

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

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**SECOND WITNESS STATEMENT OF CARMELINA FIORENTINO**

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Date of Document: 27 August 2021

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

Prepared by:

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I, **CARMELINA FIORENTINO** of c/o Quinn Emanuel Urquhart & Sullivan, Level 41, 108  
St Georges Terrace, Perth, Western Australia, 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**).

2. This is my second witness statement provided to the PCRC. My first statement is dated 12 May 2021 (GWC.0003.0003.0006).
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. I have had regard to no other materials and otherwise rely upon unaided recollection.
4. As described in my first witness statement, I am a current member of the Gaming and Wagering Commission of Western Australia (GWC). My appointment commenced on 1 August 2018 for a term of 2 years, and was reappointed for a further two year term from 1 August 2020 (GWC.0003.0003.0006\_0004, [9]).
5. This statement is true and correct to the best of my knowledge and belief. The views I express in this statement are from my own knowledge, except where I indicate otherwise.

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

6. In answering the question(s) under this topic, I have had regard to the following documents:
    - 6.1 GWC.0001.0007.0187; and
    - 6.2 GWC.0002.0016.0367\_R.
- In your capacity as a Commissioner of the GWC, were you offered the opportunity to undertake and did you undertake the AEDM training program?*
7. At the time of my appointment as a Commissioner of the GWC, I was not offered the opportunity to undertake the AEDM training program.

8. I understand that the AEDM training is referenced on page 20 of the “Good Governance for Public Sector Board and Committees – Board Essentials” (GWC.0001.0007.0187). I have reviewed a copy of the Board Essentials document that was included in my induction pack and it does not refer to the AEDM training program. Annexed to my statement and marked GWC.0003.0012.0022 is a scan of the version of the Board Essentials document that was included in my induction pack.
9. The first time I was made aware of the AEDM training program was when I was provided with the Agenda pack for the GWC Meeting to be held on 23 March 2021<sup>1</sup> where it was noted in Agenda Item 12.2 that “[t]he Public Sector Commissioner’s Instruction No. 8 requires all public sector bodies to provide employees (including boards established under their own legislation) with training on accountable and ethical decision-making. The Human Resources team will arrange for this training to be undertaken by Commission members in the coming months.”
10. Since that meeting I have not been contacted by the Department’s Human Resources team, or by anyone, to arrange for me to undertake the AEDM training program, and to date, I have not undertaken the AEDM training program.

## TOPIC 2: FINANCIAL MATTERS

11. In answering the question(s) under this topic, I have had regard to the following documents:
  - 11.1 GWC.0002.0016.0277;
  - 11.2 GWC.0002.0016.0306;

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<sup>1</sup> GWC.0002.0016.0367\_R.

11.3 GWC.0002.0016.0285;

11.4 GWC.0002.0016.0309.

*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.*

12. The GWC is provided with financial statements, prepared by the Department, concerning the GWC's finances at each monthly GWC meeting.
13. The financial statements and briefing papers provided to the GWC about its finances can be broken down into the following categories:
  - 13.1 **Budgets:** the GWC is provided with a copy of the GWC's annual budget for approval for forwarding to the Minister which is typically accompanied by a briefing note in the Agenda pack that explains matters of note in the budget.<sup>2</sup>
  - 13.2 **Annual Financial Statements:** the GWC is provided with the GWC's end of financial year Annual Financial Statements, for approval, typically at the July GWC meeting each year. The Office of the Auditor General reviews the Department's internal controls on behalf of the GWC, and audits the Annual Financial Statements, and key performance indicators.<sup>3</sup> The Annual Financial Statements are usually accompanied by an Agenda paper highlighting any matters of note in the Statements.

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<sup>2</sup> See for example GWC.0002.0016.0277\_0129.

<sup>3</sup> See for example GWC.0002.0016.0306\_0165.

- 13.3 **Audited Financial Statements:** once the Office of the Auditor General has completed the annual audit of the GWC's financial statements, controls and key performance indicators, the GWC is provided with a copy of the opinion of the Auditor General as well as the audited financial statements and KPIs.<sup>4</sup>
- 13.4 **Monthly Financial Statements:** each month, the GWC is provided with:
- (a) the GWC's Financial Statements for the financial period ending the month prior to that meeting comprising the Statement of Comprehensive Income, Statement of Financial Position, and Statement of Cashflows; and
  - (b) an Agenda paper summarising those reports which would highlight to the GWC members a comparison against the GWC's budget, any major variances and items of note.<sup>5</sup>
14. The Statement of Comprehensive Income, included in each of the above reports, would include an operating expense line item for 'Services provided by DLGSC '.
15. In addition to the briefing papers, members of the Department's finance team would attend GWC meetings from time to time and upon request to answer financial questions posed by the members of the GWC. For example, Ms Eve Tweedie (Assistant Director Finance DLGSC) and Ms Stacey Blackman (Divisional Accountant DLGSC) would attend GWC meetings to respond to GWC members' queries in relation to the annual financial reports.<sup>6</sup>

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<sup>4</sup> See for example GWC.0002.0016.0289\_0192.

<sup>5</sup> See for example GWC.0002.0016.0289\_0185 (October 2019, GWC Agenda Pack).

<sup>6</sup> GWC.0002.0016.0309.

16. To the extent a question was raised during a GWC meeting that could not be answered by the attendees, that question would be referred to the Department's finance team who generally provide a prompt response by email. For example:
  - 16.1 At the January 2019 GWC meeting a query was raised with respect to the Year To Date Actual figure in relation to current liability for Goods and Services Tax payable. That query was referred to Ms Kerrie Coombs on 22 January 2019, and a response was received on 31 January 2019. Annexed to this statement and marked GWC.0003.0012.0001 is a copy of that email chain.
  - 16.2 At the April 2019 GWC meeting I raised a number of questions in relation to the financial statements presented in the Agenda pack. Those questions were referred to Ms Stacey Blackman on 29 May 2019 and I received an email response to those questions on 31 May 2019. Following on from the response received, I had a number of follow up financial questions which were also addressed. Annexed to this statement and marked GWC.0003.0012.0003 is a copy of that email chain.
17. In light of the above, I consider that the briefing papers, oral briefings and follow up communications received by the GWC from the Department concerning the GWC's finances generally was adequate.
18. However, on reflection, I do not consider the briefing papers included adequate information in relation to the calculation of the service fee charged by the Department.
19. The GWC has now requested a breakdown of the service fee from the Department and a response was received in the Agenda pack for the 27 August 2021 GWC meeting.

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.

20. It is my understanding that the GWC is responsible for the review and approval of the GWC's finances, including the service fee charged by the Department.
21. As set out above, this responsibility has been discharged through the review, scrutiny and approval of the GWC's budget, monthly reports, and annual financial reports and the review of the audited financial reports.

### TOPIC 3: DELEGATIONS

22. In answering the question(s) under this topic, I have had regard to the following documents:

22.1 GWC.0001.0007.0184;

22.2 GWC.0002.0016.0299; and

22.3 GWC.0002.0016.0298\_R.

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.

23. Since my appointment on the GWC, I am only aware of the delegation made for the position of 'Deputy Director General' on 28 April 2020, Agenda Item 9.3.<sup>7</sup>

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<sup>7</sup> GWC.0001.0007.0184.

24. It was my understanding based on the conversations that took place during the GWC meeting held on the 28 April 2020, Agenda Item 9.3, that the delegation was issued to the position of 'Deputy Director General' to:
- 24.1 exercise routine decision making in-between GWC meetings; and
  - 24.2 expediate approvals required as part of transitioning to a new wagering licensee to operate the WA TAB so as to not delay the transition process.<sup>8</sup>
25. Although it is not minuted, I recall asking the question during the GWC meeting on 28 April 2020 as to whether the delegation was appropriate given it was drafted very broadly. I recall that the response I had received from Mr Duncan Ord and Mr Michael Connolly was that the purpose of the delegation was to allow the Department's Deputy Director General to make routine decisions that would otherwise require daily emails to the GWC members for approval by circular resolution but that anything that was beyond routine would come to the GWC for decision, and all matters exercised under this delegation would be submitted to the subsequent GWC meeting for members' noting.
26. The explanation I had received from Mr Ord and Mr Connolly was consistent with my experience on the GWC that the approvals made under previous Delegations, which were reported to the GWC on a monthly basis, were minor, routine matters, and were reported monthly to the subsequent GWC meeting for members' noting.<sup>9</sup>

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<sup>8</sup> GWC.0002.0016.0298\_R\_0351; GWC.0002.0016.0299\_0010.

<sup>9</sup> See for example GWC.0002.0016.0298\_R\_0388.



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.

27. It was not my understanding that the Departmental officer would exercise powers delegated by the GWC unfettered by any control or oversight by the GWC. As previously stated, it was my understanding that the delegation to the DDG was to expedite routine decisions in between GWC meetings, and all matters exercised under this delegation would be submitted to the subsequent GWC meeting for members' noting.

#### **TOPIC 4: MEDIA ALLEGATIONS**

28. In answering the question(s) under this topic, I have had regard to the following documents:

28.1 GWC.0004.0014.0002;

28.2 GWC.0002.0016.0286;

28.3 GWC.0002.0016.0297;

28.4 GWC.0002.0016.0311;

28.5 GWC.0001.0010.0008; and

28.6 GWC.0002.0016.0333.

As regards 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.

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

29. I became aware of the allegations of money laundering and criminal infiltration made during the 60 Minutes program 'Crown Unmasked' which aired on 28<sup>th</sup> July 2019 and in the Fairfax media during this time, when I read various media articles which were published.
30. I recall that I had been closely monitoring the media reports on this topic, and that I had brought the interview that was held on 2 August 2019 on ABC radio with the CEO of VCGLR (Ms Catherine Myers) to the attention of the other members of the GWC by email, as I was concerned about whether similar questions were relevant regarding GWC's oversight over Crown casino probity in WA, whether our Crown Perth casino compliance was sufficiently risk based and whether our compliance approach met the legislative requirements for gambling harm minimisation. Annexed to my statement and marked GWC.0003.0012.0008 is a copy of that email chain.
31. I had no knowledge of those specific allegations prior to those allegations being made in the media.
32. I was, however, aware of the media report surrounding the China arrests prior to my appointment as a member of the GWC from reading various media reports.

(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

33. In response to the media allegations, Crown Perth was asked to provide a presentation to the GWC about the media allegations.
34. On 27 August 2019 (being the first GWC meeting to be held after the 60 minutes program), Joshua Preston and Claude Marais attended the GWC meeting to provide a presentation on the current status of junket activities, including Crown's processes for assessing risk and due diligence for junket participants.<sup>10</sup>
35. I recall noting the information provided during the presentation by Crown Perth, but that I had reserved any final views pending the outcome of the independent probity investigations that were being undertaken by the various authorities (i.e. VCGLR, and ILGA) at that time.

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

36. In response to the media allegations, I recall that at the 27 August 2019 GWC meeting, the GWC:

36.1 received a presentation from Crown Perth in relation to the allegations (discussed above); and

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<sup>10</sup> GWC.0002.0016.0286\_0006; GWC.0004.0014.0002.

- 36.2 received a briefing from the Deputy Director General in relation to junket processes in Western Australia.<sup>11</sup>
37. At that meeting, I recall that we discussed the fact that the media allegations were focused on Crown Melbourne and that there were already a number of investigations underway in relation to those allegations, including by VCGLR, and ILGA, that the GWC could rely upon as a basis to make suitability and enforcement determinations, and that it may be premature of the GWC to commence its own investigations.<sup>12</sup> It was determined that the GWC would await the outcomes of those investigations, prior to commencing any of its own investigations. Once the ILGA Inquiry report was released in February 2021, the GWC agreed to commence an investigation into Crown Perth.
38. I also recall that the GWC was informed that the Deputy Director General would participate in a regulatory round table session to discuss the ILGA Inquiry in late 2020.<sup>13</sup>

## TOPIC 5: JUNKETS

Your knowledge of the Australian Commission for Law Enforcement Integrity investigation known as Operation Angove, which was an investigation into possible corruption issues regarding the Department of Home Affairs and its interactions with Crown Casino. Specifically, did the Department provide the Commission with a copy

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<sup>11</sup> GWC.0002.0016.0286\_0003.

<sup>12</sup> GWC.0002.0016.0283\_0044.

<sup>13</sup> GWC.0002.0016.0311\_0004.

of the Investigation Report (Report 08/2020) and did the Department give the Commission any briefing about that report?

39. The ACLEI investigation into Crown Perth was referred to during a PowerPoint presentation to the GWC meeting held on 27 August 2019. During this meeting, Crown Perth's PowerPoint presentation (GWC.0004.0014.0002) on page 35 states: *"The Attorney-General, Christian Porter, has referred certain matters to the Australian Commissioner for Law Enforcement Integrity (ACLEI) for further investigation, ..."*.
40. I recall receiving the Operation Angove Investigation report by email from the Department, on 15 September 2020. The email received stated that due to the confidentiality of the investigation report, this matter would not be referred to in the GWC Agenda or meeting minutes and that the DDG would provide a verbal presentation during the GWC meeting on 22<sup>nd</sup> September 2020, however I cannot recall if a briefing was actually provided during the meeting.

## **TOPIC 6: MINIMISATION OF HARM FROM CASINO GAMING**

41. In answering the question(s) under this topic, I have had regard to the following documents:
- 41.1 GWC.0002.0016.0307;
  - 41.2 GWC.0002.0016.0274;
  - 41.3 GWC.0002.0016.0296;
  - 41.4 GWC.0002.0016.0302; and
  - 41.5 GWC.0002.0016.0310.

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.

42. I am generally aware of the potential harm that can be caused by casino gaming, including at Crown Perth, to problem gamblers and their family members. I have gained this awareness from my position as a member of the GWC, and as a result of attending the Australasian Casino & Gaming Regulators Conference 2019 between 14 to 15 May 2019.<sup>14</sup>
43. Specifically in relation to the harm caused by casino gaming at Crown Perth, as part of each Agenda pack, the GWC receives a summary of Crown Perth Gambling Statistics (RSG, Security & Surveillance Reports) for the previous month which broadly sets out a summary of, amongst other things, Responsible Service of Gambling (RSG) statistics in relation to:
  - 43.1 third party referrals (and the outcome);
  - 43.2 referrals from gaming team members;
  - 43.3 referrals from other Casino employees; and
  - 43.4 referrals from Gambling Help WA (Centrecare).<sup>15</sup>

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<sup>14</sup> GWC.0002.0016.0274 \_0072.

<sup>15</sup> See for example, GWC.0002.0016.0274 \_0297.

44. It is my understanding that a national research program (Gambling Research Australia) is funded by all State, Territory and Commonwealth Governments through a Memorandum of Understanding (MOU) to build on, and fill gaps in, the evidence relevant to the nature and impact of gambling activities and policy interventions in Australia, with a focus on informing government policies, programs and regulatory decisions.<sup>16</sup> However, I am not aware of GWC's role in relation to the MOU and I have not been provided with a copy of any research prepared by Gambling Research Australia with respect to casino gaming during my time as a member of the GWC.
45. Save for the above, I do not have any knowledge or understanding of the nature and extent of harm, if any, caused by casino gaming at Crown Perth.
46. I am not aware 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.

*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.*

47. It is my understanding that the GWC provides funding to the Problem Gambling Support Services Committee (PGSSC). As set out in the Agenda paper for Agenda Item 9.2 of the 25 February 2020 Agenda pack,<sup>17</sup> the PGSSC is self-funded through voluntary contributions from representatives and received a voluntary contribution from the GWC of \$76,000 for the 2019/20 financial year. It is my understanding from the briefing materials I have been provided by the Department, that the contributions

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<sup>16</sup> GWC.0002.0016.0310\_0193.

<sup>17</sup> GWC.0002.0016.0296.

received by the PGSCC are applied to fund support services and to raise awareness of problem gambling for people affected by gambling in Western Australia. For example, in the 2019/20 financial year the PGSCC funded the following counselling and support services: Problem Gambling Helpline, Gambling Help WA counselling, and Gambling Help Online counselling.

48. I do not know how the effectiveness of the application of the funding is evaluated by the PGSCC. However, it is my understanding that each of those services are utilised by the public. By way of illustration, the GWC 2019-20 Annual Report discloses:<sup>18</sup>

- 48.1 a three-year summary of the total number of target telephone calls received from people affected by problem gambling;
- 48.2 a three-year summary of the total number of counselling sessions held by Centrecare; and
- 48.3 a summary of the clients who visited Gambling Help Online between 1 July 2019 and 30 June 2020.

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<sup>18</sup> GWC.0002.0016.0310\_189.



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;

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

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

49. I am aware that based on a presentation by Crown Perth to the GWC, dated 18 December 2018, regarding responsible gaming it stated that its framework is comprised of a number of components that seek to minimise harm from casino gambling:

49.1 Crown refers to the Responsible Gambling Code of Conduct in implementing responsible service of gambling within its organisation;

49.2 The Crown Resorts Board established a Responsible Gaming Board Committee (**CRRGB**) dedicated to overseeing responsible gaming at, amongst others, Crown Perth;

49.3 Crown Perth established the Responsible Gambling Management Committee (**RGMC**) whose principal responsibility is to monitor and review all gambling and associated activities to ensure that Crown Perth provides a safe and responsible gambling environment;

49.4 Crown has a 24/7 dedicated Crown Perth RSG Team who are specifically trained in responsible service of gambling;

- 49.5 Crown has established a Responsible Gambling Information Centre (**RGIC**) that is open 24/7 to support customers with problem gambling; and
- 49.6 All Crown employees are provided with RSG training as part of their induction process.<sup>19</sup>
50. I understand that it is one of the GWC's functions, under the *Gaming and Wagering Commission Act* to implement policies, and take steps, to minimise harm to the community caused by gambling. The GWC's focus on responsible service of gambling and harm minimisation is reflected in the GWC's Desired Outcomes and Key Effectiveness Indicators.<sup>20</sup>
51. The GWC takes into account gambling harm minimisation in its functions in overseeing and regulating Crown Perth. For example:
- 51.1 Harm minimisation is a factor that is taken into account in ensuring that games are not played on poker machines under the Western Australian Appendix to the Australian/New Zealand Gaming Machine National Standard 2016.<sup>21</sup>
- 51.2 Harm minimisation is included as part of the defining requirements of Electronic Gaming Machines in the GWC policy for Electronic Gaming Machines.<sup>22</sup>

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<sup>19</sup> GWC.0002.0016.0250 \_0002; GWC.0002.0016.0248.

<sup>20</sup> See GWC.0002.0016.0310 \_209.

<sup>21</sup> See for example GWC.0002.0016.0281 \_0030.

<sup>22</sup> See for example GWC.0002.0016.0281 \_0033.

51.3 GWC's policy on ATM placement at Perth Casino and the use of EFTPOS machines (discussed below) was implemented to minimise harm to the community caused by gambling.<sup>23</sup>

51.4 At the March 2021 meeting, the GWC resolved not to approve an application by Crown to increase the number of physical Electronic Gaming Machines on the Crown Perth casino licensed footprint on the basis of harm minimisation grounds.

51.5 Harm minimisation was also taken into account in determining a request by Crown Perth to reduce the speed of play on Electronic Machines (discussed further below).

*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.*

52. As set out in my first witness statement, I was given an induction file during my GWC induction meeting on 2 August 2018 which contained, amongst other things, a copy of the "ATMs at Crown Perth" policy.<sup>24</sup>

53. It is my understanding that the GWC's policy about and regulation of ATM placement at Perth Casino is as set out in that policy being that:

53.1 There are restrictions on the placement of ATMs within Crown Perth, and the amount of money that can be withdrawn within a 24 hour period;

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<sup>23</sup> See [https://www.dlgsc.wa.gov.au/department/publications/publication/automatic-teller-machines-\(atms\)-at-crown-perth-policy](https://www.dlgsc.wa.gov.au/department/publications/publication/automatic-teller-machines-(atms)-at-crown-perth-policy).

<sup>24</sup> GWC.0003.0003.0006, [13]-[15].

- 53.2 ATMs are permitted on the same level as the casino main entry, close to the location of the security officers and under existing CCTV coverage;
- 53.3 ATMs are not permitted to be located:
- (a) in the area covered by the casino gaming licence; or
  - (b) within 40 metres (walking distance) of any entrance to the gaming floor, unless the ATM has a withdrawal limit of \$400 per customer, per day (24 hours).<sup>25</sup>
54. During the GWC meeting on 28 May 2019,<sup>26</sup> the GWC approved the use of cashless payments (EFTPOS and Contactless) for patrons using a debit card to specifically:
- 54.1 purchase gaming chips at designated area/s within the casino or at a gaming table; and
  - 54.2 purchase tickets at ticket redemption terminals (or similar type facilities) for use on gaming machines,
- subject to Crown Perth providing a report (as comprehensive as permitted by bank privacy restrictions) relating to the use, take up and any issues from the conduct of cashless gaming for the first three 3 months of operation within one 1 month after the completion of that period.
55. It is also my understanding that the approval was subject to the following restrictions:
- 55.1 Debit card only. No credit transactions are permitted;

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<sup>25</sup> See also: [https://www.dlgsc.wa.gov.au/department/publications/publication/automatic-teller-machines-\(atms\)-at-crown-perth-policy](https://www.dlgsc.wa.gov.au/department/publications/publication/automatic-teller-machines-(atms)-at-crown-perth-policy).

<sup>26</sup> GWC.0002.0016.0276\_0003.

- 55.2 \$400 per transaction limit;
- 55.3 No “tap” – insert/swipe and PIN required;
- 55.4 \$500 daily limit - self imposed – for approximately 6 months in non premium areas; and
- 55.5 Crown Perth would ensure the following responsible gambling initiatives are adhered to:
  - (a) all table game staff will undertake face to face responsible gambling training;
  - (b) responsible gaming branding will be included on EFTPOS terminals;
  - (c) responsible gaming QR codes will be included on tabletop signage;
  - (d) Responsible Gaming physical brochures to be held on applicable gaming tables;
  - (e) there will be no marketing or branding of the EFTPOS terminals; and
  - (f) EFTPOS terminal merchant code of Gambling/Casino to be applied.<sup>27</sup>

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<sup>27</sup> GWC.0002.0016.0307.

**TOPIC 7: DETERMINATION OF APPLICATIONS BY CROWN PERTH**

56. In answering the question(s) under this topic, I have had regard to the following documents:

56.1 GWC.0002.0016.0280;

56.2 GWC.0002.0016.0274.

*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.*

57. It is my understanding that the GWC has the power pursuant to section 18(3) of the *Gaming and Wagering Commission Act 1987* to engage independent consultants as may be necessary to enable the GWC to carry out effectively its functions, including to assist the GWC to determine applications by Crown Perth, subject to Ministerial approval.

58. It is also my understanding that the GWC's approval process of Electronic Gaming Machines provides for the testing and certification of the Electronic Gaming Machines by an accredited testing facility.<sup>28</sup>

59. On my review of the various minutes of meeting and Agenda packs for the purpose of preparing this statement, I was able to refresh my memory in relation to the engagement of accredited testing facility by the GWC and that the GWC was informed at the GWC meeting on 30 April 2019 that Crown was "*now a client of GLI [Australia]*" (the accredited testing facility engaged by GWC from time to time) and

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<sup>28</sup> GWC.0002.0016.0280\_0034.

that as a consequence it left the Department with no independent testing laboratories in Australia and that any potential conflict would need to be managed.<sup>29</sup>

*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.*

60. Based on my review of the “Summarised Approval and Compliance Processes for Electronic Gaming Machines at Crown Perth” attached to the Agenda pack for the 23 July 2019 GWC meeting,<sup>30</sup> and my experience as a member of the GWC, it is my understanding that the following process is followed for the approval of new Electronic Gaming Machines and amendments to existing Electronic Gaming Machines:

- 60.1 Application for approval of a new EGM is submitted by the Casino Licensee, along with a video demonstration and presentation to the GWC.
- 60.2 The GWC issues an in principle approval if the EGM or requested amendments meet the key criteria for EGMs as set out in the Western Australian Appendix to the Australian/NZ Gaming Machine National Standard 2016, which specifies key criteria for EGMs at Crown Perth including: appearance, speed of play, player interaction, return to player, etc.
- 60.3 Compliance with the Western Australian Appendix to the Australian/NZ Gaming Machine National Standard 2016 is tested by an accredited testing

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<sup>29</sup> GWC.0002.0016.0274\_0004.

<sup>30</sup> GWC.0002.0016.0280\_0034.

facility, who will provide, within the certification, details of the game performance, return to player information, and compliance with the WA Appendix rules for EGMs.

- 60.4 The Casino Licensee makes a presentation on the new EGM to the GWC for review. If the GWC approves the EGM in principle, then a full submission is submitted to the Department for review and if adequate provided to the Chief Casino Officer for consideration.
- 60.5 Final approval for the EGM game is granted by the Chief Casino Officer acting under a delegation.
61. It is also my understanding that any application for approval of a new game (that is not an EGM) must be presented to the GWC for approval in a similar process to the approval of EGMs.
- Your understanding of the effect of the phrase “except for a game played with poker machines” in s 22[(1)(a)] of the Casino Control Act.*
62. In answering this question I have referred to section 22(1)(a) of the *Casino Control Act* as opposed to section 22(2).
63. My understanding of the phrase “except for a game played with poker machines” in section 22(1)(a) of the *Casino Control Act 1984* is that poker machines are prohibited from being approved by the GWC.

## **TOPIC 8: POLICY ON ELECTRONIC GAMING MACHINES**

64. In answering the question(s) under this topic, I have had regard to the following documents:
- 64.1 GWC.0002.0016.0285;



- 64.2 GWC.0002.0016.0281;
- 64.3 GWC.0002.0016.0268;
- 64.4 GWC.0002.0016.0271;
- 64.5 GWC.0002.0016.0269; and
- 64.6 GWC.0002.0016.0273.

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].

- 65. It was my understanding that the intended effect of resolution 120/2019 was to only approve the changes to the WA Appendix to the National Standard of Electronic Gaming Machines and relevant policies to:

- 65.1 reduce the minimum game speed to 3 seconds for base games which incorporate game features (such as extra play and free games), and a minimum game speed of 5 seconds where no game features are incorporated with the base game; and
- 65.2 remove references from those documents relating to the independence of outcomes.

- 66. It is not my understanding that the intended effect of that resolution was to approve all of the amendments to the GWC's Policy on Electronic Gaming Machines shown at Attachment 5 of the Agenda paper for Agenda Item 5.3.

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.

67. While it is not minuted, I recall that the proposed amendments to the WA Appendix in relation to minimum game speed and independence of outcomes was the subject of robust discussion over a number of GWC meetings between March 2019 and July 2019.<sup>31</sup>
68. I recall that I had considered the impact of reducing the speed of play would have on problem gambling as a result of a potential increase in the addictiveness of the games. The only benchmark that I had in relation to the protections that were available for problem gamblers in this regard was the requirement for a minimum game speed of 5 seconds, as well as other factors including machine appearance, player interaction, return to player, etc. It was my understanding from the briefing papers provided to me that the proposed amendments only related to games that had game features, such as extra play and free games, and that the proposal to reduce spin time to 3 seconds would bring that average game speed to a value in excess of 5 seconds.<sup>32</sup>
69. These considerations were discussed at the GWC meetings between March 2019 and July 2019 and were factors taken into account by the GWC as a whole in passing resolution 120/2019.

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<sup>31</sup> GWC.0002.0016.0268; GWC.0002.0016.0271; GWC.0002.0016.0269; GWC.0002.0016.0273.

<sup>32</sup> GWC.0002.0016.0281\_0032.

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

70. It is my understanding that the 90% return to player requirement for Electronic Gaming Machines is set in the WA Appendix of the Gaming Machine National Standard 2016 is one of the factors that may be used to ensure that games are not played on poker machines.
71. I do not have any knowledge or understanding of the rationale for the 90% return to player requirement for Electronic Gaming Machines. That requirement was set before I was appointed as a member of the GWC.

**TOPIC 9: REGULATION AND OVERSIGHT OF PERTH CASINO**

72. In answering the question(s) under this topic, I have had regard to the following documents:
- 72.1 GWC.0002.0016.0336\_R;
- 72.2 GWC.0002.0016.0346\_R;
- 72.3 GWC.0002.0016.0309.

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

73. It is my understanding that the scope and content of the audit and inspection program at Perth Casino is determined by the Department to confirm compliance and maintain integrity. I do not have any knowledge in relation to how the Department determines the scope and content of the audit and inspection program. I understand that the Department also relies on certification from an approved testing facility regarding EGM game performance and compliance with the WA Appendix.

74. A summary of the audits, investigations and inspections undertaken at Perth Casino are reported to the GWC each month in the Agenda packs. Audits, investigations and inspections are across various activities including Table audits (Main Gaming Floor and International Gaming), Table opening float reconciliation procedures, Keno audit etc. Those reports are reviewed and noted by the GWC. An example of such a report can be found in the Agenda pack for the December 2020 meeting as part of Agenda Item 6.1: Summary of Casino Gaming Action – November 2020.<sup>33</sup>

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

75. The GWC relies on Departmental staff to implement the audit and inspection program at Crown Perth.
76. During the GWC meeting on 27 July 2021, at Agenda Item 6.11, GWC members requested that in regard to EGM audits the Department provide information on what Crown's internal audit process involves and how this interacts with the Department's audit processes. In addition, during that meeting GWC members requested the CCO to review the last EGM revenue audit and report back on the review outcomes to the Commission.

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<sup>33</sup> GWC.0002.0016.0336\_R\_0124; Minutes, GWC.0002.0016.0346\_R\_0004.

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

77. It is my understanding that the Department audits the calculation by Crown Perth of the taxable revenue of the Perth Casino, in particular the IGT Advantage system on all EGMs which records all EGM revenue and tax information.
78. I understand the Department relies on certification by an accredited testing facility to verify the calculation of taxable revenue from EGMs. The Department's inspectors conduct test audits on the accuracy of inputs into the IGT Advantage system including procedural requirements relating to floats, payouts, controlled access to EGM doors and accounting keys, although I don't know the strategy used by the Department for selecting test audits.
79. Taxable revenue of the Perth Casino is also included in the monthly financial statements provided to the GWC. These monthly financial statements are reviewed and noted by the GWC. I recall that to the extent the monthly financial statements include a large or unusual variance, either I, or another member of the GWC, would seek clarification in relation to that variance. For example, at the GWC meeting on 28 July 2020, a question was raised in relation to the receivable of \$745,203 for the 2019/20 financial year. It was explained at the GWC meeting that that adjustment was a consequence of the initial application of AASB 15 *Revenue from Contracts with Customer*, which was effective from 1 July 2019 and consequently the Commission is

required to recognise 3 months of the Casino Gaming License Fee as a receivable for the 2019/20 financial year.<sup>34</sup>

## 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.*

80. Prior to October 2020, I did not have any 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.
81. I first became aware of a personal relationship between Mr Michael Connolly and Mr Claude Marais (General Manager, Legal and Compliance for Crown Perth) at the GWC meeting on 27 October 2020 during which Mr Connolly disclosed he had a friendship with Mr Marais.<sup>35</sup>
82. I became aware of Mr Connolly's personal relationships with Mr Joshua Preston and Mr Paul Hulme when those relationships were disclosed in the media resulting from the PCRC process.
83. I, otherwise, do not have any 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.

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<sup>34</sup> GWC.0002.0016.0309\_0007.

<sup>35</sup> GWC.0002.0016.0333\_0001.

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.

84. I do not have any 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.

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.

85. Save as set out below, I do not have any knowledge of travel undertaken by Departmental officers and employees in circumstances where Crown has reimbursed some or all of the cost of the travel.
86. Since the commencement of the Perth Casino Royal Commission, I became aware from media reports that Crown had reimbursed Mr Sargeant's costs of travel on two occasions associated with a trip to Macau in 2013 and, separately, to Melbourne in 2014.

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

87. I do not have any knowledge of any functions at a venue at Crown Perth, for example, a retirement function or Christmas meal, attended by Departmental officers and employees.

**TOPIC 11: RISKWEST REVIEW***The current status of the RiskWest review*

88. My understanding is that the RiskWest review was initiated by the Department's Director General, however, I am not aware of the current status of the RiskWest review.
89. So far as I am aware, GWC has not seen a copy of the review which has been undertaken, if any has been completed.

**TOPIC 12: CHANGES TO PROCESSES OR PRACTICES**

90. In answering the question(s) under this topic, I have had regard to the response provided by the GWC to question 11 of the Fourth Notice to Produce Statements of Information dated 16 July 2021 (NTP-024).

*Whether the Commission has made or intends to make any changes to its processes or practices in light of the findings and recommendations of the EY review.*

91. As set out in GWC's response to NTP-024, and as at the date of this statement, the GWC has not taken any steps to directly address the findings and recommendations of the EY review.
92. The GWC does, however, intend to address the issues identified in the Bergin / ILGA Inquiry and any issues in the Victorian Royal Commission into Crown Melbourne, the AUSTRAC formal enforcement investigation (to the extent the conclusions are shared with the GWC) and the PCRC, which may involve a change to the GWC's processes and practices and which may overlap with the findings and recommendations of the EY report.



### TOPIC 13: WA POLICE

93. In answering the question(s) under this topic, I have had regard to the following documents:

93.1 GWC.0002.0016.0266\_R;

93.2 GWC.0002.0016.0272;

93.3 GWC.0002.0016.0345; and

93.4 GWC.0002.0016.0368\_R.

*Your knowledge of the any interaction between the Commission and the WA Police.*

94. I am aware from the materials that have been provided to me in various Agenda packs in the past that Departmental staff interact and work with WA Police in undertaking a number of day-to-day and routine probity activities on behalf of the GWC. For example:

94.1 The GWC reviews applications made for bookmaker's licenses pursuant to section 11 and 11A of the *Betting Control Act 1954*. As part of that process, a probity report is requested by the Department from WA Police.<sup>36</sup>

94.2 The GWC investigates breaches of the *Gaming and Wagering Commission Act 1987* (WA). As part of those investigations, Departmental staff collaborate with WA Police to execute warrants and seize evidence with respect to unlawful gaming.<sup>37</sup>

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<sup>36</sup> GWC.0002.0016.0272\_0266.

<sup>37</sup> GWC.0002.0016.0266\_R\_0303.

- 94.3 The GWC undertakes an annual probity evaluation and suitability assessment on Crown Perth International Operations Staff. It is my understanding that as part of this process, WA Police provides an opinion as to the suitability of the Crown Perth International Operations Staff to continue to hold a casino employee license.<sup>38</sup>
95. In addition to the above, Deputy Commissioner CoI Blanch from WA Police attended the GWC meeting on 16 February 2021 by Teams to discuss WA Police working together with the GWC in terms of information and data sharing arrangements.<sup>39</sup> Since that meeting, I am not aware of any further direct interactions between the GWC and WA Police in relation to information and data sharing arrangements, or otherwise.

#### TOPIC 14: APPOINTMENT OF CHIEF CASINO OFFICERS

*Your knowledge of the process for the selection and appointment of Nicola Perry and Germaine Larcombe as Chief Casino Officers.*

96. It is my understanding that the selection and appointment of Ms Nicola Perry and Ms Germaine Larcombe as Chief Casino Officers was undertaken by the Department.
97. The GWC was not consulted or involved in the selection or appointment of Ms Nicola Perry and Ms Germaine Larcombe as Chief Casino Officers. The GWC was advised of those appointments after they had been made.
98. I do not have any knowledge of the selection or appointment processes adopted by the Department.

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<sup>38</sup> GWC.0002.0016.0345\_0113.

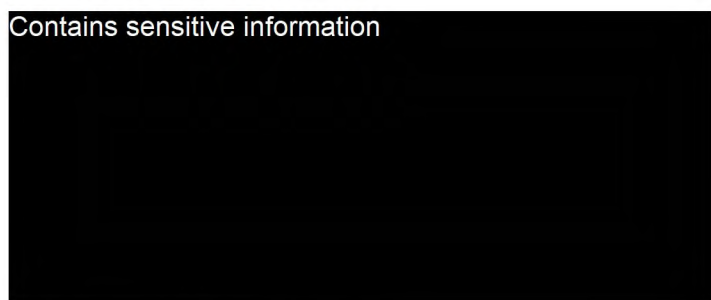
<sup>39</sup> GWC.0002.0016.0368\_R\_0002.

**TOPIC 15: 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.*

99. I do not have any knowledge, and I am not aware, of any risk assessment conducted by the GWC during my time as a Commissioner in relation to the the Perth Casino licensee or its conduct prior to November 2020.

Contains sensitive information



**Date: 27 AUGUST 2021**