

**IN THE MATTER OF A ROYAL COMMISSION INTO
THE PERTH CASINO**

**SECOND WITNESS STATEMENT OF ANDREW MARTIN EDWARD
DUCKWORTH**

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Filed on behalf of: The Gaming and Wagering Commission of
Western Australia

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I, **ANDREW MARTIN EDWARD DUCKWORTH** of **Contains sensitive information**
Contains sensitive information, say as follows:

INTRODUCTION

1. This statement is provided in response to the summons dated 30 April 2021 and issued pursuant to section 9 of the *Royal Commissions Act 1968* (WA), which is directed to me by the Perth Casino Royal Commission (**PCRC**).

Practice Direction 4(13) applies to this witness statement and each document referred to in the witness statement. You:
(a.) may not use those documents or their contents for any purpose other than the purpose of that person's appearance before the PCRC; and
(b.) are required to keep those documents and their contents confidential except for the purpose of obtaining legal advice or otherwise with the leave of the PCRC, unless and until the witness statement and/or the documents are admitted into evidence

2. This is my second witness statement provided to the PCRC. My first statement is dated 12 May 2021 (GWC.003.0005.0001).
3. In this witness statement, I do my best to address the list of questions provided to me late last week. I expressly list out the documents that I have had regard to in answering the questions in my answer.
4. As described in my first witness statement, I am a former member of the Gaming and Wagering Commission of Western Australia (GWC). My appointment commenced in 2008 and ended on 30 June 2020.
5. This statement is true and correct to the best of my knowledge and belief. The facts and matters set out in this statement are from my own knowledge, except where I indicate otherwise. Any views I express are my own except where I indicate otherwise.

TOPIC 1: ACCOUNTABLE AND ETHICAL DECISION MAKING (AEDM) TRAINING PROGRAM

In your capacity as a Commissioner of the GWC, were you offered the opportunity to undertake and did you undertake the AEDM training program?

6. I have refreshed by memory by reference to the Agenda for the 25 November 2014 GWC meeting (GWC.0002.0016.0122_0174), and I do not recall being offered or undertaking AEDM training.
7. I have also considered the 23 February 2016 Agenda (GWC.0002.0016.0169_0330). I do not specifically recall reading the AEDM workbook, or the contents of it now, but my practice was to read the entire agenda pack before the relevant GWC meeting, so I expect that I did.

8. Due to my previous roles (see paragraphs 5 and 6 of my first statement), I was familiar with the matters discussed in the workbook.

TOPIC 2: FINANCIAL MATTERS

The adequacy of briefing papers and any oral briefings received by the Commission from the Department concerning the Commission's finances, including the service fee charged by the Department.

9. In my opinion, the briefing papers and any oral briefings received by the GWC from the Department were acceptable; however, I am not an accountant, so I am not best placed to judge. Whenever there was a discrepancy or an odd figure, I recall the Department could usually explain it. Recently, the GWC has benefited from having two accountants on it who probed the Department's finances better than I could.
10. I do not recall turning my mind specifically to the calculation of the Department's service fee.

Your understanding of the Commission's responsibility to review and approve the Commission's finances, including the service fee charged by the Department, and how this responsibility was discharged by the Commission.

11. Although they were prepared by the Department, the GWC reviewed and approved its finances.
12. The finances were a regular agenda item. I recall GWC members asked questions about specifics (i.e. unexplained discrepancies in budgets and large changes between years) and there was always more discussion around budget estimate time.

TOPIC 3: DELEGATIONS

Your understanding of the Commission's intention in delegating all of its powers other than the power of delegation to Departmental officers and the effect of a delegation of that kind.

13. The GWC's intention in delegating its powers was to expedite the implementation of straightforward or routine matters; for example, processing gaming applications according to criteria prescribed by the GWC, having casino game rule changes entered in the Casino Manual.

Your understanding of how the Departmental officer would exercise delegated powers. Specifically address:

(a) whether you understood that the Departmental officer would exercise the powers delegated by the Commission unfettered by any control or oversight by the Commission; or

(b) whether you understood the delegation to reserve a power to the Commission to ratify or reject any exercise of delegated power.

14. It was understood that the power was unfettered, but actions of delegation were minuted and included as an agenda item at the next GWC meeting.
15. Also there was a strong degree of trust and professionalism between the GWC and the Department, and the misuse of delegated power was not contemplated. I do not recall the GWC having any cause for concern. Had there been, the GWC would have revisited the delegations.

TOPIC 4: MEDIA ALLEGATIONS

As regards the allegations and reports listed below:

(a) whether you were aware of the allegations and reports at or around the time they were published;

(b) whether you recall the information provided by Crown Perth to the Commission and the Department about them and, if so, your view as to the accuracy and sufficiency of that information; and

(c) whether you recall what, if any steps were taken by the Department or the Commission in respect of the allegations and reports.

(i) the media allegation in the ABC Four Corners program 'High Rollers, High Risk? Australian casinos and the threat posed by organised crime' which aired on 15 September 2014;

16. I recall that I did see the ABC Four Corners program when it aired, and then the program being discussed at a GWC meeting, and a report being prepared about junket operators at Crown Perth. That report advised the GWC that it did not have a role in probity checking junkets and the money they used to gamble. I have considered the Agenda for the 16 December 2014 GWC meeting (GWC.0002.0016.0121_0053), and note the report is Agenda Item 5.4.

17. I cannot recall if Crown were asked to present to the GWC regarding the program.

(ii) the media reports of Crown employees being arrested in China in October 2016;

18. I recall these media allegations being an ongoing agenda item at GWC meetings.
19. In particular, I remember that Crown reported to us that the arrests had taken them by surprise, and that they had been doing the promotion work they had always been doing, which they had local advice to say it was fine. I have considered the minutes of the GWC meeting on 22 August 2017 (GWC.0002.0016.0225_0035), and see that it was Mr Preston who attended the GWC meeting and presented. I further recall Mr Preston sharing his view that the arrests were more to do with a change in political views by the Chinese government than any wrongdoing on Crown's part. My view at

the time was that this was not an unreasonable assessment, but the matter still needed to be investigated.

20. I cannot recall if it was Mr Sargeant or Mr Connolly, but one of them advised that the GWC should wait to get details from the Victorian regulator, who was undertaking an investigation into the matter. As best I recall, I did not see the outcome of the VCGLR's investigation.

(iii) the media reports of the allegations made by Andrew Wilkie MP in Federal Parliament in October 2017;

21. I do not remember all of these allegations in detail. I recall thinking at the time that Mr Wilkie had a reputation for being anti-gambling, so it might be a bit of a "beat up", but that the allegations of EGM tampering at the Melbourne Casino were new and particularly serious and required investigating to make sure the conduct was not occurring at the Perth Casino.
22. I recall the Department investigated these allegations and reported back to the GWC. I have considered the papers for the GWC meeting on 28 November 2017 (GWC.0002.0016.0216_0055; GWC.0002.0016.0201_0003), and see the Department interviewed all technicians involved in EGM service and maintenance at Crown Perth. The conclusion of this investigation was that there was no instances of unapproved changes to EGMs at Crown Perth.

(iv) the allegations of tampering with Electronic Gaming Machines made in the Guardian between April and July 2018;

23. I do not recall these allegations distinct from the allegations of tampering made by Mr Wilkie.

(v) the allegations of money laundering and criminal infiltration made during the 60 Minutes program 'Crown Unmasked' which aired on 28 July 2019 and in Fairfax media in July 2019.

24. I recall watching the 60 Minutes program, and thinking that while it was sensationalist in parts, it was pretty bad for Crown. Following the airing of the program, I remember someone from the Department, probably Mr Connolly, asking Crown to attend the next GWC meeting.
25. Mr Preston attended the GWC meeting in August 2019 to discuss the program with the GWC (GWC.0002.0016.0286_0006). I recall that Mr Preston was very fired up and quite persuasive that it was all media hype and factually incorrect. I believe the GWC was satisfied with Mr Preston's explanations, and we had no reason to doubt what he was saying, but I remained skeptical.
26. I do not remember precisely why the GWC did not call its own investigation into these allegations. There was no direction from the Department or Chairman pushing an investigation, and I had doubts as to whether the Department had the capacity to carry out its own investigation. Because the ILGA and VCGLR inquiries were already underway, and the allegations were more East Coast focused, I believe the thought was that it was better to wait and see what unfolded from those inquiries before commencing our own.

TOPIC 5: JUNKETS

Your knowledge of concerns about junket operators operating at the Perth Casino raised by Compliance Inspector Vanessa Webb and conveyed to Mr Michael Connolly in February 2017.

27. I have no knowledge at all of this.

Your knowledge of communications between Mr Connolly and AUSTRAC between March 2017 and October 2017.

28. I have no knowledge at all of this.

Your knowledge of the AUSTRAC Information Report - Casino Junkets Campaign dated 14 July 2017 and any enquiries made, investigations undertaken or other response by the Commission or the Department following the release of that Report.

29. I have no knowledge at all of this.

Your knowledge of the amendment made by Mr Connolly to the Casino Manual (Operations) on 11 April 2017 to delete Part 16 of Section 03A of the Casino Manual (Operations), which was headed "Junket Programme".

30. I have no knowledge at all of this. I have considered the Agenda for the 23 May 2017 GWC meeting (GWC.0002.0016.0222_0093), and cannot recall any discussion regarding the amendments.

Your knowledge of whether a review of junket regulation as part of a broader Gambling Compliance Review was conducted by the Department in 2017 or subsequently.

31. I recall that a Gambling Compliance Review was planned by Mr Connolly and reported back to the GWC at various meetings, but not a review specifically addressing junkets.
32. I have considered the Agenda and Minutes for the GWC meeting on 28 February 2017 (GWC.0002.0016.0202_0013; GWC.0002.0016.0203_0002), and see that the "first stage" of the compliance review was to include activity relating to casino gaming, junket operations and casino revenue and taxes.
33. I have reviewed the Agendas for the GWC meetings on 26 September 2017 (GWC.0002.0016.0212_0025) and 28 November 2017

(GWC.0002.0016.0216_0012), and see that the compliance review was reported back to the GWC, but there is no mention of junket operations. I do not know why this activity was not included in the review.

Your knowledge of an investigation commenced by Victorian authorities in 2017 into Crown's junket activities in China and any decision about junket regulation made by the Commission relating to the investigation.

34. I recall the fact of investigation, but not any conclusions reached by the VCGLR.

TOPIC 6: MINIMISATION OF HARM FROM CASINO GAMING

The topics in this section relate to your knowledge and understanding of the relevant matters during the period during which you were a member of the GWC.

Your knowledge and understanding of the nature and extent of harm, if any, caused by casino gaming at Crown Perth and of any research that has been conducted to identify and assess the nature and extent of harm, if any, caused by casino gaming at Crown Perth.

35. I have no knowledge of the extent of harm caused by Crown Perth, except to say that I am sure the actual number of people suffering harm is many times higher than those who identify themselves.
36. Mr Rob Bovell also sat on the GWC at the same time as me, and to his credit, he was very focused on issues around problem gambling and shared his insights with the other committee members.
37. I do not recall any Perth Casino specific research. I am aware of the Australian Gambling Research Centre, and I looked their work up from time-to-time.

Your knowledge and understanding of any sources of funding to mitigate any harm caused by casino gaming at Crown Perth, how that funding is applied and whether, and if so, how the effectiveness of that application of the funding is evaluated.

38. I recall that both Crown and the GWC funded the Problem Gambling Support Services Committee. I do not know how the committee applied those funds or how effective they are.

Your knowledge and understanding of:

(a) Crown Perth's responsible gaming program and any other activities undertaken by Crown Perth to minimise any harm from casino gaming;

39. I recall that Crown had a responsible service of gambling program. I believe it included:

- 1.39 training floor staff to spot signs of harmful gambling and training them in ways to intervene;
- 1.39 providing or accessing counselling for customers asking for help;
- 1.39 putting in place self-exclusion processes or exclusion based on family request; and
- 1.39 advising on setting limits to gambling; and
- 1.39 maintaining an office on premises where people could go for help.

(b) the Commission's role in overseeing or regulating that program and any such activities; and

40. I understand the GWC has a role in minimising the harm caused by gambling in the community. That includes overseeing and regulating Crown's responsible service of gambling program.
41. I recall the Department, on behalf of GWC, was responsible for managing the contract for Gambling Helpline, and it may have provided funds for counselling through

Gambling Help WA (or those funds may have come via the Problem Gambling Support Services Committee).

(c) how the Commission has performed its role in overseeing or regulating that program and any such activities.

42. I have no particular views on the GWC's performance in this area. It might be said more could have probably been done, but I believe harm minimisation was considered in all decisions the GWC made about casino and gaming matters at the Perth Casino.
43. Further, the GWC periodically received statistics regarding Crown's responsible service of gambling program. I recall the GWC interrogated that report when it was provided.

Your understanding of the Commission's policies about or regulation of ATM placement at Perth Casino and the use of EFTPOS machines at gaming tables.

44. I recall the ATM policy imposed a withdrawal limit and required the ATM's to be a particular distance from the Casino gaming floor.
45. I recall that EFTPOS machines were discussed at GWC meetings, but I have no specific understanding of the policy. I have considered the Agendas and Minutes for the February 2019 (GWC.0002.0016.0266_0218; GWC.0002.0016.0270_0004) and May 2019 (GWC.0002.0016.0275_0001; GWC.0002.0016.0276_0003) GWC meetings, but don't have any specific recollection of what was discussed over what is recorded in the minutes.

TOPIC 7: DETERMINATION OF APPLICATIONS BY CROWN PERTH

Your understanding of the circumstances in which the Commission will seek independent expert reports in order to assist the Commission to determine applications by Crown Perth.

46. I recall two circumstances:

1.46 The GWC made Crown obtain independent expert reports for certifying EGMs to the WA Appendix to the Gaming Machine National Standard.

1.46 Further, just before I left the GWC, it commissioned Risk West to prepare a risk management strategy.

Your understanding of the process that the Commission should follow in deciding whether to declare a game, including a game played on an Electronic Gaming Machine, to be an authorised game for the purposes of the Casino Control Act 1984 (WA) and in deciding whether to alter the approved rules of any game.

47. The GWC had a procedure in place for the approval of a game at the Perth Casino. It was different for table games and EGMs, but essentially the game is submitted by Crown for approval by the GWC, a demonstration of the game is carried out for the benefit of the GWC, and then the GWC asks questions and makes a decision.

48. We considered a number of factors in approving a game. For all games, the GWC considered Crown's reason for introducing the game, whether it was played in other casinos in Australia (or internationally), and features like the return to player and house margin. For EGMs specifically, the GWC considered whether it conformed with the WA Appendix to the Gaming Machine National Standard.

Your understanding of the effect of the phrase "except for a game played with poker machines" in s 22(2) of the Casino Control Act.

49. The GWC is required to approve games played at the Perth Casino, including EGMs. However, it is not permitted to approve a "poker machine". The touchstone for assessing the difference between an EGM and a poker machine is the WA Appendix to the Gaming Machine National Standard.

TOPIC 8: POLICY ON ELECTRONIC GAMING MACHINES

Your knowledge of the consideration given to increasing the minimum speed of play to 6 seconds for Electronic Gaming Machines in 2014.

50. I don't have specific recollection.

Your understanding of the intended effect of resolution 120/2019 recorded in the minutes for the Commission's meeting on 23 July 2019 [DLG.8001.0054.0622] and, specifically, whether it was intended to approve all of the amendments to the Commission's Policy on Electronic Gaming Machines shown at Attachment 5 of the agenda paper for agenda item 5.3 [GWC.0002.0016.0281_0032].

51. I recall that this resolution related to in-game features that increased the game speed of EGMs.
52. Crown asked the GWC to approve a change to the WA Appendix to the Gaming Machine National Standard to reduce the game speed because certain games took longer than 5 second to play. I remember the GWC agreed to reduce the game speed, but only on games that had in-game features (which was not all of the EGMs).
53. I believe some changes were also made to the appearance requirements, but not so the EGM closer resembled a poker machine.

The factors or considerations you took into account, and your understanding of the factors or considerations that the Commission as a whole took into account, in passing resolution 120/2019.

54. While I remember the issue was the subject of some debate, I do not recall the specific factors the GWC as a whole took into account. The main consideration for me was that when the game speed on EGMs with in-game features was averaged, it still remained at or above 5 seconds.

Your knowledge and understanding of the rationale for the 90% return to player requirement for Electronic Gaming Machines.

55. I do not recall a specific rationale other than the 90% return to player requirement for EGMs was fairer to patrons of the Perth Casino.

TOPIC 9: REGULATION AND OVERSIGHT OF PERTH CASINO

Your knowledge and understanding of how the scope and content of the audit and inspection program at Perth Casino is determined and reviewed.

56. The scope and content of the audit and inspection program at Perth Casino was set by a division of the Department (which changed its name from time-to-time). I recall the audit and inspection program was scoped out a year ahead, but was broadly similar year -on-year.
57. A summary of the audits and inspections undertaken by the Department during the month was reported to the GWC at its monthly meeting.

Your knowledge and understanding of how the audit and inspection program at Perth Casino is implemented.

58. The audit and inspection program was implemented by the Department's inspectors who would physically inspect table games and EGMs, and also through the use of surveillance and audit of the Perth Casino's records.

Your understanding of the basis for the Department changing from the 'RG system' to the 'Sharperlight' or 'Navigate' system to calculate the taxable revenue of the Perth Casino.

59. I do not recall the reason for the change; I presume it was superior for some reason.

Your understanding of the steps taken by officers or employees of the Department since 2015 to confirm the veracity of the calculation by Crown Perth of taxable revenue of the Perth Casino.

60. I have considered the Agenda and Minutes for the 26 September 2017 GWC meeting (GWC.0002.0016.0212_0025; GWC.0002.0016.0213_0002), and do not have any specific recollection beyond what is recorded in those papers.

TOPIC 10: DEPARTMENTAL EMPLOYEES AND OFFICERS

Your knowledge of any personal relationships and friendships between employees and officers of the Crown Group, on the one hand, and employees and officers of the Department, on the other.

61. During my time on the GWC, I had no knowledge of any personal relationships.

Your knowledge of any gifts or benefits, including hospitality, provided by the Crown Group, including by its officers or employees, to officers and employees of the Department.

62. During my time on the GWC, I had no knowledge of any gifts or benefits provided by Crown to Departmental staff.

Your knowledge of travel undertaken by Departmental officers and employees in circumstances where Crown has reimbursed some or all of the cost of the travel.

63. Aside from Mr Sargeant's trip to Macau, I had no knowledge of travel undertaken by Departmental staff.

Your knowledge of functions at a venue at Crown Perth, for example, a retirement function or Christmas meal, attended by Departmental officers and employees.

64. I am not sure if Department staff were invited to the opening of Crown Towers. Other than perhaps that, during my time on the GWC, I had no knowledge any functions.

TOPIC 11: HISTORICAL RISK ASSESSMENT OF CASINO LICENSEE

Your knowledge as to whether the Commission conducted a risk assessment in relation to the Perth Casino licensee or its conduct prior to November 2020.

65. I cannot recall if the GWC conducted a holistic risk assessment in relation to the Perth Casino licensee or its conduct prior to November 2020. I believe it would have looked at individual risks from time-to-time.

Contains sensitive information

Andrew Martin Edward Duckworth

Place: Perth

Date: 27 August 2021