspection processes?

MR RADIS: Okay. What would happen at the time --- I think it was 2015 when the decision was made by the Commission to pull the inspectors out of the casino and have a different strategic approach to regulating the casino --- one of those processes
5 involved well, the strategy was that the strategic regulation team was three officers of that team who two of which were ex-casino gaming inspectors, were tasked with specifically developing audit and inspection programs going forward and that was a collaborative effort between the regulatory services team, those three officers and myself and inspectors. So, when audit and inspection programs were developed by
10 the regulatory service team, what they would generally do is we would get a draft of it and I would have an inspector, give it a road test and we'd check it out and then if there were changes or adjustments that needed to be made to the program we can make that. So it was a bit of a collaborative effort. It was ongoing, because these inspection programs and audit programs over time need to be updated and adjusted
15 as things change. So, it was a collaborative effort between the operations division for compliance and the regulatory services team, but they oversaw and took ownership of that. But we certainly had a hand in assisting in developing those, but the reg team mainly had management of that.

20 MR SHARPE: My second question was going to be, how did you go about reviewing audit and inspection programs, but you might have already covered part of that, but if you'd like to elaborate.

MR RADIS: Yes. Well, I guess the review is the ongoing review to see if it was still
25 current or relevant, because the casino obviously has technological changes over the years where, you know, it develops so fast when there's changes to software or changes to processes where the audit and inspection program might not be relevant to a specific test. So part of that review is to say if there was an amendment to a procedure that was recently made, that might mean that we may have to amend the
30 test in the audit or inspection program to fall in line with whatever that approval was. So, that was part of that review.

COMMISSIONER OWEN: Sorry, Mr Sharpe, you started by saying this occurred in
35 2015 when the decision had been taken to pull the inspectors from the floor. So, can I take it that there were already programs, but you were really because of the new reality, you were effectively starting again?

MR RADIS: Yes, that's fair to say. Look, it may have been 2014 into 2015 when
40 that development started of starting new and afresh with a whole look at how we do our roll-out there from a regulatory perspective. There were previously inspection programs and programs that existed, but a part of this new change was going forward, was reviewing and creating new audit and inspection programs in line with the strategy.

45 MR SHARPE: If there's no further questions on that dot point, I'll move to the next dot point. The next dot point is:

Identify regulatory risks and develop appropriate risk treatment plans.

So, what's the process for identifying regulatory risks?

5

MR RADIS: Okay. When I took over in that role with my current position in the work of the reg services team, which I discussed, when that was under way, the whole plan was --- and it was taken up --- where we would meet on a monthly basis, officers from compliance, myself and my director, director from the licensing
10 division and director from the regulatory service division and the Deputy Director-General. We would meet monthly and we would examine the outcomes of all the audits and inspections that were done for that month. We maintained a compliance activity frequency chart and also, an activity register where all the inspectors would enter the outcomes in short summary of all the audits and inspections done. That
15 wasn't just for casino, that was for wagering committee, community gaming and liquor, and we would analyse that data or the outcomes of all those inspections and audits and that would give us an indication as to whether there were matters of non-compliance or fully compliant and that's where we would find if there were areas where there was non-compliance, that's where we would target that might be more of
20 a risk and it might be, if it was an audit that we conducted once a month, it might mean that we might need to change that frequency to perhaps do it weekly or fortnightly or every day depending on the seriousness of it. So, that was part of identifying what potentially were high risk was based on the outcomes of the audits and inspections that we performed.

25

MR SHARPE: Commissioners, that might be a convenient time.

COMMISSIONER OWEN: Thank you. We will resume at 2 pm. Thank you.

30

ADJOURNED

[12.59 PM]

35

RESUMED [2.00 PM]

COMMISSIONER OWEN: Thank you. Please proceed, Mr Sharpe. At about 3.20 or so, let me know how you're going and we'll make a plan.

40

MR SHARPE: Thank you, Commissioner.

Now Mr Radis, in your witness statement at paragraph 39, you made reference to:

45

In 2017, a Compliance Activity Frequency Chart was created by the Regulatory Services Division and operational from October of that year.

I'm going to call that document up. It will only be visible to you and the Commissioners, because it's a potentially sensitive document. Do you have that in

front of you?

MR RADIS: Paragraph 39?

5

MR FEUTRILL: Call up GWC.0001.0007.0209_E0001. Is that the document you're referring to at paragraph 39 of your witness statement?

MR RADIS: Yes.

10

MR SHARPE: And just before lunch, you were referring in your evidence to a process of conducting activity-based reviews.

MR RADIS: Yes.

15

MR SHARPE: If I recall correctly, and is this the document which you used as the basis for those reviews?

MR RADIS: That's one document. There are two.

20

MR SHARPE: And what was the other document?

MR RADIS: The other document is our risk category compliance activity sheet which is used by the inspectors to enter the date, the type of audit and the outcome of such with a brief commentary and a risk franking from zero to three. That was used in conjunction to the compliance activity frequency model.

25

MR SHARPE: And, how did they interact, how did you use them together?

MR RADIS: Well, when we would have our monthly meeting, we would examine what we did for the month and the outcomes of those audits which were in that spreadsheet and if it looked as if we'd done pit operation audits, for example, if there were areas where they were non-compliant we would perhaps consider focusing to conduct more of those and obviously, interact with the casino licensee to get them compliant. And in the other areas where they were compliant, we would look at adjusting the frequencies to say maybe we don't need to do that weekly, perhaps doing that either fortnightly or monthly. So, they were the two spreadsheets that we would examine in those monthly meetings.

35

MR SHARPE: And so that was developed in 2017. Has that continued to be used?

40

MR RADIS: I have maintained that to date.

MR SHARPE: And, does the list of audit and inspection programs in that document which is in front of you, is that an exhaustive list of the audit and inspection programs in respect of the casino? Is that all of them?

45

MR RADIS: That's all of them in respect of the casino.

MR SHARPE: And you recall before lunch we came to this topic through discussion of regulatory risks and how does the identification, how did the identification of regulatory risks inform the development of this model?

5

MR RADIS: That would have been through discussions in planning through the regulatory services division, um, as I said earlier, there were three officers within that division that their role was to design this frequency model chart and the audit inspection programs that went with it and I would assume as part of that process was assessing risk.

10

MR SHARPE: And ---

MR RADIS: As to controls in place.

15

MR SHARPE: And taking a further step back, what are the risks that are identified which are then fed into this model or lead to this model?

MR RADIS: Well, essentially, our focus, our role was to essentially, the two roles which I spoke of earlier, was to ensure that casino gaming revenue was accurately recorded and reported for the purposes of calculating casino tax and the other part of that was ensuring that all of the processes, procedures and the operations of casino licensee and their staff were in accordance with those rules and procedures in the operating manuals.

20

25

MR SHARPE: And, can I take you back then to your CV. At dot point 3:

Develop and identify regulatory risks and develop appropriate risk treatment plans.

30

What are risk treatment plans?

MR RADIS: I didn't have any involvement in that for these programs.

35

MR SHARPE: Okay.

MR RADIS: Yes.

MR SHARPE: Are you able to describe what they are generally though, even if you didn't do them yourself?

40

MR RADIS: Risk treatment plans would be obviously you could look at specific areas of risk if we're talking about casino revenue, identifying where there possibly could be risks, where there could be failures in reporting and recording. So particularly from, you know, the table through the dropbox, through to count, through to cage, to make sure that all those risks were at a level that would be satisfactory. And if there were areas where we identified that that risk is potentially averse, then

45

we would look at a control to stop that.

MR SHARPE: And when you say "look at a control to stop that" ---

5

MR RADIS: We would --- sorry.

MR SHARPE: - - - how would you do that?

10 MR RADIS: Well, it could be, well, clearly we'd communicate with the casino licensee, but it may mean making suggesting amendments to the procedures manual or what have you, that would plug that gap.

15 MR SHARPE: Turning then to the fifth dot points of your CV which is now back on the monitor. You refer to:

20 *Consultation and liaison with WA Police, Senior Officers of Racing & Wagering WA, Lotterywest, licensed bookmakers, liquor licensee's, Senior Officers from Crown Casino, community gaming operators and other key stakeholders.*

Who were the other senior officers from Crown casino that you would consult and liaise with?

25 MR RADIS: Okay, well mainly or at present, I deal with Sasha Grist and she's in the legal services team. Prior to that, I liaised with Paul Hulme and Claude Marais over matters of compliance from time to time.

MR SHARPE: And so, you say this was in respect of matters of compliance.

30

MR RADIS: Mmm-hmm.

MR SHARPE: Can you give an example of the kind of matters?

35 MR RADIS: If we identified an area of non-compliance and we asked for an explanation or a "please explain" so to speak, if it was a breach of procedures we would go through Paul and, um, get him to report back to us and obviously that, depending on the nature of it, it may also require us to speak to the applicable casino employee who may have been the person who breached that procedure or rule. At
40 present, I deal mainly with Sasha Grist from Crown.

COMMISSIONER JENKINS: Sorry, that is Sasha?

MR RADIS: Grist, G-R-I-S-T.

45

COMMISSIONER JENKINS: Thank you.

MR SHARPE: Then moving to the key achievements section which is just below

the third dot point:

5 *Developed specific audit & inspection programs in relation to the regulation of
the casino licensee.*

MR RADIS: Yes.

10 MR SHARPE: That what we've already been discussing or is there any further to
what we have been discussing?

MR RADIS: Nothing further.

15 MR SHARPE: Nothing further. If you can go to page 3 under "Skills and
Abilities", "The development of a risk-based compliance response" --- that's what
we've already been discussing. Is there anything further to add?

MR RADIS: Nothing further to add.

20 MR SHARPE: I'd like to move more now to the general workings of the
inspectorate over time and in particular, since 2015. So I understand you've
essentially been managing the inspectorate since 2012; is that correct?

25 MR RADIS: Yes, that would be correct. I'd need to check ---

MR SHARPE: Yes, please do.

30 MR RADIS: --- if you don't mind, just to be specific. Yes, that's correct. Since I
became a senior inspector from 2008, I had management over the inspectors, but I
shared that management with two other senior inspectors at that time. I specialised
in racing, or wagering and community gaming and then I rotated into the position of
senior inspector compliance liquor. That was the period between '08 to 2012.

35 MR SHARPE: So in that period, did you have responsibility in respect of casinos at
all?

MR RADIS: No.

40 MR SHARPE: And then from 2012 to the present day, you have had responsibility
for the casino inspection, managing casino inspection; is that correct?

MR RADIS: That period, I believe was still in relation to wagering, racing and
community gaming and ---

45 MR SHARPE: So, just to be clear, you're saying that the 2012 to 2015 period was
still in respect of casinos or was ---

MR RADIS: Up until --- well, I can't be specific about the years, but certainly at the

latter end of 2015, that's when that change started where those positions, we had a lot of restructures and rethinks during that period, so it's a little bit --- I can't be certain as to the specifics during that period. It did change, but because I had the period
5 where I was licensing and compliance as well. But certainly from 2015 marked a specific chapter.

MR SHARPE: And so, in particular, from the time in 2015 that you referred to in your witness statement --- in paragraph 21 of your witness statement in August 2015
10 there's a change in the inspectorial presence at the casino, were you managing the inspectors prior to that change in August 2015? Had you started before that?

MR RADIS: I was always managing inspectors, yes. So in 2015, that pivotal change, I assumed that role of managing the inspectors in solo in that position across
15 all those industries.

MR SHARPE: My question is: Prior to August 2015, did you have management responsibilities in respect of the inspectors inspecting the casino?

MR RADIS: I don't believe so. I did, but I couldn't be specific as to the dates as to
20 when that started, but um, it may well have been from 2014 leading into 2015.

MR SHARPE: Did you have an awareness of how the casino was being inspected in the lead-up to that change in August 2015?
25

MR RADIS: I had an awareness, because I was with fellow managers where we would discuss things, but generally, I didn't have a direct role as a compliance manager for casino operations.

MR SHARPE: Until that change happened in August 2015?
30

MR RADIS: I can only approximate about the year.

MR SHARPE: So at paragraph 21 and 22 you refer to the change from the 20.5
35 hours a day inspectorial presence to that 20 to 30% of the work inspectors being to do with the casino now; is that from your statement correctly?

MR RADIS: That's correct.

MR SHARPE: And is that a decrease in the amount of time that inspectors were spending in the casino?
40

MR RADIS: Yes.

MR SHARPE: And by how much? What sort of magnitude of a decrease was it?
45

MR RADIS: At least --- prior to the 20 hours a day, I'd say it's probably decreased. It's probably around 40 to maybe 50% prior.

MR SHARPE: And you may have already covered this to some extent, but how did the nature of the inspectorial role, audit and inspection, change around that time?

5 MR RADIS: How did it change?

MR SHARPE: In response to the decrease in resources, how did things change?

10 MR RADIS: Well, clearly, by pulling out of the casino having that presence there was quite a fundamental change to how we conducted our compliance activities out there. It was quite a gigantic change as far as WA casino regulatory work. And, that meant that at that time with the inspectors with the various inspection and audit
15 programs that we have that not just in relation to casino, but also in relation to the other industry to regulate, it was trying to get that balancing act of still having effective carriage out there by attending the casino to perform the audits and inspections that I had allocated to be done. So that required a lot of change in adjusting to have to get those tasks done in order to meet our approved performance indicators.

20 MR SHARPE: In your view, has the removal of the dedicated inspectorial presence in 2015, has that detrimentally affected the ability to regulate the casino?

MR RADIS: In my opinion, yes.

25 MR SHARPE: And, in your opinion, would it be a more effective regime of oversight if the permanent inspectorial presence was reinstated?

MR RADIS: Yes.

30 MR SHARPE: At paragraph 23 of your witness statement, you refer to:

From approximately January 2017, I made specific roster shift amendments to require Inspectors to perform a shift (9.5hrs) at the Casino.

35 What was the purpose of making that change?

MR RADIS: As I said in my statement, resource permitting, I wanted to have coverage there and there were two main reasons that I wanted to do that. Firstly, every month I allocate the audits and inspections via the frequency chart. And
40 obviously, I also allocate liquor inspections, racing inspections and so on. And it was the inspector's responsibility to then, you know, manage their time to go out there and do the casino audits and at the end of the month when I'd go to report to the Commission and collect my statistics of what we'd achieved for the month, I would see that it was getting hard to achieve those targets and for that reason, I then decided
45 that I'd rather roster the inspector out there so when they were out there they did the job that I allocated to them. The second part of why I did that was I just wanted to have a little bit more of a physical presence out there.

MR SHARPE: And you had attached your roster document to the witness statement, so can we call up DLG.0001.0006.0003? Are you able to just talk me through how this roster can be interpreted?

5

MR RADIS: I can. There are two vacant lines, as you can see. Well, if you look at the legend in the codes the day shift commences at 7.30 and finishes at 17:30. The L represents what we call a lotto shift because we are contracted by Lotterywest to do a nightly audit and that's from 10.30 to 20:30. An M shift is 12 midday to 10 pm or 10 22:00. An A shift is from 14:00 to 24:00. An A1 shift is from 16:00 to 02:00. If we look at the roster and look at those shifts coloured in green, green indicates your shift is at the casino.

MR SHARPE: And so when you're talking about a shift being a nine and a half 15 hour shift, what time of the day would that nine and a half hour shift be?

MR RADIS: Well, okay, if you look at 30 April, the D, which is in green, is from 07:30 to 17:30. If the green, if it was an M in green that would be from 12 midday to 10 pm. The same would go for an A. So, when the inspector looks at the roster and 20 if he sees it's highlighted in green, then that means he would conduct his shift out there at the times that are specified in the legend.

COMMISSIONER JENKINS: So, what is A again?

25 MR RADIS: An afternoon shift, which is from 2 pm till midnight.

COMMISSIONER JENKINS: Thank you.

MR SHARPE: So, for those shifts, would the inspectors report to the departmental 30 officers and then go to the casino, or they go directly to the casino?

MR RADIS: They go directly to the casino. They start and finish their shift there.

MR SHARPE: And, what resources are available to the inspectors at the casino? 35

MR RADIS: We have an office there that's specifically for our use. Access is only for inspectors.

MR SHARPE: And what does the office contain? 40

MR RADIS: General office stationary, our office department computers and access to the cameras and surveillance cameras.

MR SHARPE: And in practical terms, do the inspectors stay in the office, or do 45 they go outside of the office, or how do they conduct their duties?

MR RADIS: Well, most of the audit and inspection programs preferably you go out

on the floors, but it also means that you may have to go out to certain offices within Crown, particularly if it's an audit in relation to, you know, revenue and you meet particular casino staff to obtain information for your audit and inspection and some of the inspections can also require you to use the camera equipment, the CCTV surveillance to examine gaming activities.

MR SHARPE: Commissioner, I tender DLG.0001.0006.0003 which is the inspectors' roster from 30 April 21 to 13 May 21.

COMMISSIONER OWEN: That document is tendered and did you tender the Excel spreadsheet?

MR SHARPE: To my understanding it's already been tendered.

EXHIBIT #DLG.0001.0006.0003 - INSPECTORS' ROSTER FROM 30 APRIL 2021 TO 13 MAY 2021

COMMISSIONER JENKINS: Do you intend to move away from this document, Mr Sharpe?

MR SHARPE: I was going to.

COMMISSIONER JENKINS: Could I ask a couple of questions about it? So why would you have five inspectors rostered at the casino on one day? And I see that's also an EGM day?

MR RADIS: That's right. That was a day that the casino was closed due to COVID and that was a good opportunity for me to have a group of inspectors perform audits and inspections on electronic gaming machines on that day. It's a rare and unique opportunity to perform a lot of work whilst the casino's actually closed. It allows us that ability to go and do a fair amount of work in a day. And, that was just before reopening.

COMMISSIONER JENKINS: So, on a week where the casino was operating ---

MR RADIS: Mmm-hmm.

COMMISSIONER JENKINS: --- how many days of that week would you have an inspector at the casino for a day shift?

MR RADIS: I would try, resource permitting and dependent on what our priorities were, I would try to at least have nine and a half hour coverage per da, one inspector.

COMMISSIONER JENKINS: So that could be at any time in the 20-hour period, or ---

MR RADIS: That's right. It could be a day shift, an M shift or an A shift or even an A1 shift.

5 COMMISSIONER JENKINS: Of that nine and a half hours --- you may not be able to answer this question --- but in that nine and a half hours, how many hours or minute would that inspector simply be looking at the cameras, for example, monitoring activity just generally?

10 MR RADIS: They could spend --- it depends on the type of audit or inspection that they're allocated. They could spend up to 30 to an hour to over perhaps.

COMMISSIONER JENKINS: 30 to an hour, so 30 minutes to an hour?

15 MR RADIS: Half an hour to hour depending on the audit or inspection program they were looking at. They had the ability to go out onto the main gaming floor or any gaming floor and visibly watch casino gaming activities. And some of our audit and inspection programs weren't in relation to gaming activity which would require us to look at CCTV coverage. It might be an audit that's based around casino gaming
20 revenue. So there wouldn't be a need to look at general coverage.

COMMISSIONER JENKINS: We've heard from another witness that inspectors weren't encouraged to go into the international gaming rooms, because the presence of a government inspector was not appreciated. Do you know anything about that, or
25 not?

MR RADIS: No, I can't really comment about that. I don't --- there was talk about, I guess, in having the government inspector perhaps, you know, in a private salon probably wouldn't go down well with the casino licensee. But I've never heard that
30 officially.

COMMISSIONER JENKINS: But on the other hand, there's no particular direction to inspectors to make sure that they do go into those rooms regularly?

35 MR RADIS: There is no direction.

COMMISSIONER JENKINS: Thank you, Mr Sharpe.

MR SHARPE: Then, into a letter that you wrote, Mr Radis. I'll call up
40 GWC.0001.0003.0005. This is a letter dated 1 February 2018 from Mr Radis in the capacity of acting director, industry regulation and education - racing, gaming and liquor to Mr Preston executive general manager, legal and corporate services, Crown Perth and in particular, could we pop out the third paragraph, please? So, I was just going to ask you about why you've written this letter, and why you've made this
45 request.

MR RADIS: Okay. Again, after, when I explained previously about I'd made that

decision to roster an inspector at the casino, following from that, what Crown's process is in regards to meeting the directions is that Crown would provide us every morning with what's called the daily surveillance reports and that's by email and that's an actual physical report that surveillance prepare, Crown, and it records and identifies any activities that happen for that particular trading day, any matters of non-compliance that were noted by surveillance and security, any suspected illegal activities. So, that would be reviewed the following day. And when I increased the frequency of inspectors being out there I saw fit that it was important as I said before, to have a presence out there. I wanted casino staff or employees to know that a government inspector was back out on the floor. Following from that, the letter I wrote was purely because when we would read in the surveillance reports the next day of a matter such as a cheating offence that had occurred on a table, or a person who was barred from entering the casino under the Casino Control Act, had entered whilst barred, they're matters of which inspectors are authorised and empowered to deal with at the time. And what was happening was prior to the inspectors being sort of reinserted out there with those shifts, I could have --- I had an inspector there for one day and the next day you'd read in the surveillance report that there was a cheating matter and all that time, I had an inspector that was in the office doing an audit or in the offices of Crown and it just seemed silly to me to not deal with it then and there. So I decided that I would instigate that and what that means is when an inspector commences their shift, they email both security and surveillance and they advise them that they are on shift from a start and finish time and they are to contact them on their government mobile phone of any of the activities that I've suggested in the letter. So, that way, if a cheating matter occurs or collusion or a barred person, for example, the inspector can be called upon and can deal with it promptly and that could be by way of a caution or an infringement notice if that's the case.

MR SHARPE: I tender GWC.0001.0003.0005 being a letter from Mr Radis to Mr Preston dated 1 February 2018.

COMMISSIONER OWEN: That document is submitted as an exhibit.

EXHIBIT #GWC.0001.0003.0005 BEING A LETTER FROM MR RADIS TO MR PRESTON DATED 1 FEBRUARY 2018

MR SHARPE: Turning then to paragraphs 49 to 51 of your witness statement Mr Radis, you refer to a change in tax auditing software and in summary, you refer to the RG system which was in place up until 2015 and that was retired in 2015 and a new software program titled Navigate was used. Why was the change from the RG system to the Navigate system implemented in 2015?

MR RADIS: I wasn't part of that process. That was at director and corporate exec level, but my limited understanding was they wanted to have a unified system and I think prior to that we had the RG system, another system called LLS, which dealt with liquor. So, we had different systems, so the decision was made for various

reasons that we needed a unified system that would be a one-stop shop for all our industries.

5 MR SHARPE: And at paragraph 51 you make the comment that Navigate, the new system:

Navigate was not designed to independently calculate payable casino taxes.

10 Do you consider that's a deficiency in Navigate as compared to the RG system?

MR RADIS: Yes, I do.

15 MR SHARPE: And how would you see that that could be remedied, that deficiency?

MR RADIS: Design a system to do exactly what it used to do in the previous one.

20 MR SHARPE: In your witness statement at paragraph 24 you refer to a report of the Victorian Auditor-General titled "Regulating Gambling and Liquor" published in February 2017. I'll call up that document. PUB.0004.0008.0001. Is this the report you're referring to?

25 MR RADIS: Yes.

MR SHARPE: Why do you refer to the report in your witness statement?

30 MR RADIS: Because I think there were some similarities there in how VCGLR operated their casino regulatory regime as to WA, so

MR SHARPE: Perhaps if we can go to page 13, there's a section titled "Compliance" and under "Compliance", the second paragraph there, can we pop that out? I'll just let you read that, Mr Radis. Perhaps in fairness I should ask you, have you had the opportunity to read this report before?

35

MR RADIS: Back then.

MR SHARPE: Back then?

40 MR RADIS: Yes.

MR SHARPE: The question I have really is just a reflection upon this observation and whether you consider that the Western Australian system is sufficiently risk-based?

45

MR RADIS: I do believe that there was definitely some sufficiencies there, however there was always certainly room for improvement and clearly there is so at that time in assessing and it was also I think --- and I could be wrong --- but at that time

VCGLR also pulled out of having an inspectorial presence. I could be wrong, but that was a major focus and highlight for me.

5 MR SHARPE: Yes, well perhaps we can --- sorry, just so I'm clear, did you consider at the time when you reflected on it that the Western Australian system could be more risk-based?

MR RADIS: There was always potential for it to be, yes, more than it was.

10

MR SHARPE: And did you take steps to make it a more risk-based system?

MR RADIS: Well, as I said, it just so happened that I'd made some of those changes to the team and our presence out there and it just so happened to coincide with that VCGLR report roughly. So, because talking to inspectors in team meetings and that, obviously you know because it was such a major shift to pull out of the casino, you know, required a lot of rethinking about how we can regulate it effectively. So, that was why I made some of those changes. But clearly whilst the regulatory service team, the work that was done to I guess have a fresh start at all the new audit and inspection programs I think in general, they're actually quite robust and good, the audit and inspection programs themselves and particularly, the monthly meetings with the appropriate directors to examine those outcomes and then make assessments on risk I think was a good model. Obviously, there's always room for improvement and change and, um, clearly we're here today because there were certain audit and inspection programs that we didn't do.

15

20

25

MR SHARPE: But did you generally see that this report and its observations were consistent with the changes that you'd been making, or did you see them as contrary to the changes that you'd be making?

30

MR RADIS: I think there was some consistencies there but, yes .

MR SHARPE: I'll just take you to the bottom of the page under "Casino supervision". If we can pop out the last two paragraphs, I think this might be what you're referring to, Mr Radis. Would you like to have a read of this?

35

MR RADIS: Yes.

MR SHARPE: That's what you were referring to?

40

MR RADIS: Yes.

MR SHARPE: What's your awareness of whether there is a dedicated casino team in Victoria now? Are you aware ---

45

MR RADIS: No.

MR SHARPE: Now, in that paragraph there's a reference to money laundering. Did

you understand that the casino inspector's role in Western Australia was to investigate whether money laundering was occurring at the casino?

5 MR RADIS: We did not have a role in regards to auditing or inspections or compliance in relation to anti-money laundering or counter-terrorism.

MR SHARPE: And was there any direction to casino inspectors about what they should do if they came across evidence of money laundering?

10

MR RADIS: If an inspector had happened to come across those types of matters they would have reported it to me and I would have reported it to my director and ultimately, they would be reported to the Gaming and Wagering Commission.

15 MR SHARPE: And were there any instances of that kind that you did report?

MR RADIS: No, not that I'm aware of.

MR SHARPE: And, did the department or the Gaming and Wagering Commission
20 have any specific policies or procedures relating to risks associated with money laundering?

MR RADIS: Not that I'm aware of.

25 MR SHARPE: Can we then go to page 15 of the Victorian report? If we go to point 5, can you pop out point 5 please? This recommendation is to:

30 *Develop principles or guidance for assessing net detriment and report transparently against them in decisions on applications for electronic gaming machines.*

Are you aware of whether this assessment occurs in Western Australia?

MR RADIS: There is a process of involvement in regards to the approval of
35 electronic gaming machines. As I said earlier, any application for a new game has to be tested and assessed in an accredited testing facility and that's in accordance with the Australian national standards and the WA appendix of the national standards. And also there's other --- I specifically don't deal with the process of approving or seeking approval for gaming machines. But there is a process in place and that's
40 obviously reliant on the ATF providing reports to say that it does meet the standards as set out by the national standards, and particularly the WA appendix.

MR SHARPE: Who's the ATF?

45 MR RADIS: Accredited testing facility that specialise in casino gaming, IT and equipment.

MR SHARPE: Can we then go to page 16 at point 14:

We recommend that the Department of Justice and regulation develop performance measures to enable regular monitoring and reporting on the impact of liquor and gambling strategies and initiatives.

5

Is that reporting, monitoring and reporting on the impact of gambling strategies and initiatives something that occurs in Western Australia?

10 MR RADIS: Not that I'm so much a part of, no. As I said before, we report internally monthly, but once that's ceased, it's only recommenced, it ceased for some time. But most of the reporting that I do is to my director and, um, if we're talking gaming activities or casino-based, if there's a need then that monitoring and reporting is through to the Commission. I'll go back a step. We report to the Commission every month on our targets and our KPIs that we achieve for that month as well as
15 provide ---Crown provide statistics on their internal monitoring of casino gaming activities and that gets reported to the Commission every month, as well.

MR SHARPE: Commissioner, I tender the Victorian Auditor-General's report, with identifier PUB.0004.0008.0001.

20

COMMISSIONER OWEN: That document is admitted as an exhibit.

25 **EXHIBIT #PUB.0004.0008.0001 - VICTORIAN AUDITOR-GENERAL'S REPORT**

MR SHARPE: Turning then to another general topic, what do you consider would be the resourcing required to provide adequate supervision or regulation of the casino operations?
30

MR RADIS: Okay. I would, in my opinion, there still needs to have a presence of a government inspector on shift and certainly perhaps an auditor who could be suitably qualified to do forensic type of financial accounting audit. That could be a day shift role and then, various levels of management and obviously, the Chief Casino Officer overseeing.
35

MR SHARPE: And do you consider that the current system of having one shift there is adequate, or if the resources were available, would it be preferable to go back to having the two-shift system?
40

MR RADIS: As a minimum, yes, to go back to a two-shift system.

MR SHARPE: As a minimum?
45

MR RADIS: Yes, to have what it was previously for the 20, that would be a minimum but I certainly would recommend that should increase.

MR SHARPE: That would be the minimum, but what would be the desirable position?

5 MR RADIS: Well, you have more officers on duty during the day doing more work
around casino regulation and as far as shift workers go you might just have one or
two perhaps on a night shift and they could focus on gaming activities, the conduct
of the games, the rules, are they being applied, the applicable casino staff on the
10 gaming floors are doing, performing their roles in accordance with the procedures
and rules. Certainly an increase.

MR SHARPE: And so to achieve that, would there need to be an increase in the number of inspectors engaged by the department?

15 MR RADIS: Yes.

MR SHARPE: And of what order?

MR RADIS: You should at least have up to six government inspectors, for
20 argument's sake, two forensic auditors, a supervisor, a manager or a director and they
could report arguably directly to the Gaming and Wagering Commission, for starters.

MR SHARPE: Just one final point. At paragraph 12 regarding training ---
paragraph 12 of your witness statement, you say that:

25 *The casino licensee has made available their gaming equipment facilities in its
croupier training school for our Inspectors to have refresher training of the
authorised table games which are played at the casino.*

30 And then you say:

These training sessions are not conducted by Crown personnel.

So who does conduct them?

35

MR RADIS: We do.

COMMISSIONER JENKINS: Sorry, where are we Mr Sharpe.

40 MR SHARPE: Sorry, this is paragraph 12, the first two facilities.

Turning then to the topic of electronic gaming machines, you knew the risk
assessments that have been performed, have you identified the social harm associated
with electronic gaming machines as a regulatory risk?

45

MR RADIS: That would be a question best answered by the regulatory services
team in regards to harm minimisation principles.

MR SHARPE: So, the work that your team does is not directed to addressing the social harms associated with electronic gaming?

5 MR RADIS: Not specifically, no.

MR SHARPE: And are you aware of whether the regulatory services team has developed a treatment plan in respect of electronic gaming machines and their social harms?

10

MR RADIS: I'm not aware of one.

MR SHARPE: So then, I'll just turn to the regulatory framework around electronic gaming machines. I'm not sure if you're aware of the evidence that was given by Mr Toyne, but Mr Toyne gave evidence that the regulatory control, the department or the Commission has had over the activities of the casino has lessened over time and he gave evidence that in 1985 it was government inspectors who would seal the CPU board within an electronic gaming machine and it was only a government inspector who could break the seal, and he gave evidence that the sealing of the CPU was subsequently handed over to the casino as a matter for their responsibility. Are you aware of when that shift in responsibility occurred?

15

20

25

MR RADIS: I can't exactly remember when that occurred, but it did occur and that may well have been at the time that I was a shift inspector, but I can't be certain.

MR SHARPE: So that would make it in the early 2000s?

MR RADIS: Up to 2008.

30 MR SHARPE: And in the time prior to the removal of dedicated casino inspectors in 2015, what was the inspection or audit regime around electronic gaming machines at that time?

35 MR RADIS: I couldn't tell you, because I wasn't responsible for the casino regulation then. As I said previously, I was more involved in wagering and community gaming and liquor activities, so I can't say for certain.

40

MR SHARPE: No. And, what's the current inspection or audit approach in respect of electronic gaming machines?

MR RADIS: Well, we have several programs, audit and switching programs around electronic gaming machines and as I said earlier, there was specific tests in regards to the integrity of that machine. We also checked that the rules are displayed on the machines and the serial numbers, plates. As I explained earlier, the HMAC-SHA1 signatures are there and they verify the machine as approved and the theoretical return to player. We also have an EG revenue audit, as well and that's conducted quarterly.

45

MR SHARPE: I just wanted to look at one particular review of electronic gaming machines, so I call up GWC.0002.0016.0061. So, this is an agenda paper from 2012, so I appreciate it's some time ago. But if we can just scroll a couple of pages. I'm
5 waiting until you get to the end of the document so you can see you were there. When you were the acting director of compliance you supported the recommendations. So I just want to go back to page 47, please. Now you've referred earlier to the 90% standard --- can you scroll up, please, just to show some of the background? You refer to the 90% standard and you can see at the foot of the page
10 that the Commission in November 2011 has resolved to require 90% return from player from an electronic game. It refers to on at least one occasion during the previous four full reporting periods. Are you familiar and do you remember this?

MR RADIS: I do, to some degree, yes.

15

MR SHARPE: In this document --- if we can go to the next page --- at the top of the page it says:

20 *At the February 2012 meeting the Commission adopted its 'EGM Return to Players (RTP) Policy' that gives effect to games being required to achieve an RTP of 90% over a period of 24 months.*

MR RADIS: Yes.

25 MR SHARPE: And where a game fails to achieve a return to player, it's to be resubmitted to an accredited testing facility to confirm the accuracy of the theoretical return to player.

MR RADIS: Mmm-hmm.

30

MR SHARPE: In this reporting period --- if we can scroll down to the next page --- there's discussion of two games. Sorry, can we go to the last page of the document again? "Crazy Balls" and "Sheriffs Bounty". Go back to the page we were on, please. So, if you could just read through the descriptions for item 1 and item 3 and
35 I'll just ask you some questions.

MR RADIS: Yes.

MR SHARPE: So ultimately, if we then go to the end of that document, so it's said:

40

With the exception of two games, all games meet the criteria outlined in the Commission's Policy. It is recommended that the two games that fail to meet the criteria, be exempted from the need to be re-accredited on this occasion.

45

What was the reason for not requiring re-accreditation of those games that hadn't met

the criteria?

MR RADIS: I just preface by saying I'm not an expert in electronic gaming
5 machines. They're very complex machines that have very complex algorithms.
From my understanding it's a theoretical return to player, which is set at 90%, so in
theory --- and that's over the life cycle of that machine --- and then obviously it
depends on how many times that machine is actually played in order for it to reach
10 that full cycle. So, I think just briefly reading that and trying to recollect, those two
machines weren't played very often, which may be part of the reason as to why if you
balance it over whether it was 12 months or 24 months, it may not have yet reached
that 90% potentially based on the fact that it wasn't played often enough. I'm not an
expert on giving an analysis on the inner workings of the software of electronic
gaming machines. I guess that was hence why there's a very heavy reliance on ATFs
15 to provide a comfort to the Commission that they should be approved to be played.

COMMISSIONER OWEN: Could I just ask a follow-up question? If we could go
back to the previous page that had the table, it looks to me as a matter of the rules,
90% means 90%, but 89.96%, if you were looking at it in terms of materiality, would
20 usually be regarded as --- if you're thinking of audit and the concept of materiality
and audits that 89.96 would be regarded as close enough, or the variance in material.
But it looks to me as if the approach was 90% means 90%; is that right?

MR RADIS: In theory, 90%. It was a theoretical return to play of 90%.

25 COMMISSIONER OWEN: And by "theoretical" it has the meaning that you
described earlier, which means you're looking at the lifetime of the machine.

MR RADIS: The life cycle of a machine.

30 COMMISSIONER OWEN: Thank you.

MR SHARPE: Can we call up GWC.0001.0013.0026? So we're at page 6, this is
part of a Casino Manual as at 23 February, 2021. Are you familiar with the Casino
35 Manual?

MR RADIS: Yes.

MR SHARPE: If we can go to paragraph 1.5; can you see that? Can we pop out
40 1.5, please? Are you aware of when that requirement was introduced into the Casino
Manual?

MR RADIS: I can't remember to be exact when, but I am aware of it.

45 MR SHARPE: And do you know if this requirement to maintain an anti-money
laundering counter-terrorism financing program has been audited by the department.

03:01PM

MR RADIS: Sorry, can you say that again?

5 MR SHARPE: Has the department audited whether this requirement to maintain a program has occurred?

10 MR RADIS: No. May I just add that we are doing that at the moment. We're obviously in review and working towards an appropriate audit or inspection program in relation to 1.5.

MR SHARPE: And can we then call up the next document? I'm calling up is a sensitive document, so it won't be shown on the public screens. Can we call up GWC.0001.0013.0027_0006?

15 MR RADIS: Can we make it a bit larger?

MR SHARPE: Can we enlarge it? And the paragraph is paragraph 2.1.

20 MR RADIS: Yes, thank you.

MR SHARPE: And that provides for the operator to:

Detect and report suspicious transactions.

25 MR RADIS: Yes.

MR SHARPE: Do you know if that requirement was ever audited by the department?

30 MR RADIS: No, not that I'm aware of.

MR SHARPE: And if it has it happened across the last six years, then you would be aware of it?

35 MR RADIS: I would be.

MR SHARPE: We'll then turn back --- the next document can be seen publicly, GWC.0001.0013.0026, but this time at page 11, please. Can we pop out 4.2 and what's below it? I'll just give you a moment to read that, Mr Radis.

40 MR RADIS: Yes.

45 MR SHARPE: So this procedure, what's set out there is a procedure for a patron to buy back their foreign currency they brought into the casino for the purpose of gaming.

MR RADIS: Mmm-hmm.

MR SHARPE: Did it occur to you that this opportunity might create a risk for money laundering to take place?

5 MR RADIS: It didn't occur to me, no.

MR SHARPE: And does it occur to you now?

MR RADIS: Potentially, yes.

10

MR SHARPE: And has there been a risk-based compliance response to that risk?

MR RADIS: Not at present. There is no foreign currency program I believe at the moment at Crown.

15

COMMISSIONER OWEN: Sorry, I missed that?

MR RADIS: I don't believe there's any foreign currency program in place now at Crown at present. Well, there's no international gaming at the moment.

20

MR SHARPE: And just while we're on the Casino Manual, at paragraph 44 of your witness statement you talk about:

25

..... compliance-related issues the GW Commission may be required to consider are broad and varied.

And one of the things you refer to is:

30

..... considering and approving amendments to the rules of an authorised table game and to the authorised casino manuals.

Is it your understanding that only the GWC would amend the casino manuals?

35

MR RADIS: It's my understanding, but I do believe there's some delegated functions of the Chief Casino Officer. I can't be specific as to whether in general the Commission did those approves.

MR SHARPE: And turning then to paragraph 45 of your witness statement you say that:

40

Every agenda paper prepared is finally examined by the Deputy Director General/Casino Control Officer prior to forwarding them

MR RADIS: Yes.

45

MR SHARPE: Should that say "prior to them being provided to the Commission members"?

MR RADIS: Yes.

MR SHARPE: That your understanding of the practice, that all of the submissions
5 will then go through the Deputy Director-General or the casino control officer; is that
how the system operates?

MR RADIS: That was, yes.

10 MR SHARPE: And is it still now how it operates?

MR RADIS: At the moment, it goes through, it was going through the director of
strategic regulation whilst he was Chief Casino Officer in that interim period.

15 MR SHARPE: I see.

MR RADIS: At present. So to keep it simple, I would draft a paper, um, for the
Commission and it could be on a various matter and I'd report that to my director and
should he agree with the recommendations or the paper, he'd countersign that, as I've
20 stated in my statement, and that would be referred to the executive officer of the
Commission, who would collate all those agenda papers and they could come from
licensing, from strategic regulation, from various operational divisions and they
would be collated and then before they're forwarded to the Commission members
themselves, they would go to the Deputy Director-General or up until now, the
25 director of regulatory services for vetting and checking before it finally goes through
to the members.

MR SHARPE: I just referred to the executive officer, so what's the executive
officer's responsibility? The deputy officer is different from Chief Casino Officer?
30

MR RADIS: The executive officer, forgive me if I got a title wrong, but she is the
person that is the organiser of the meeting and collates all the information and
distributes it to the members and does the minutes and the agendas and all that. So,
it's their role to collate all that information and get it ready and prepared and then
35 we'd prepare it to the DDG, the Deputy Director-General, and then that would come
back and then she would distribute it to the members in the format that they're used
to.

MR SHARPE: I'm going to change topics again and turn to the topic of conflicts of
40 interest. The department has a code of conduct, which I'll now call up. That's
GWC.0001.0011.0001. Can we please turn to page 2? So, this sets out the purpose
of the Code of Conduct and I note at paragraph 4 --- can we pop out paragraph 4.

MR RADIS: Yes.
45

MR SHARPE: Encourages anyone with questions about the Code of Conduct to
discuss the Code of Conduct with their line manager.

MR RADIS: Mmm-hmm.

MR SHARPE: I take it in respect of inspectors, that they would be discussing it
5 with you; is that correct?

MR RADIS: That is correct.

MR SHARPE: And do you have regular discussions with your inspectors about the
10 Code of Conduct?

MR RADIS: I can say that we have had many discussions of late in regards to
conflicts of interest, but, um, prior to that, I certainly was aware, as was the
department, of conflicts of interest within the inspectorate of the inspectors that I
15 manage.

MR SHARPE: And what was the extent of the, let's say education or information
provided about conflicts of interest?

MR RADIS: I would say it wasn't that high, but it certainly was first and foremost
20 aware as an authorised officer whether it was the Liquor and Control Act or the
Gaming and Wagering Commission Act that as authorised officers their
responsibility to understand that the position title that they held was important
particularly from the aspects of integrity. The inspectors have a wide range of
25 functions and they deal with racing, gaming and liquor industries which are always
interesting industries to regulate, so it's important that they needed to maintain that
integrity, that if there was any areas of concern that they had in regards to conflicts of
interest they'd raise it. It's certainly come to light more recently, yes.

MR SHARPE: If you then go to page 3 under the "Code of Conduct Principles"
30 heading we can see:

*The Code of Conduct defines the following seven principles to govern our
conduct.*

35

And the sixth one being:

Conflicts of interest, gifts and benefits.

MR RADIS: Yes.
40

MR SHARPE: And then if you go to page 9, so this is the statement about conflicts,
which is set out in respect of that principle; do you see that?

MR RADIS: Can you make it larger?
45

MR SHARPE: Can we enlarge it a little.

MR RADIS: Thank you.

MR SHARPE: And in the second paragraph it identifies the kind of conflicts that
5 can arise:

*Conflicts of interest arise where there is a conflict between performance of
10 public duty and private or personal interests. Conflicts may involve personal,
financial or political interests and may be actual, perceived or potential.*

Do you see that?

MR RADIS: Yes.

15 MR SHARPE: Can I tender the Code of Conduct for the Department of Local
Government, Sports and Cultural Industries GWC.0001.0011.0001.

COMMISSIONER OWEN: That document is admitted as an exhibit

20

**EXHIBIT #GWC.0001.0011.0001 - CODE OF CONDUCT FOR THE
DEPARTMENT OF LOCAL GOVERNMENT, SPORTS AND CULTURAL
INDUSTRIES**

25

MR SHARPE: Can I call up DLG.0002.0004.0056? So, this is the conflicts of
interest form that you've submitted.

MR RADIS: Again.

30

MR SHARPE: When did you first submit it?

MR RADIS: Many years ago.

35

MR SHARPE: And when you submitted it the first time, did you address both of
the issues addressed in this document?

MR RADIS: The second one was only just --- if we go to the other page.

40

MR SHARPE: Can we get the second page, please? I'll show you both pages at the
same time. The first one relates to you being in a band that performs sometimes at
licensed premises.

MR RADIS: Yes, I do.

45

MR SHARPE: And the second concerns a relationship to a beholder of a current
producer's liquor licence?

MR RADIS: That's correct, yes.

MR SHARPE: Which one are you saying is the more recent?

5

MR RADIS: I was just trying to find the date.

MR SHARPE: So this is 10 March 2021, so this is just in the last couple of months.

10 MR RADIS: Where's the third page, may I ask?

MR SHARPE: Do we have a third page? I'm not sure if there is. Can we then go back to just showing the first two pages again?

15 MR RADIS: I say that, because when I updated I actually updated the fact that I'm a team manager of a sporting club that holds a liquor licence and I did refer to it, so I'm scratching my head a little bit about that not being in there.

20 MR SHARPE: So, there's another conflict of interest you've declared that's not appearing in this document?

MR RADIS: Well, I need to double check, but I certainly did declare that, so my interest in a sporting club that does hold a liquor licence, the conflicts of interest that were perceived conflicts were in relation to liquor only.

25

MR SHARPE: In relation to liquor?

MR RADIS: Yes .

30 MR SHARPE: And so perhaps just starting with the one that you've just mentioned, so what's the conflict that you've said, you've disclosed, but is not in this document?

35 MR RADIS: I'm just trying to think. I did definitely disclose it, but I'm a team manager in a football club that holds a liquor licence, so I declared that only fairly recently, so.

MR SHARPE: And how do you manage that conflict?

40 MR RADIS: How do I manage that? Well, I don't conduct any inspections there and if any inspections are to be done, they'll be dealt with by the director, not I.

MR SHARPE: And turning to the two that are listed here, the second one you refer to having a family relation to the holder of a current producer's licence.

45 MR RADIS: Yes.

MR SHARPE: And you've set out on the next page, I understand, how you manage that conflict. So, can you explain how you manage that conflict?

MR RADIS: It's the same, as I said before with the club, any audits or inspections that are undertaken aren't to be allocated by myself, by me and I won't have any role in regards to the regulation of that particular liquor licence.

5

COMMISSIONER JENKINS: In respect of the football club, I understand from what you're saying you're a manager of the club, not the bar?

MR RADIS: Sorry.

10

COMMISSIONER JENKINS: Can I just ---

MR RADIS: Sorry, my son plays for the under 18s, and I'm a team manager. There's absolutely no role that I have with the club in the form of the committee, or anything in relation to bar or liquor sales. It's just purely the team, sorry.

15

COMMISSIONER JENKINS: No, it was probably my misunderstanding. Thank you, Mr Sharpe.

MR SHARPE: And in respect of the first conflict, I notice that you said that there's nil matters that are taken to address the conflict or perceived conflict. So, how do you --- why have you declared it a conflict and then said no action is necessary to manage that conflict?

20

MR RADIS: I thought I addressed it in two, but when I said earlier that there were discussions I had with my director at the time when I lodged this, that was what my intention was --- that I wasn't to have any role or influence in relation to allocating audits or inspections of the licensed premises.

25

MR SHARPE: No, sorry, I'm just going back to what you've addressed as number 1.

30

MR RADIS: Yes. I don't know why I put "nil", to be honest, if that's what you're asking.

35

MR SHARPE: I guess what I'm trying to understand is how you've gone about the process of assessing how to manage the conflict or whether actions required to manage the conflict. I note that you go into some detail about the conflict.

40

MR RADIS: Yes.

MR SHARPE: For example, you say that you use the services of a booking agent. So, I was wondering have you identified that you used the services of a booking agent?

45

MR RADIS: I don't. What I've done in that regard, if we're looking at point 1 is that I'm a musician and I don't have any role to play in regards to booking and I left that role to other members of the band to take care of that. So, to completely divorce

myself from any of those arrangements, whether I've detailed that. I obviously didn't enough, but that was how I manage it and that was the decision that I made and I've always stuck by that in all of the years that I've been a musician.

5

MR SHARPE: And in that, you also refer the band --- you say that you don't get personally remunerated for the performances, and is there a remuneration for the band, or ---

10

MR RADIS: When you play original music, you do it for love. No-one comes to your gigs, particularly when you're pushing 50. It's hard to get people to come and come and watch you perform, so it's for love. So, I'm probably being a bit cheeky by saying "remunerated". I certainly don't. I do it for love.

15

COMMISSIONER OWEN: Does the licensee stand you a free drink?

MR RADIS: Water.

20

MR SHARPE: Commissioner, you asked me to give you a time check at about this point.

COMMISSIONER OWEN: I did.

25

MR SHARPE: I think probably 20 minutes.

COMMISSIONER OWEN: Does anyone think they're going to be a long time. I'll take that as a "no" from everybody. Well, we do need to finish today. Mr Radis, would you like us to take a 5-minute break, or are you happy to continue on?

30

MR RADIS: Either way, I'm happy. I'm happy to continue on if you like.

COMMISSIONER OWEN: Well, let's see how we go. But if you wish for a break, just let me know.

35

MR RADIS: Thank you.

MR SHARPE: I tender DLG 0002.0004.0056.0001 declaration of conflicts of interest by Mr Radis 2021.

40

COMMISSIONER OWEN: That document is admitted as an exhibit.

EXHIBIT #DLG.0002.0004.0056 - DECLARATION OF CONFLICTS OF INTEREST BY MR RADIS 2021

45

MR SHARPE: While I am tendering documents, there was a document I referred to earlier I wasn't sure had been tendered already. That hasn't been tendered. I also

tender GWC.0002.0016.0061.

5 COMMISSIONER OWEN: Remind me what that was? It was the return to player from the EGM.

MR SHARPE: Yes, at pages 47 to 64.

10 COMMISSIONER OWEN: That document is admitted as an exhibit.

EXHIBIT #GWC.0002.0016.0061 - RETURN TO PLAYER FROM THE EGM PAGES 47 TO 64

15 MR SHARPE: I call up DLG.0002.0004.0045. This is a chain of emails commencing with an email from a particular inspector dated 26 February 2021 and the emails continue through to 2 March 2021 between Mr Radis and various others. Can we go to the last email at the bottom of the chain? I'll just give you a moment to
20 read this, Mr Radis.

MR RADIS: Yes.

25 MR SHARPE: So, this is an inspector declaring that the inspector's son is a licensed Cle of Crown casino; do you agree with that?

MR RADIS: I agree.

30 MR SHARPE: And if we then go to an email from Mr Radis dated 2 March 2021 at 11.34 am. Can you just scroll down a little to show what's above it? Can we show the date stamp, please? In the first paragraph you note that conflict was declared when the inspector first joined the department.

35 MR RADIS: Yes.

MR SHARPE: And at the time when that declaration was made when the inspector first joined the department --- I should first add, when did the inspector first join the department?

40 MR RADIS: I couldn't tell you exactly, but it's probably over ten years.

MR SHARPE: And are you aware of what process happened following the declaration when the inspector joined the department?

45 MR RADIS: I'm not aware. I wasn't a part of that recruitment process. There were others that were a part of that process when he was employed, but I do believe in conversations with the inspector, he declared that even at interview and I'm just not aware of that process, but he certainly did declare it, um, before he commenced with

us.

5 MR SHARPE: And so when you say "as you are aware", are you directing that to the three recipients of the email, or only two? Who do you say would be aware that it was declared initially?

MR RADIS: Where do I say that?

10 MR SHARPE: In that first paragraph, the last sentence of the first paragraph, you say:

As you are aware, the inspector..... declared it when he first joined the Department.

15

MR RADIS: Yes.

MR SHARPE: Who are you saying were aware, all three recipients of the email?

20 MR RADIS: All three.

MR SHARPE: And why do you say that they're aware of it?

25 MR RADIS: Because at that stage, at that particular point in time, those particular officers were in HR, so they were aware that it was. I guess the problems were that the mitigation strategies weren't outlined as they are now. So, whilst they were aware that there was a conflict of interest perceived or otherwise, there wasn't a mitigation strategy in place. Around this time, that's when that mitigation strategy was implemented. So, I did address it to all three in the knowledge that they were
30 aware that he did declare at the time.

MR SHARPE: So, just so I understand, I'm not sure I understand properly, is your evidence that the conflict was declared but at that time there wasn't any mitigation strategy or any management strategy that was in place; is that your evidence?
35

MR RADIS: That's correct.

MR SHARPE: And is that the case to your knowledge generally; that there hasn't been management of conflicts, that they've been declared but not managed?
40

MR RADIS: Yes, from my perspective. Even prior to my time, there are other examples of inspectors who had partners or family, friends, that were employed at the casino and I wasn't aware of any mitigation strategy. I certainly didn't receive any instruction or direction that in this case "Here's the strategy on how we manage
45 that".

MR SHARPE: Did it cause you concern that there wasn't mitigation strategies in place to declare conflicts?

MR RADIS: If I'm talking about this specific case, no, I didn't. I didn't have any reason to doubt that person's integrity. But clearly, it's the perception to the public and other matters where it needs to come into light and obviously we have since dealt
5 with it.

MR SHARPE: And so, if I understand what you're saying correctly, there's now mitigation strategies that have been put in place; is that correct?

10 MR RADIS: That's correct.

MR SHARPE: And what are those mitigation strategies?

MR RADIS: Well, if we're talking about this particular person, he has no role, no
15 regulatory role in regards to casino activities.

MR SHARPE: And more broadly --- not just limited to this person, but more broadly --- what is the approach the department's now taking to managing conflicts of interest?
20

MR RADIS: Well, once they're declared, I report them to the director and the director then reports I believe to the Deputy Director-General and the director of HR, like in resources, and I would imagine that there's discussions at that level, in regards to what strategies should be put in place and then once they're agreed, they're
25 implemented.

MR SHARPE: So for about how long has that process been in place?

MR RADIS: Fairly recently.
30

MR SHARPE: When you say ---

MR RADIS: Months. Can I just preface also that I think that through --- certainly if we're referring to matters such as conflict of interest at the casino, up till recently
35 anyway, Gaming and Wagering Commission considered conflict of interest only just yesterday, on Tuesday, I should say.

MR SHARPE: When conflicts of this kind were declared to the department, was there any communication of that declaration of a conflict onto the Gaming and
40 Wagering Commission?

MR RADIS: Not that I can recall previously, no.

MR SHARPE: And is there now a process for declarations of conflicts via
45 departmental officers to be notified to the Gaming and Wagering Commission?

MR RADIS: Yes, there is. Yes, there is, thank you. Only just recently, yes.

MR SHARPE: Commissioner, I tender DLG.0002.0004.0045, which is the chain of emails commencing with an email from the particular inspector dated 26 February 2021 to 2 March 2021.

5

COMMISSIONER OWEN: Those documents are admitted into evidence as an exhibit.

10 **EXHIBIT #DLG.0002.0004.0045 - CHAIN OF EMAILS DATED 26 FEBRUARY 2021 to MARCH 2021.**

MR SHARPE: Turning then to another topic, in 2010 there was a repeal of part of the Casino Control Regulations which concerned junkets. Are you aware of that?

15

MR RADIS: I am.

MR SHARPE: Were you involved in any discussions leading up to that repeal?

20

MR RADIS: No.

MR SHARPE: Can we call up GWC.0002.0016.0001_17? This is an agenda paper dated 5 February 2010, so going back some time, and at that time your substantive role was the casino inspector, but you were acting as an Assistant Deputy Director of Licensing.

25

MR RADIS: Mmm-hmm.

MR SHARPE: Can we go to the next page, page 18, and you signed that. It's been initialled by someone else; do you recognise who those initials would be?

30

MR RADIS: Um

MR SHARPE: Who do you think would have been the person to sign off on that paper?

35

MR RADIS: I can't be certain, but that could be Mick Connolly's initials.

MR SHARPE: And then if we go to the next page, this is an attachment to the paper that you've authored and it's from Nick Toyne and he's identified as the Acting Deputy Director Licensing as at 6 November 2009.

40

MR RADIS: Mmm-hmm.

45

MR SHARPE: Was there only one, or were there more than one deputy directors of licensing?

MR RADIS: There were three.

MR SHARPE: There were three, okay.

5

MR SHARPE: If we can then call up GWC.0002.0016.0001 at page 337. So this is a paper which is identified as having the author of Acting Deputy Director-General Nick Toyne.

10 MR RADIS: Yes.

MR SHARPE: And its topic is "To Amend Regulations Re: Approval of Junket Operators and Representatives". Nick Toyne, you might be aware, has given evidence, he said he didn't prepare this document, even though his name is the author and that he hadn't seen the document before this Royal Commission commenced. Do you know, or are you aware of who wrote the paper?

MR RADIS: It is my understanding that he authored that paper. He wrote that paper and drafted it. That was on the basis of examining the archival files where these reports and the original submission was in place. There's his writing on there that he had prepared the paper which is 8.2.

MR SHARPE: And did anyone else have involvement other than Nick Toyne in preparing this paper?

25

MR RADIS: I don't know.

MR SHARPE: So, what's the material that you're referring to, which you've referred to?

30

MR RADIS: That's what I said. I'm of the belief that he did author that paper, because there was a file or a number of files that were from archives --- we're going back to 2010 and that original submission from Crown. I think it was one of the attachments, there was --- I only saw it --- there was a notification from, I believe, Mick Connolly to Nick Toyne requesting him to prepare an agenda paper for the Commission and the next handwritten note was from Nick to say that had been done by him.

MR SHARPE: Do you still have a copy of that?

40

MR RADIS: I don't have the copy, but the department has that original document.

MR SHARPE: Subsequent to this agenda paper going to the Commission, there was a repeal of the regulation under the Casino Control Regulations in respect of the total repeal of the part of the regulations that dealt with junkets. Are you aware whether there was any requirement for the casino to notify the department or the Commission about junkets after 2010?

45

03:40PM

MR RADIS: Not that I'm aware of, no.

MR SHARPE: And did you receive, have you received any notification about
5 junkets from the casino since 2010?

MR RADIS: I can't say for certain that I have.

MR SHARPE: To put it another way, do you recall having received a notification
10 about junkets from the casino?

MR RADIS: I don't recall.

MR SHARPE: To the best of your knowledge you have not received any
15 notification about junkets from the casino?

MR RADIS: I have not, to the best of my knowledge.

MR SHARPE: There's no further questions, Commissioner.
20

COMMISSIONER OWEN: Thank you, Mr Sharpe. Mr Dharmananda?

MR DHARMANANDA: Nothing arising, thank you, Commissioners.

COMMISSIONER OWEN: Mr Sadler? Mr Malone?
25

MR MALONE: Nothing, thank you.

COMMISSIONER OWEN: Commissioner Jenkins?
30

QUESTIONS BY THE COMMISSION

COMMISSIONER JENKINS: I'll just pick you up on that last point. Can I clarify
35 it? Whilst since 2012 you've been involved in managing the inspectors at the casino.

MR RADIS: I can't remember if it was exactly 2012, but certainly from '14 to '15
40 onwards.

COMMISSIONER JENKINS: That period.

MR RADIS: Yes .

COMMISSIONER JENKINS: If inspectors were being told who --- the names of
45 people who were coming to the casino to participate in junkets, the names of junket
operators, the name of junket representatives, the dates they were coming, any other
details, if inspectors were being told that information, would you expect to be aware

that they were being told that information?

5 MR RADIS: It depends in what format they were being told, if they'd received notification in writing of a junket arrival or any documentation in relation to a junket, which I think from memory --- and again I wasn't involved in casino regulation specifically from a management expertise --- that documentation was forwarded to the department.

10 COMMISSIONER JENKINS: If it was given to the inspectors, would you expect to be aware that it existed?

15 MR RADIS: Yes, I believe once that correspondence hit the department it was recorded and registered, it may well have been referred to the licensing department of the agency. Again, I can only speak from, you know, the period where I was managing all the industries. Our instructions were quite clear in regards to we didn't have an audit program that was very specific to the junket operations, specific to the activities as such, the source of gaming revenue that was derived from it. We didn't have a role. It was very clearly set out to us that these were matters that were the
20 responsibility of federal law enforcement agencies or State or Federal Police.

COMMISSIONER JENKINS: I want to ask you some further questions about that, but starting perhaps from the beginning. When did you find out that the junket regulations had been repealed?

25 MR DUCKWORTH: Oh, I think not long after the Commission's resolution, from memory.

30 COMMISSIONER JENKINS: And when you again became involved in casino regulation in 2014-15 ---

MR RADIS: Yes.

35 COMMISSIONER JENKINS: --- did that change in any way, in effect the inspectorial role?

40 MR RADIS: I didn't --- I guess from my perspective at the time the problems that I had was trying to juggle managing an inspectorate, a declining inspectorate in numbers to try and meet all the various targets across all the wide-ranging industries that we have to regulate. So, I took it upon that, the decisions that had been made at Commission level were decisions that I've accepted and I managed the team in accordance with those directions that were given.

45 COMMISSIONER JENKINS: Am I inferring --- and tell me if I'm wrong --- that, in fact, the decision made life a bit easier for you, because it was one less thing for inspectors to worry about?

MR RADIS: Well, you could say that from an operational perspective, but would it

10 sit well with us that we wouldn't have a role with it from our perspective, integrity-
wise? No, I think if we weren't so stretched and if we could focus our activities on
the casino, then that would give us more of an opportunity to look into such matters.
5 But I guess it needs to be then considered about what the role is of those federal
regulators and what our roles would be and what our powers would allow us to do.
We needed to be very sure and very clear about what we can and can't do and what
we'd be looking at and whether we were, you know, going into waters that might be
out of our jurisdictional powers.

10 COMMISSIONER JENKINS: We've heard evidence that at some point inspectors
stopped attending junket buy-ins and settlements?

15 MR RADIS: Yes, I --- yes.

15 COMMISSIONER JENKINS: Do you know when that occurred?

MR RADIS: I don't know.

20 COMMISSIONER JENKINS: After you became involved in 2014-15, were
inspectors at that point attending junket buy-ins and settlements?

MR RADIS: I don't believe so.

25 COMMISSIONER JENKINS: Before junkets were prohibited just recently, and
from the time that you became re-involved in 2014-15 until then, was there any
monitoring of the financing of junkets by inspectors?

30 MR RADIS: I can't say for certain if there was. I think our focus was on, again, the
gaming activities and the control, the recording of gaming revenue, not the source of
where the gaming revenue came from.

35 COMMISSIONER JENKINS: And in that same period, was there any monitoring
by the inspectors or the department more generally of who was participating in the
junkets?

MR RADIS: Prior to ---

40 COMMISSIONER JENKINS: So we're talking from 2014-15 to the recent
prohibition.

MR RADIS: No, there wasn't, no.

45 COMMISSIONER JENKINS: Would inspectors --- and I'll limit it to that same
period of time --- would inspectors in performing their audit and inspection programs
ever see the casino's bank account statements?

MR RADIS: Not necessarily, no.

COMMISSIONER JENKINS: Would they ever see a ledger recording how much money individual junket operators or international gamblers, electronically deposited as front money?

5

MR RADIS: They could. Our powers were quite ranging where we could, but I can't say whether they specifically did, but we certainly had the powers to examine all forms of documentation in relation to a casino gaming activity.

10 COMMISSIONER JENKINS: To your knowledge, did any of the audit or inspection programs require them to see that sort of material?

MR RADIS: No.

15 COMMISSIONER JENKINS: And paragraph 38 of your statement, you refer to a specific part of the operation audit program.

MR RADIS: Yes.

20 COMMISSIONER JENKINS: Do you know who drafted that information and direction?

MR RADIS: Yes.

25 COMMISSIONER JENKINS: Who did that?

MR RADIS: The regulatory services team. I spoke earlier about how from 2015 when the Commission adopted the strategic change, the regulatory services team three officers were appointed to take charge of all our audit inspections, review, refresh, create new audit inspection programs. So, they were sort of the holders of that. That was their responsibility to create these programs and as I said earlier, there was a lot of collaboration, but the drafting of that particular audit program was done by that regulatory services team.

30
35 COMMISSIONER JENKINS: And have you ever discussed that with the authors?

MR RADIS: No, no. Not that I can recall.

40 COMMISSIONER JENKINS: All right, I was only asking you that in case you had any idea where they had obtained that information from, that's all. But if you haven't spoken to them, we'll leave it at that.

MR RADIS: No.

45 COMMISSIONER OWEN: Just while you're on that subject, to your knowledge or as best you can recollect, was this a new audit program that came into being because of that 2014-15 review, or was it a revision of an already existing one?

MR RADIS: I think it was a revision and an enhancement of an existing program.

5 COMMISSIONER JENKINS: So as a result of that information and direction, did you ever speak to inspectors about what their approach was to material which they saw in the casino's finances that might sort of indicate some money laundering or suspicious transactions?

10 MR RADIS: I don't recall having discussions with the inspectors or inspectors approaching me about anything in relation to something they may have identified in the course of doing any forms of financial audits. If they did identify something, I'm sure they would have raised it with me.

15 COMMISSIONER JENKINS: But would it be correct to say that as far as you were managing the inspectors ---

MR RADIS: Yes.

20 COMMISSIONER JENKINS: --- as a result of that kind of information, you and other..... (audio dropout)..... just as a result of that kind of information, was it your view that it was not the role of the inspectors to conduct their audit and inspection programs with an eye to detecting money laundering?

25 MR RADIS: That's correct.

COMMISSIONER JENKINS: So, is it correct to say or fair to say that certainly in that period, say, 2014 onwards that you did not consider that money laundering was and the detection of money laundering was part of the inspectorate's responsibility?

30 MR RADIS: Well, that's because we were working under the directions that we received from above, which was endorsed by the Commission, the programs that we have in place were designed around, as I said earlier, around the integrity of casino gaming activities and the appropriate recording of revenue for taxation purposes. It was made clear that that was what our role was and that the roles, the matters that you referred to in relation to AML and CTF activities was very clear that they were roles for other authorities at a Federal Commonwealth level. So, despite that, we did what we were instructed to do in the absence of anything better, or any change.

40 COMMISSIONER JENKINS: So then, I want to ask you about the period from 2014 when there were the occasional media reports about, and allegations about international gamblers being involved and junket operators being involved in money laundering.

45 MR RADIS: Mmm-hmm.

COMMISSIONER JENKINS: Did that material before and prior to the publication of the Bergin report, ever cause you to think that the inspectorate should be doing

more in this area?

MR RADIS: Yes.

5

COMMISSIONER JENKINS: And if so, did you raise that with anybody within the department or the GWC?

10 MR RADIS: I spoke to my directors. I have to preface by saying that since that period and particularly since the departments merged under MoG, we've had three different directors under us and in a fairly short period of time. So I found that having discussions with my director, might mean having repeated discussions with further directors about concerns. But those matters that were raised prior to the Bergin Inquiry, I believe were raised at a higher level with the Commission. Yes, 15 they were at higher levels, I may have had discussions with directors and inspectors about stuff where it might be of concern, but it was a clear direction and we followed that.

20 COMMISSIONER JENKINS: As someone involved in that period from 2014-15 in casino regulation here in Perth ---

MR RADIS: Mmm-hmm.

25 COMMISSIONER JENKINS: --- and hearing those allegations, did you think that there was money laundering going on by international players at Perth Casino?

30 MR RADIS: It's always possible that could happen, so there was always potential that could happen, but the controls in place, the casino licensee and the oversight by Federal authorities was the instructions that we received, that that was their responsibility to manage, whether that was AUSTRAC or Federal Police or State police or even Customs in who they allow into the country. So despite any concerns, that was clearly the direction that we operated under.

35 COMMISSIONER JENKINS: And prior to the publication of the Bergin report, was it ever suggested to you by anybody in the department that AUSTRAC had concerns about the extent of money laundering in Australian casinos? I'm not saying in Perth Casino.

40 MR RADIS: That wasn't raised to me. It certainly didn't come to my level of discussion.

COMMISSIONER JENKINS: And was it ever suggested to you that the border control authorities may have a gap in their monitoring of the situation?

45 MR RADIS: It was never suggested to me.

COMMISSIONER JENKINS: I wanted to ask you some questions about foreign currency and electronic deposits of money for gambling. You were shown the, I

think it was part of the Casino Manual, was it, that dealt with the redemption of foreign currency? So, have you always known that the casino permitted gamblers to redeem their foreign currency?

5

MR RADIS: If it was in the manual, yes.

COMMISSIONER JENKINS: And similarly, what has been your understanding --- and I'll preface it by saying prior to the publication of the Bergin report, just in case that's changed your understanding --- as to whether the casino permitted gamblers to deposit money electronically supposedly for gambling, but then redeem it at the casino for cash?

10

MR RADIS: I didn't have a knowledge or an understanding of that, or an involvement in that, so ---

15

COMMISSIONER JENKINS: Did you think that the directions or the Casino Manual would have prohibited that?

MR RADIS: Possibly, but if it was in the --- well, possibly.

20

COMMISSIONER JENKINS: Possibly or possibly not.

MR RADIS: Or possibly not, yes.

25

COMMISSIONER JENKINS: And what about the casino permitted third parties to redeem money deposited as front money, as opposed to --- so, if a gambler deposited money electronically whether it was permitted for a third party, not the patron, but somebody authorised, supposedly authorised by the gambler to front up to the casino and to either withdraw that money in cash or in chips. Was that permitted, to your knowledge?

30

MR RADIS: I can't say whether it was or wasn't.

COMMISSIONER JENKINS: Can I ask you about this Navigate system?

35

MR RADIS: Yes.

COMMISSIONER JENKINS: So your evidence was that it did not and does not permit departmental or GWC officers from independently verifying the casino's accounts; is that right?

40

MR RADIS: That's correct.

COMMISSIONER JENKINS: Was it introduced whilst you were involved in casino regulation?

45

MR RADIS: Yes.

COMMISSIONER JENKINS: Do you know if the department or GWC had any objection to the fact that that capacity no longer existed, any concern?

5 MR RADIS: Um, I had concern, but that was a decision of the department at a corporate executive level, but that system wasn't designed with the capabilities for us to independently calculate casino taxable revenue monthly.

COMMISSIONER JENKINS: And why did it concern you?

10

MR RADIS: Because when I was a shift inspector, in that period in my statement, you had an active role, particularly when you were on day shift, because every day you were dealing with the trading day before, of the day before and that involved our direct involvement with attending the two counts, the hard counts, the soft counts,
15 containing unaudited master game reports and various other reports relating to casino revenue chips and, um, once you performed those audits you have that documentation there, source data, and you would then go up into our casino office, enter that data into our independent system for the trading day, and then you'd print various reports off to make sure that there were variances or adjustments that were
20 necessary. And then the night shift would come and then check your work to see if your entering of data, or financial information was correct. So, then come end of month when we'd go to balance, the system was designed where it would actually calculate. Because there's different tax rates. It's not just one tax rate for all forms of gaming. There's a different tax rate for gaming machines, for international, for
25 Keno, for domestic table gaming. It attracts different tax rates.

So the system was originally designed to do that once you'd entered all that data. So when you came to balance to do end of month, because the licensee must pay within eight days of the end of the month the casino tax, you could independently produce
30 those reports, come up with a figure and then you would confirm with income control at Crown to make sure that they balanced with what your figure was. So, once you'd agreed on that balance, the next phase would obviously be to make statement to the State Government. So, there was some autonomy. You'll always receive what we called a package and that had fully audited master game reports. So
35 we had primary source document and then master --- audited master game reports and other reports that were provided by income control. So you could do some variation and checking across that. So, obviously with the new system, that ceased. So, we had to rely on our audit and inspection programs that we have in place now, which audit inspections particularly around casino tax we're looking at various
40 processes in place, particularly around the operations side of revenue, the role of the cage, the count room, income control and other forms where revenue is collected, we would do our audit inspections on those specific areas within Crown to make sure that they were doing their role in accordance with the procedures. And we also ---
45 and obviously, I need to also preface that.

The ACMS, which is the approved casino management systems, the software systems, their IT systems were always tested by an ATF, an accredited testing

facility, to make sure that the software systems that Crown utilised, and there were various systems but it all forms a part of ACMS, are approved to the standards by being independently tested and verified by an ATF, so the Commission could have some comfort over the fact the systems that they use are accurate and they report taxable revenue and other records appropriately and our audit inspection programs that we use were sort of focused on the activities of the key employees that would use those systems to make sure that they are correctly using those systems appropriately to record taxable revenue. I hope that makes sense.

COMMISSIONER JENKINS: So, the government is now reliant upon the ACMS systems as a whole, as you say, there are a number of components to it in order to --- does it itself calculate the tax payable, or does the government get those, or the department get those figures and then calculate the tax?

MR RADIS: The ACMS is Crown's system and obviously that's tested by ATFs annually, I believe and obviously they use all those various systems that form part of ACS to record revenue, so when income control which is Crown's division, they're the final collators of all that financial documentation and information through those systems. Then, they use their systems to then calculate what is to be paid at the end of the month. So, that information is then fed through a portal that the department and Crown have where they report through a portal. I'm not an IT expert, but that gets imported through this portal and, um, reports are printed off through and they're all based on master game reports and other financial documentation. I would myself and inspectors, we would do a calculation to make sure that everything adds up appropriately and the casino accounting equations are adhered to.

COMMISSIONER JENKINS: Well, when you were doing it you even attended the hard and soft counts.

MR RADIS: Correct, correct.

COMMISSIONER JENKINS: So apart from the occasions when there might be an audit or inspection of those ---

MR RADIS: Yes.

COMMISSIONER JENKINS: --- the casino would now be doing those unsupervised?

MR RADIS: That's correct. Well, we can and do have an audit program around attending count, but certainly not like it used to be. I mean, we were there obviously, you know, 365 days a year, so we would always attend those counts, so you had an independent process of the count room would count and they would finish and then the cage manager would be called from Crown, that hard count's ready or soft count's ready and then the GI would be contacted and then you go down. You have particular --- we had a program to follow, which we would do while we were in the count room, and we would get various documentation reports, which we spoke of

earlier, and then you would do a count. Not as in we'd start from scratch, but they were all bundled and strapped. So you would come up with a total and the cage manager, who came across, he would do a total, or she and then we would check to
5 make sure we had the same amounts. If it was agreed, then that would be done and reports would be printed off and off we went.

COMMISSIONER JENKINS: Can I move onto another topic now and that is the question of infringements and offences. Now, you would be aware that it is an
10 offence for the casino licensee to breach the directions?

MR RADIS: Yes.

COMMISSIONER JENKINS: And it's part of the directions that the casino licensee
15 also comply with the Casino Manual?

MR RADIS: Correct.

COMMISSIONER JENKINS: So consequently it's an offence for the casino
20 licensee to breach the Casino Manual requirements?

MR RADIS: There's procedural areas and breaches of rules, but to breach the casino directions is, um, would be considered serious.

COMMISSIONER JENKINS: Can you recall an occasion on which the casino
25 licensee has been prosecuted for breaching the directions?

MR RADIS: I can't recall in my time there was a prosecution.

COMMISSIONER JENKINS: Then we might be getting close to the end of my
30 questions, Mr Radis. This is in relation to the granting of credit to international Commission players. Are you aware that there's a direction 3F, which permits the casino to grant credit facilities to international Commission players?

MR RADIS: Yes. I'm trying to think.

COMMISSIONER JENKINS: I wanted then to draw your attention to the compliance activity frequency model ---

MR RADIS: Yes.

COMMISSIONER JENKINS: --- which you were shown, which says there is an international commission business audit.

MR RADIS: ICB, yes.

COMMISSIONER JENKINS: And that refers to the funds advance facility which is what I am talking about.

04:12PM

MR RADIS: Yes.

5 COMMISSIONER JENKINS: And then there's also an audit of the funds advance facility.

MR RADIS: FAF, that's right.

10 COMMISSIONER JENKINS: Now first of all, if I can start with just the basic issue of, do you know why the casino is permitted to advance credit to international Commission players?

15 MR RADIS: I think because that seemed to be the nature of the beast globally for casinos to vie for, you know, high-rollers and big players to come to their casino. So, that was part of business model where the risk was Crown's, if they were going to invoke FAF and allow credit to certain players then they had a system of controls in place internally, or before they made those decisions to grant the program to individuals.

20 COMMISSIONER JENKINS: You've clearly got an inspection and audit program - --

MR RADIS: Yes.

25 COMMISSIONER JENKINS: --- which audits those areas of the business. So you clearly think, someone thought that it was appropriate for the GWC to regulate ---

MR RADIS: Yes.

30 COMMISSIONER JENKINS: --- that area?

MR RADIS: Yes.

35 COMMISSIONER JENKINS: And just tell me that the extent of that sort of audit and regulation. Did those programs in any way regulate the extent of credit that was being provided?

40 MR RADIS: Not so much the extent of credit, but I think the --- from memory --- there's in the process of determining whether they would give credit, the casino licensee had limits on how much they could provide and that was a system of their own internal controls. I'm not 100%. I'd have to review the actual audit program itself to answer correctly, to be honest. But for us, our audit program wasn't drilled into perhaps looking at the levels of credit and why ---

45 COMMISSIONER JENKINS: Who was being provided credit or?

MR RADIS: Yes, we'd make sure that they had done checks to ensure they are who

they are. So, that's through passports and examining identification and where they came from, things like that.

5 COMMISSIONER JENKINS: And did it include any examination of the extent of bad debts arising from FAF?

MR RADIS: Well, they would send --- the casino licensing would send
correspondence to, I can't remember if it was addressed to the Chairman of the
10 Commission or the Chief Casino Officer of their debtor reports which would have an extensive list of who knows what.

COMMISSIONER JENKINS: And did you see those reports?

15 MR RADIS: I've seen them, yes.

COMMISSIONER JENKINS: Do you know whether they were provided to the GWC?

20 MR RADIS: I can't say if they have. I certainly can't say they've been recently. I don't know. I don't believe so. If I could just add, sorry, with that FAF program, the risk obviously is on the casino licensee to say look here, you're creditworthy, you're good for it. Crown still pay the casino tax on that revenue, whether they give it away or not. So, the risk was on them to ensure that they were going to get that money
25 back from their players. But they were always going to have to pay casino tax, or whatever that revenue was.

COMMISSIONER JENKINS: I hear what you're saying, Mr Radis.

30 MR RADIS: Yes.

COMMISSIONER JENKINS: But ultimately, if they're over a certain amount of money then it might impact on their ability to pay tax, mightn't it?

35 MR RADIS: Correct.

COMMISSIONER JENKINS: So then it does become a regulatory issue?

MR RADIS: Yes.
40

COMMISSIONER JENKINS: I think you were asked whether you had an audit program for socially responsible gambling or problem gambling?

MR RADIS: We don't have rules.
45

COMMISSIONER JENKINS: Have you ever considered having one?

MR RADIS: It is worth considering, yes. We have in the regulatory services team

staff that deal with responsible gambling and harm minimisation, so responsible service, responsible gambling team. So, yes, there's always scope for that. The Commission at present are certainly looking at that focus on harm to the community.
5 It's in the objects of the Gaming and Wagering Commission. Whilst as I said in my statement, there's a balance between acquiescing to industry and growth and that's fine but it has to be balanced with the need to ensure that we can't cause too much harm to the community as a response to whether it's gambling or responsible gambling or responsible service of alcohol. It's a fine balance.

10

COMMISSIONER JENKINS: Could I ask you about the removal of the inspectors and ask you who instigated that? Whose idea was it?

MR RADIS: I believe it was from the Deputy Director-General.

15

COMMISSIONER JENKINS: Who was at the time?

MR RADIS: Mick Connolly, I believe.

20

COMMISSIONER JENKINS: And do you know why?

COMMISSIONER OWEN: Sorry, I missed that answer.

MR RADIS: I believe it was Mick Connolly.

25

COMMISSIONER JENKINS: Have you ever discussed with him why he wanted to do that?

30

MR RADIS: I can't really recall getting an explanation as to why offhand. There were --- there probably was discussions, but that was the decision going forward, that this was a new change. This was a new direction and obviously there'd been discussions at perhaps high levels and obviously went to the Commission and it was implemented.

35

COMMISSIONER JENKINS: Your audit and inspection program, do you know how the Western Australian program compares to interstate programs?

MR RADIS: I don't.

40

COMMISSIONER JENKINS: And a final subject area, conflict of interest. I want to ask you about Mr Connolly's friendships with Claude Marais, Jon Nicholls and Paul Hulme. Prior to the media publicity about these friendships, were you aware of them?

45

MR RADIS: I wasn't aware of them to the extent that I am now. I wasn't --- no. I was aware that there was some friendship, but I don't know the depth of it.

COMMISSIONER JENKINS: Not taking that as the position, do you think you

should have been made aware?

MR RADIS: Officially?

5

COMMISSIONER JENKINS: Yes.

MR RADIS: Yes.

10 COMMISSIONER JENKINS: And in relation to the conflict of interest between the inspector role and having a child employed at the casino --- I don't want to know the details --- but how senior is the child's level of employment?

MR RADIS: He's not in a management and supervisory role, I believe.

15

COMMISSIONER JENKINS: Do you know whether in the course of their duties -- - that is, the child's duties --- they would interact with GWC or departmental officers?

20

MR RADIS: Um, rarely.

COMMISSIONER JENKINS: What's the name of the inspector who trained you?

MR RADIS: Vanessa Margaret Webb.

25

COMMISSIONER MURPHY: You've talked a lot about the audit programs developed by the regulatory services team?

MR RADIS: Yes.

30

COMMISSIONER MURPHY: It's fair to say they're focused on revenue and the integrity of gaming.

MR RADIS: That's correct.

35

COMMISSIONER MURPHY: And you've talked about how they're improved based on feedback from the individual programs. Has there ever been a stepping back doing a strategic review to see how they address, say, the manual or the directions?

40

MR RADIS: Not yet.

COMMISSIONER MURPHY: Okay. They appear rigid to me, in terms of the compliance table and the fact that you look at EGMs in January and July. Is there any element of randomness to ---

45

MR RADIS: There is, but not as often as you might think. But again, look, I'm just trying to make clear, the complexities of trying to manage dwindling resources is very difficult and changing priorities is, is quite a challenge, particularly when you're

dealing with industries that are, you know, have a propensity ---

5 COMMISSIONER MURPHY: That was my last question. Is it your understanding that the inspection process is funded indirectly through the casino licence fee?

MR RADIS: Are they, is that the question?

10 COMMISSIONER MURPHY: I asked you if it is your understanding, or do you understand how they were funded?

MR RADIS: I don't understand how they were funded, no.

15 COMMISSIONER MURPHY: It's just that the resources being applied have diminished, both in terms of the numbers and the percentage applied to the casino over time?

MR RADIS: Yes, well, it's certainly diminished, yes.

20 COMMISSIONER MURPHY: You're not aware of why that is?

MR RADIS: No, I'm not.

25 COMMISSIONER OWEN: Mr Radis, is the document still on your screen?

MR RADIS: The frequency model, yes.

30 COMMISSIONER OWEN: It's 2017, but in terms of the left-hand column describes the audit and inspection program. Is that still reasonably current?

MR RADIS: Yes.

35 COMMISSIONER OWEN: And this follows on from a question that Commissioner Murphy just asked you, but this came into your statement through paragraph 39 of your statement. Do you have your statement there? Can you have a look at paragraph 36?

MR RADIS: 36?

40 COMMISSIONER OWEN: 36. Now when I read that, is it really related to the matters that are set out in paragraph 36 of your statement?

MR RADIS: That's correct.

45 COMMISSIONER OWEN: Okay. So, can I put it this way, they're really operational matters rather than matters of higher strategy?

MR RADIS: I'd agree with that.

COMMISSIONER OWEN: All right, thank you. There's another acronym in that. ICB, I understand. FAF, I understand. There's another one --- CCF. What's CCF? It's in the column for both international business and the ---

5

MR RADIS: Cashing facility.

COMMISSIONER OWEN: Excellent, thank you.

10 COMMISSIONER OWEN: Now, in an exchange with Mr Sharpe, we went to the ideal world, if you did have additional resources, how they would be utilised and one of the things that you mentioned was forensic audit. What were the areas that you had in mind if you were able to engage forensic audits? What are the areas that you would have them look at?

15

MR RADIS: Well, bank accounts and international transfer fees, of funds, I should say. I do have faith in the inspectors' skill set that they can calculate casino tax. They do have that ability to do that. That, as you said earlier, was more operationally-based but that forensic-type audit, you can drill a bit further down into the transfer of funds, particularly electronically as well, as you know, through the cage. I'm more focused on that.

20

COMMISSIONER OWEN: Thank you. Do you remember Mr Sharpe asked you about section 2 of the Casino Manual operations which is to do with cage operations and he took you to item 1.5, which says that the casino licensee must maintain an AML program; do you remember that?

25

MR RADIS: Yes.

30 COMMISSIONER OWEN: Now you said, "Well, in the past we've never audited that, but we're putting that in place"?

MR RADIS: We are currently looking at how we can draft a program, whether audit or inspection program, around what's in the manual. So, that's in development, in early stages of development, but we haven't sort of drilled down to exactly how, because I think we need to be sure about what our powers are and what we can do and specifically, what we should or shouldn't be looking at and that might mean collaboration with Federal law enforcement agencies that deal with that, or AUSTRAC. So I think there still needs to be a little bit of work around how are we going to do that, but if we're looking at the procedures, simply an inspection program to say, are you meeting your obligations to report transactions? Yes, well show us how you do that. Now, the specifics of those individual transactions that they're reporting, maybe that would be something that we can't look at, I don't know, because we might be stepping outside of our powers, our legislative powers. We haven't explored that just yet.

35

40

45

COMMISSIONER OWEN: Yes, because when you think of the purpose of audit

generally, step back and just look at audit generally, it's to pick up irregular transactions on the one hand, but it's also to detect systematic error.

5 MR RADIS: Yes.

COMMISSIONER OWEN: There are two things about systematic error in relation to that item 1.5. One, whether there's a manual at all.

10 MR RADIS: Mmm-hmm.

COMMISSIONER OWEN: And secondly whether, if there is a manual, whether it's fit for purpose, whether it's actually achieving its role?

15 MR RADIS: Yes.

COMMISSIONER OWEN: Now, would you see a role for the inspection and audit team in detecting systematic error within the process that's required by the casino operating manual, as opposed to actually delving down, digging down to detect individual instances of criminality?

MR RADIS: Yes.

COMMISSIONER OWEN: And, is that something that you have in mind in terms of developing this new program?

MR RADIS: Yes.

COMMISSIONER OWEN: And might that, if it comes to the fore, require a rewording of the quote from the Pit Operations Manual that's set out in paragraph 38 of your statement?

MR RADIS: It could possibly, yes.

35 COMMISSIONER OWEN: All right, thank you. Anything arising from any of that, Mr Sharpe?

MR SHARPE: Only one question. In response to the questions from Commissioner Jenkins, you identified that there were three regulatory team members.

40

MR RADIS: Yes.

MR SHARPE: Are you able to name who those were, who would have developed?

45 MR RADIS: Yes. Sandy Del Prete, who was the leader of that three. He has extensive knowledge and background in casino regulation. Aileen Watt who has now left the department. She's retired. She was an ex-casino inspector with very good experience and the third person is Kellie Pemberton, who's still in the

04:30PM

department.

MR SHARPE: No further questions.

5

COMMISSIONER OWEN: And the last say goes to Ms Seaward.

MS SEAWARD: People will be relieved to hear I have no questions.

10 COMMISSIONER OWEN: Mr Radis, thank you very much for your evidence. It has helped us.

MR RADIS: Thank you.

15 COMMISSIONER OWEN: And you've fulfilled your obligations under the witness summons and you're relieved from those obligations.

THE WITNESS STOOD DOWN

20

We will now adjourn to a date to be fixed. That concludes this session of the evidentiary hearings in relation to what's called part B, but it is not the conclusion of the evidentiary sessions. We will have to return at a later date. We will publish on the website a statement in the near future about progress and about the conduct of future hearings. But for the moment, we adjourn to a date to be fixed. Thank you very much.

30 **HEARING ADJOURNED AT 4.31 PM TO A DATE TO BE FIXED**

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