



INDEPENDENT LIQUOR AND GAMING AUTHORITY OF NSW

INQUIRY UNDER SECTION 143 OF THE CASINO CONTROL ACT 1992 (NSW)

**THE HONOURABLE PA BERGIN SC
COMMISSIONER**

**PUBLIC HEARING
SYDNEY**

**FRIDAY, 23 OCTOBER 2020
AT 9.58 AM**

Continued from 21.10.20

DAY 48

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MR N. CONDYLLIS appears as counsel assisting the Inquiry
MS C. HAMILTON-JEWELL appears for Crown Resorts Limited & Crown
Sydney Gaming Proprietary Limited
MR A. D'ARVILLE and MR T. O'BRIEN appears for CPH Crown Holdings
5 **Pty Ltd**
MS N. CASE appears for Melco Resorts & Entertainment Limited
MS K. RICHARDSON SC appears for Star Entertainment Group Limited and
Star Pty Ltd

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COMMISSIONER: Thank you. Thank you, Mr Condylis.

MR CONDYLLIS: Commissioner, you should have two documents in front of you.
The first document is exhibit AM.

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COMMISSIONER: Yes.

MR CONDYLLIS: AM through to AM1 and AM5.

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COMMISSIONER: Yes. I'll mark those as AM1 to 5.

EXHIBIT #AM1 TO AM5 EXHIBIT AM

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MR CONDYLLIS: And the second document is proposed exhibit RM, and that's
from RM1 through to RM59.

COMMISSIONER: RM, is it?

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MR CONDYLLIS: RM.

COMMISSIONER: Yes. RM1 to 59. Thank you.

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EXHIBIT #RM1 TO RM59 PROPOSED EXHIBIT RM

MR CONDYLLIS: Commissioner, I call Rosemary Webb.

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COMMISSIONER: Ms Webb, I understand you will take an affirmation to give
your evidence; is that correct? I think you may have muted - - -

MS WEBB: Can you hear us? Can you hear me now?

45

COMMISSIONER: Yes.

MS WEBB: Yes. Thank you. Sorry about that. Yes, I will take an affirmation, thank you.

5 COMMISSIONER: Yes. Thank you.

<ROSEMARY ANN WEBB, AFFIRMED [9.59 am]

10 <EXAMINATION BY MR CONDYLIS

COMMISSIONER: Just before we begin, Ms Richardson, I see that you are joining us today. Thank you.
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MS K. RICHARDSON SC: Thank you, your Honour. I appear today on behalf of the Star Entertainment Group, may it please the Inquiry.

COMMISSIONER: Thank you. And I think that, Ms Hamilton-Jewell, you're
20 appearing today for Crown; is that right?

MS HAMILTON-JEWELL: Yes. Thank you, Commissioner.

COMMISSIONER: And is that Mr d'Arville?
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MR D'ARVILLE: Yes, Commissioner, with Mr O'Brien.

COMMISSIONER: Yes, thank you. And Ms Case. Yes, thank you very much.
30 Yes, Mr Condylis.

MR CONDYLIS: Ms Webb, can you state your full name for the record?

MS WEBB: Rosemary Ann Webb.

35 MR CONDYLIS: Your address is known to those assisting the commission?

MS WEBB: Sorry, my address?

MR CONDYLIS: Your address is known to those assisting the commission.
40

MS WEBB: I understand it is, yes.

MR CONDYLIS: Ms Webb, I'm going to ask some questions about your
45 background. I understand you have a law degree?

MS WEBB: Yes, I do.

MR CONDYLIS: And what year did you do your law degree?

MS WEBB: So I did my LLB at ANU from 1979 to 1983, and then I did a Master of Laws at Sydney Uni 1990 to 1992, I think.

5

MR CONDYLIS: And what did you do after gradation?

MS WEBB: So I first of all joined the Commonwealth Public Service as a graduate policy officer. I then travelled overseas for a time and just did casual employment. I then worked at Butterworths as a legal writer for a time, and then in 1990 I joined what was just then the Australian Securities Commission that had just commenced. Do you want me to keep going?

10

MR CONDYLIS: So that was the Australian - - -

15

MS WEBB: That was then the Australian Securities Commission. Yes.

MR CONDYLIS: And I understand that you - - -

COMMISSIONER: What were you doing there?

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MS WEBB: So I joined them as a lawyer and worked as a legal officer in the ASC until about 1997 at which time I moved to become in charge of their International Affairs Department for a couple of years.

25

COMMISSIONER: Thank you.

MR CONDYLIS: And after the ASC, what did you do?

MS WEBB: So then I joined the ACCC in 2001, and then worked there until 2008, first of all as regional director of their Sydney office and then as coordinator of their enforcement function based in Canberra. Then in 2008 I joined the Department of Environment as head of their compliance and enforcement branch. I was there for three years. Then I went back to the ACCC in 2011, and took over as executive general manager, mergers and authorisations. I was at the ACCC for about three years till – in that iteration until 2014 when I joined the Hong Kong Competition Commission.

30

MR CONDYLIS: Whilst at the ACCC, you said you were the executive general manager of mergers and acquisitions; what did that job entail?

40

MS WEBB: So that was looking after the teams that were looking after merger approvals for the ACCC and merger investigations and also the team that looked after authorisation applications for the ACCC.

45

MR CONDYLIS: And so in 2014 you moved to Hong Kong?

MS WEBB: That's correct.

MR CONDYLIS: You took up the role as senior executive director?

5 MS WEBB: That's correct.

MR CONDYLIS: And is it the case that the Hong Kong Competition Commission had only recently been founded at that point?

10 MS WEBB: That's right. The law didn't come into effect in Hong Kong until 2015 so my early part of my role there was setting up the commission, the infrastructure of the commission and then once the law commenced in 2015, we were then implementing the law.

15 MR CONDYLIS: And what law – are you talking about The Competition Ordinance?

MS WEBB: That's correct, yes.

20 MR CONDYLIS: And before that point, there was no regulator – competition regulator in Hong Kong apart from the telecommunications sector.

MS WEBB: That's right. The only competition law in Hong Kong until 2015 was a law about competition in the telecommunications sector, but not a general
25 competition law.

MR CONDYLIS: So you were at the Hong Kong Competition Commission between 2014 and 2017?

30 MS WEBB: That's correct.

MR CONDYLIS: And I understand you transitioned to become chief executive officer of that body at some point?

35 MS WEBB: Yes. During the course of 2015, the person who had been appointed CEO was, unfortunately, extremely ill and had to resign and then I stepped up to becoming the CEO in, I think, about May 2015.

MR CONDYLIS: When you joined the commission, how many staff did it have?
40

MS WEBB: It had about three or four at the time I joined.

MR CONDYLIS: And how many did it have at the time you left?

45 MS WEBB: About 70.

MR CONDYLIS: So is it fair to categorise the Hong Kong Competition Commission as a specialist agency regulating and enforcing competition law in Hong Kong?

5 MS WEBB: That's correct, apart from the telecommunications sector. We did everything else in competition, yes.

MR CONDYLIS: Can you briefly describe the structure of that agency?

10 MS WEBB: So there was a commission, like a board, and that had the effect of running the commission. That was all part-time members drawn from various avenues of Hong Kong society, including business representatives, people with expertise in competition law from the universities, government economists and things like that. They met once a month and they were the ultimate decision-makers
15 for the commission. The chair was a part-time chair as well. She was also a member of the Executive Council in Hong Kong. And then the structure of the staff was a CEO, a senior executive director, a director in charge of enforcement, a director in charge of policy and communications, a director in charge of legal and then a sort of corporate services manager as well.

20

MR CONDYLIS: And so the role of CEO was a full-time role?

MS WEBB: That's correct, yes.

25 MR CONDYLIS: Whereas the board was part-time.

MS WEBB: That's right, yes.

MR CONDYLIS: That means the CEO position is a very important position
30 because that person is there full-time looking at – making sure the objects and purpose of the body are being adhered to?

MS WEBB: That would be correct, yes.

35 MS SHARP: And then you have described the divisional structure of the body, and so each person within each division would be specialising on that function within the competition sector of the Hong Kong economy?

MS WEBB: That's right. I mean, we were covering the whole economy except for
40 telecommunications but people would have that specialist regulatory function, yes.

MR CONDYLIS: And it's the case that the Hong Kong Competition Commission was an independent body?

45 MS WEBB: It was a creature of statute, but it was in the statute defined to be independent from by direction by the government in terms of its decision-making on matters to do with the implementation of the law. We were funded by the

government and subject to some generic structural arrangements from the government, but in terms of our application of The Competition Ordinance, we were independent.

5 MR CONDYLIS: And indeed, that was something that was quite important to the body. Indeed, under section 132 of the Ordinance, it stated that the commission is not servant or agent of the government, and the provision reads:

10 *The commission is not a servant or agent of the government. It does not enjoy any status, immunity or privilege of the government.*

So the actual independence of the body was enshrined in statute?

15 MS WEBB: Yes, that was an important principle. There is a lot of government business enterprises in Hong Kong so we held that very closely.

MR CONDYLIS: Yes. And it's also the case that the body had the power to employ its own staff; is that right?

20 MS WEBB: That's correct.

MR CONDYLIS: And indeed, at section 11 of the ordinance, subsection (1) states.

25 *The commission may employ such staff and engage on contract for services such other persons as it considers necessary to perform its functions.*

You're aware of that provision?

30 MS WEBB: Yes.

MR CONDYLIS: And you would consider that provision to be very important?

35 MS WEBB: I think in the scheme of things it was relevant to how we operated. I don't know I with would call it important, but it was obviously the way in which we engaged our staff was in accordance with that provision.

MR CONDYLIS: But you weren't dependent on any department to provide staff to the agency?

40 MS WEBB: No. The staff – we did have some people who had come from various parts of the civil service in Hong Kong, but they had – they had resigned from that civil service provision and joined the commission on a separate contract.

45 MR CONDYLIS: And it would be fair to say that the staff in the commission did not have bifurcated loyalties; that is, they were only loyal to the commission?

MS WEBB: In terms of their employer, yes. Yes.

MR CONDYLIS: Ms Webb, I'm just going to ask you some questions now about the position in New South Wales. But before I go into the current position, I want to take you to a bit of the history to the current structure. So operator, could you please go to document INQ.080.040.1934 and that's exhibit A66. That can be on the
5 screen.

COMMISSIONER: Thank you. You should have that on the screen, I hope, Ms Webb.

10 MS WEBB: I think something is just coming. Yes, I have it now.

COMMISSIONER: Yes, thank you.

MR CONDYLIS: Now, Ms Webb, this is the annual report of the Independent
15 Liquor and Gaming Authority 2014-2015. And if I can just take you to pinpoint 1945. So you'll see this is a timeline of the agency's progression. Of course, you came – you left the Hong Kong Competition Authority in 2017. And you joined the department in, I think it was on 6 November 2017?

20 MS WEBB: That's correct.

MR CONDYLIS: And so - - -

COMMISSIONER: Which department was that?
25

MR CONDYLIS: The Department of Finance, Services and Innovation; is that right?

MS WEBB: That was the name then. Yes.
30

MR CONDYLIS: And at the time when you came to the department, liquor and gaming was not part of the department's or not one of the Acts being administered by the department?

35 MS WEBB: That's correct.

MR CONDYLIS: And so this document on the screen details a lot of the history that pre-dates your time - - -

40 MS WEBB: That's right.

MR CONDYLIS: - - - in the department.

MS WEBB: Yes. I – don't have any knowledge of this. Yes.
45

MR CONDYLIS: But you are aware about the general history that there was once an independent casino regulator by the name of Casino Control Authority, and that was created in 1992?

5 MS WEBB: Yes. I know that, but only from readings documents like this. I don't have any direct knowledge of it. Yes.

COMMISSIONER: Just let me see if I can understand. When you left Hong Kong and you came back to Australia, you say that you joined the Department of Finance –
10 is that right – Services and Innovation?

MS WEBB: Department of Finance, Services and Innovation, that's right.

COMMISSIONER: Yes. And what was your role at that time?
15

MS WEBB: So I was deputy secretary of the Better Regulation division and Fair Trading Commissioner. And so have the same role as I – had the same role, then, as I do today. But the machinery of government change that happened last year brought in the liquor and gaming regulation to that division.
20

COMMISSIONER: So you're presently the Commissioner for Fair Trading; is that right?

MS WEBB: Yes, I am. It's a little bit confusing, which I might just explain. I'm the Deputy Secretary for Better Regulation. Because various statutes refer specifically to the Commissioner for Fair Trading, I carry that name, but I'm also responsible for other regulations. And so fair trading is there in my title more because of the statutory arrangements. I'm looking after the various regulation – regulators in the same way, if that makes sense.
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30

COMMISSIONER: And you look after a range of regulatory bodies or - - -

MS WEBB: That's right. Fair – Fair Trading, but also Safe Work, now Liquor, Gaming and Racing and some other smaller bodies as well.
35

COMMISSIONER: When you say, now, gaming and racing, etcetera; when was that now?

MS WEBB: 1st of July 2019.
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COMMISSIONER: Yes. Thank you very much, Ms Webb. Yes, Mr Condylis.

MR CONDYLIS: So I'll go into some depth about your current role and the current structure of the regulator. But just so we give some context as to how things came to be the way they are, this document, which appears in the 2014/2015 annual report shows there was original a Casino Control Authority, a specialist body, regulating just casinos. At the time, there was also a director of casino surveillance and so there
45

was a bifurcation of regulation of casinos; that was basically a New Jersey model. And, over time, that body also had – was given jurisdictions to look at liquor and gaming. Indeed, that happened in or around 2008. And the body, then, was renamed to the Casino, Liquor and Gaming Control Authority in or around 2008 and, indeed,
5 it took the name of the Independent Liquor and Gaming Authority 2012. But, all the while, it was just a specialist authority regulating, initially, casinos and then casinos, liquor and gaming. So you understand that general background to the regulation of casinos, liquor and gaming in New South Wales.

10 MS WEBB: Again, I understand it as a general background, but I had no direct knowledge of it at the time.

MR CONDYLLIS: And if I can just take you to pinpoint 1947. So this is the structure of ILGA in 2014/2015 and, indeed, it's somewhat similar, you would
15 accept, to the Hong Kong Competition Commission, in the sense that it has a divisional structure with people performing particular functions with respect to the casino, liquor and gaming industry, not just the competition industry?

MS WEBB: I think, overall, that structure looks to me a bit different, because it has
20 got – it's based on industry sector rather than function. But within the casino licensing – within the casino regulation part of the Authority, they do seem to have divided up into various types of functional operations. Yes.

MR CONDYLLIS: Yes. I mean, but the point is that you have individuals who are
25 specialising in a particular area?

MS WEBB: Are you saying a particular area of business or a particular type of regulatory function?

30 MR CONDYLLIS: Well, in this sense, it's a particular type of activity, that is, the conduct of a casino licence, a liquor licence or a gaming licence. I accept, in the Hong Kong context, that was a particular type of issue that may arise in the Hong Kong economy. I accept that it was - - -

35 MS WEBB: I think, yes. So the people in the investigations team in Hong Kong did investigations of every industry except for telecommunications, so it was a functional arrangement. This looks to me, just overall, as though it's an industry-based structure with, then, some functional arrangements underneath. But so it doesn't look like Hong Kong to me. It looks like an industry-based one. Yes.

40 MR CONDYLLIS: Okay. And, indeed, if I can take you to pinpoint 2010, you will see, in the first sentence that Liquor and Gaming – the Liquor and Gaming Authority was a reporting entity as was its agency, staff agency. And so, at the time, it had its own employees.

45 MS WEBB: That's – that's my understanding, from what I've heard. Yes.

MR CONDYLIS: And that's, of course, a difference – somewhat of a difference – to the way in which the current regulator is structured, which we'll get to?

MS WEBB: That's correct.

5

MR CONDYLIS: If I can now take you to a new document. So that's, operator – this is going to be hearing room only. DCS.001.0011212.

COMMISSIONER: It should be on the confidential link so that Ms Webb can see it.

10

MR CONDYLIS: So this is – this might be marked as an MFI, Commissioner.

COMMISSIONER: I just want Ms Webb to be able to see it.

15 MR CONDYLIS: So it's confidential link only.

COMMISSIONER: Yes. Thank you.

MR CONDYLIS: Sorry. It should only be hearing room screen - - -

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COMMISSIONER: All right.

MR CONDYLIS: - - - because I think the other parties have access to the confidential link.

25

COMMISSIONER: Will Ms Webb have access to it?

MR CONDYLIS: Ms Webb, do you have access to tab 13 of your documents?

30 MS WEBB: So that's the change management plan for the creation of liquor and gaming in New South Wales?

MR CONDYLIS: Yes.

35 MS WEBB: Yes. I do have it here.

COMMISSIONER: Yes, thank you.

40 MR D'ARVILLE: Commissioner, I'm sorry to interrupt. Is this a document we have access to? This is Mr d'Arville for Consolidated Press.

COMMISSIONER: I'm not sure, Mr d'Arville. What is the position?

45 MR CONDYLIS: It is not. This document has not been provided to the parties.

COMMISSIONER: I see. I see.

MS WEBB: It's a document that - - -

COMMISSIONER: All right. That's all right. Yes. Thank you. No. Mr
d'Arville, the answer is no. Apparently, it's a confidential document in-house.

5

MR D'ARVILLE: Thank you, Commissioner.

COMMISSIONER: At the moment. I'm not quite sure why yet, but we'll find that
out, Mr d'Arville.

10

MR D'ARVILLE: Thank you, Commissioner.

COMMISSIONER: Yes. Yes, Mr Condylis.

15 MR CONDYLLIS: So, Ms Webb, this is a document that introduced or recognised
that the ILGA would no longer have its own staff agency. And it's part of the
machinery of government changes that took place in or around late 2015.

MS WEBB: Yes. I understand the background to it. Yes.

20

MR CONDYLLIS: What is your understanding of what actually occurred? I mean,
not through this document specifically, but what generally occurred in relation to the
reorganisation of the staff of the Regulator?

25 MS WEBB: Look, I don't have a very strong understanding at all. I obviously was
in Hong Kong at the time. And many of the staff members who were impacted by
this change at the time are no longer with the New South Wales Public Service. So,
really, all I understand was that there was a process of changing them from being a
separate staff agency into being generic public service employees along with
30 everyone else and, at the time, then part of the Department of Justice. But by the
time I got to know them, they had moved to industry and this was a little bit of
history for them. Yes.

35 COMMISSIONER: Just so I understand the history. I don't think we need to go to
the document, I understand it is not being utilised. But one of the major steps was to
transfer, to use a neutral term, the staff of the former authority into the public service;
is that right?

40 MS WEBB: That's correct. I'm not 100 per cent sure that all the staff did transfer.
Some, I think, chose to leave but people did transfer, and some other people were
recruited.

45 COMMISSIONER: Yes. And do I apprehend correctly that this was all-of-
government process of changing structures of departmental arrangements or is that
not right?

MS WEBB: I'm afraid I wasn't even in Australia in 2015 and I wasn't in the New South Wales public service so I don't know whether this was the only example where that was done or whether it was a more generic government policy; sorry I don't know that.

5

COMMISSIONER: But so far as this entity is concerned, that was the policy to remove the staff from it and place some of them perhaps, not all of them, into the government department which was then known as the Department of Justice?

10 MS WEBB: That's correct, yes.

COMMISSIONER: Thank you. Yes, Mr Condylis.

15 MR CONDYLLIS: If I can take you then to the Department of Justice annual report. That's INQ.080.040.2054. This can go up on the hearing room screen.

COMMISSIONER: You mean the live stream?

20 MR CONDYLLIS: Just for all parties to see.

COMMISSIONER: I see. For all parties. All right.

25 MR CONDYLLIS: And if I can take you, Ms Webb, to pinpoint 2192, and on that page it is explained that the staffing agency was abolished on 30 October 2015 and I understand that that, the document I took you to previously, was part of the documents that effected that change. And over the page to pinpoint 2193, it's indicated there that the position of the chief executive officer of the authority was – that position was also abolished?

30 MS WEBB: Yes. That's what it says here.

35 MR CONDYLLIS: That's not an insignificant reform because that position is a very important position, a full-time position, that I would understand acts between a liaison between the board and the employees on the ground, and so to remove that position is quite an important reform?

40 MS WEBB: I would have said I don't know for sure but I would have thought that many of the functions that maybe the CEO was performing in that role would now be performed by a person – one of the senior executives in the public service, so I can't say for sure whether some of the roles changed or didn't change. But I would have thought they were pretty similar to what a senior executive might do. It's maybe more a matter of a name, whether they were a deputy secretary or a CEO, would seem to me to be pretty much the same.

45 MR CONDYLLIS: And also, it's the case that – if I can now take you to the Modernisation Review, which is – that came in in February 2016, so that's document INQ.080.050.3299. That's exhibit A74.

COMMISSIONER: Thank you.

MR CONDYLIS: Now, we will come back to this document in more detail a bit later, Ms Webb. But do you understand that this report was commissioned by the
5 New South Wales Government and the general point that was made in this report was the encouragement of a shift towards a coregulatory risk-based regulation approach. Do you understand that?

10 MS WEBB: Yes, that would be a general description, yes.

MR CONDYLIS: And to put it in a different way, it was a light touch regulation – a light touch approach to regulation?

15 MS WEBB: I accept that it was a risk-based approach. I don't think light touch is a word that we use, or I would use.

MR CONDYLIS: And then it is the case that the New South Wales Government accepted a lot of the recommendations made by Mr Cohen in his Modernisation Review?
20

MS WEBB: I've read the government's response and that's true, yes.

MR CONDYLIS: If I can now take you to – sorry, at this point the actual – the agency – sorry, Independent Liquor and Gaming Authority was now part of the
25 Department of Justice. It didn't remain there. It then moved to a new department and that was the Department of Industry. So if I can take you to document INQ.080.040.2818. That's exhibit A73.

30 COMMISSIONER: That's the Department of Justice report.

MR CONDYLIS: Pardon me. The document should be INQ.080.040.2524.

COMMISSIONER: 2524, please, operator.

35 MR CONDYLIS: Yes.

COMMISSIONER: Yes, thank you. That's the Department of Industry, Mr Condylis.

40 MR CONDYLIS: Yes. So the regulator was moved to this department, but if I can just take you to pinpoint 2540, you can see that Liquor and Gaming New South Wales which is headed by Deputy Secretary, Mr Newson, is one of the divisions within the Department of Industry.

45 MS WEBB: Yes, I can see that.

MR CONDYLIS: And then on the bottom – it’s small but on the bottom right-hand corner you can see a reference to the Independent Liquor and Gaming Authority.

MS WEBB: Yes.

5

MR CONDYLIS: And this was – whilst this may be just an optical point but previously we saw that ILGA had its own annual report as late as 2014-2015, but in this annual report, ILGAs report becomes an appendix; that’s appendix 36. Now, you can perhaps assist the Inquiry with this point but when a body – an agency is preparing its own annual report, it allows it to go into more depth and to give more information to the public about its activities for that year.

10

COMMISSIONER: Would you agree with that proposition?

MS WEBB: I can only talk from my experience since 2017 in the New South Wales public service. The independent bodies that are part of the department that I am in do prepare their own annual report and have their own audit committee. I really can’t say what the rules are about how much they’re allowed to put in their bit of the appendix. I don’t think there’s a strict rule about how much detail they can go into. But they definitely do do a separate report that’s an appendix to the departmental report. But I guess as a proposition, if you are publishing a completely separate document you might make it a bit bigger. That’s all I can really say.

20

COMMISSIONER: Can I just ask you about this chart, Ms Webb, if you would assist me.

25

MS WEBB: Sure.

COMMISSIONER: That is the New South Wales Department of Industry, and I think you’ve told me that you came back to Australia and were appointed in the latter part of 2017; is that right?

30

MS WEBB: That’s correct, yes.

COMMISSIONER: And when you returned to Australia, into which department did you go?

35

MS WEBB: It was Finance Services and Innovation at the time.

COMMISSIONER: I see. So this is as at 30 June 2017, and so this is the Department of Industry in which we find what is called the Liquor and Gaming New South Wales and Office of Racing. That seems to be where the staff were who assist the Independent Liquor and Gaming Authority; is that right?

40

MS WEBB: That’s correct, and then they also report to the Minister for Racing in terms of racing matters, yes.

45

COMMISSIONER: Yes. So in that column, the third column from the left - - -

MS WEBB: Yes.

5 COMMISSIONER: - - - we have the Regulatory Operations Branch, the regulatory policy, strategy and support branch and the racing governance and policy manager. They're the three boxes underneath the Liquor and Gaming Office.

MS WEBB: That's correct.

10

COMMISSIONER: If I wanted to find the people that would assist ILGA, which box would I find them in?

15 MS WEBB: I think it would depend on what sort of assistance the secretariat that immediately served ILGA, in terms of organising its meetings and everything. I understood that was Ms Mann in the policy and strategy support branch. But the people who have put papers to ILGA, in terms of potential licensing applications or enforcement actions would have sat in that operations branch.

20 COMMISSIONER: I see. And so then the Minister for Racing – I withdraw that. Yes. The Minister for Racing was also the Minister for Lands and Forestry, I see; is that right?

25 MS WEBB: That's – well, from this chart, that's my understanding. So, Mr O'Brien, in the Office of Racing didn't deal with ILGA and still doesn't. He deals, potentially, with – well, mostly, with the Minister for Racing.

30 COMMISSIONER: Right. And so the staff in each of those boxes would be reporting to the, ultimately, the deputy secretary of Liquor and Gaming and Office of Racing. And then that person would be reporting to the Secretary of the Department of Industry. And that person would be reporting up to the relevant Minister in respect of the functions for which that secretary was responsible. Is that how I should read this chart?

35 MS WEBB: Yes. Yes, that sounds right to me. Yes.

COMMISSIONER: Thank you. And then down the bottom where we have those authorities, it says:

40 *Statutory bodies in industry cluster.*

Do you see that?

45 MS WEBB: Yes, I can.

COMMISSIONER: So we've got – I'm not quite sure what an industry cluster is, but the three bodies seem to be bodies that have been – I withdraw that. There are not three, there are many more.

5 MS WEBB: Yes. So “cluster” is the word we use for the overall sort of departmental structure and its associated independent agency. So when it says “industry cluster” there, it means Department of Industry cluster. And we similarly now have a Department of Services cluster - - -

10 COMMISSIONER: I see.

MS WEBB: - - - but that's just a way of describing what else was associated with the industry portfolio that wasn't part of the department itself.

15 COMMISSIONER: So those statutory bodies, I assume, all established under statute - - -

MS WEBB: Yes.

20 COMMISSIONER: - - - are all within the purview of this departmental structure and they include the Independent Liquor and Gaming Authority as I see it's mentioned twice there?

MS WEBB: Yes. They fall within the portfolio Ministers - - -

25

COMMISSIONER: I see.

MS WEBB: - - - but have a separation from the department itself. Yes.

30 COMMISSIONER: So they're separate from the department, except that their staff are departmental staff?

MS WEBB: That's right.

35 COMMISSIONER: So the only - - -

MS WEBB: I can't say that for all of them. But some of them might be completely standalone without staff.

40 COMMISSIONER: I see.

MS WEBB: But for Independent Liquor and Gaming, that was the case. Yes.

45 COMMISSIONER: So with Liquor and Gaming, the Independent Liquor and Gaming Authority, it didn't have any staff by this stage. They were all within the department; that's right?

MS WEBB: That's correct, yes. Yes.

COMMISSIONER: Thank you, Ms Webb. I'm sorry to intrude, Mr Condylis.

5 MR CONDYLIS: That's okay. And so this is quite a contrast, is it not, Ms Webb, from the way in which ILGA was at least structured as in the 2014 and '15 annual report?

10 MS WEBB: Based on the information you showed me in that 2014 report. Yes, it does seem to have changed. Yes.

15 MR CONDYLIS: And it's a lot more difficult to understand who's responsible for casino regulation, liquor and gaming regulation, as at 30 June 2017 as compared to 30 June 2015?

COMMISSIONER: Well, just pause there. Do you mean the reasonable reader of the annual report would find it more difficult?

20 MR CONDYLIS: Yes.

COMMISSIONER: Yes. What do you say to that proposition, Ms Webb?

25 MS WEBB: Well, yes, I find it – I don't know. I didn't find it difficult to understand who was regulating the casino when this structure was in place, but maybe someone who was unacquainted with - - -

COMMISSIONER: Yes.

30 MS WEBB: - - - how the public sector work might – might expect it to be – might not be able to find the ILGA report that quickly; that's true.

COMMISSIONER: Thank you. Yes, Mr Condylis.

35 MR CONDYLIS: But you accept, Ms Webb, that the perception of the public is important, because these are bodies that are ultimately responsible to regulate casinos, liquor and gaming in the public interest?

40 MS WEBB: And ILGAs public profile seemed to me – I mean, I'm – I was, at this stage, just observing from a distance – seemed to me to still be a strong profile. So I agree with that proposition, that it's important that it has a high public profile, but I don't actually – I can't really speak to whether that changed from 2014 to 2017. I just don't know the answer to that.

45 MR CONDYLIS: And if I can take you to pinpoint 2680. Now, this is appendix 36. And this is where the Independent Liquor and Gaming Authority's annual report appears. And over the page, which is 2681, has a pinpoint is the chairperson's report. Now, of course, Mr Crawford is a part-time member of the ILGA board, and

he is commenting on what the Authority did that year. You'll note that he acknowledges, in the third paragraph, that:

5 *The authority has been working closely with Liquor and Gaming New South
Wales to ensure that decisions are made in a timely manner, in accordance
with the determination time frames outlined in the Ministerial directions.*

10 But there's an acknowledgement there by the chairman that the Authority is
dependent upon the work being done by Liquor and Gaming within the department.

MS WEBB: Yes. I think – I mean I agree with that; that's how it works.

15 MR CONDYLLIS: And it's the case, is it not – if I take you over to the next page,
that is 2682 – that the process of delegating functions from ILGA to members of the
department was in place, and you can see that in the second paragraph - - -

MS WEBB: Yes.

20 MR CONDYLLIS: - - - of that page?

MS WEBB: Yes.

25 MR CONDYLLIS: And you can see that that's no small thing, because there's quite
a heavy volume of liquor licences being approved. Indeed, there were 2617 licences
approved.

MS WEBB: Yes, I can see that.

30 MR CONDYLLIS: And, indeed, the indication there is that the department is doing a
lot of work under the delegation model that was in place.

MS WEBB: Yes, that's correct, or it seems to be the case that they did.

35 MR CONDYLLIS: Yes.

MS WEBB: Yes.

40 MR CONDYLLIS: And so – and, really, the point is, Ms Webb, is that we are seeing
a shift, at this point, from a specialist agency which has control of its own employees
and divisional staff to a more bifurcated approach where you have the board, which
is still there, but the dependence on the department to perform functions.

45 MS WEBB: My understanding – and this is not based – this is just based on what
people have told me is that, when it was an independent agency, the staff would be
doing this sort of work under delegation in a similar way. But, I guess, it's correct
that the staff are now its own staff, they're departmental staff. But I think the idea

that staff members would do things under delegation hadn't changed, but there is a change now in terms of who those staff were. Yes.

5 MR CONDYLIS: Yes. If I can just take you now to the next report, which is INQ.080.040.3218. And that's – that should be exhibit A80. If I can take you to pinpoint 3230 and, again, a similar structure is adopted to the previous year. It looks like there's a new position of the Office of Responsible Gambling is introduced. But, again, it's Liquor Gaming and Racing under the deputy secretary, Mr Newman
- - -

10 COMMISSIONER: Newson.

MR CONDYLIS: Sorry. Newson, which is the aspect or the driving force within the department performing the functions of ILGA?

15 MS WEBB: Under delegation from ILGA, yes; that's correct, yes.

COMMISSIONER: Can you just help me. What does EMC mean?

20 MS WEBB: I think it's probably executive management committee, but down the bottom in the right-hand box it mentions that.

COMMISSIONER: Yes. Thank you.

25 MR CONDYLIS: And, again, Ms Webb, it's – the – ILGAs report appears at appendix 35. And I don't need to take you to it, but it's in a similar form to the one we just looked at. So, again, it's the – ILGA is justifying its activities to the public in an appendix of a larger report of the department; that's the case?

30 MS WEBB: That's my understanding of how it would work. Yes.

MR CONDYLIS: If I can take you now - - -

35 COMMISSIONER: Just before you leave that chart, Ms Webb, this seems to be an introduction in the top layer in each of the blue boxes with those words or the meaning of those words, EMC. I presume what that means is that each of those deputy secretaries or directors-general form part of an executive management committee across the sector. Is that how I should read it?

40 MS WEBB: I think across the department. I don't know for sure because it's not my department but in – like where I am, our secretary – under deputy secretaries form what we call an executive leadership team but the same idea that we meet once a week to discuss departmental matters.

45 COMMISSIONER: Those people, for instance, the deputy secretary of the section, I will call it, that relates to casino regulation has other obligations but also goes in to a management committee with his or her colleagues in respect of other aspects of the

department's work, such as land and water, skills and economic development and the like. Is that how I read it?

5 MS WEBB: My typical understanding – again, I can't talk to this particular EMC is that it would be more concerned with things like the finance, human resources, the sort of generic administration of the department. It would be rare that those committees would talk about people's specific portfolio and legislative responsibilities, in that context, in that departmental meeting, yes.

10 COMMISSIONER: But in that box down the right-hand corner, it says – because it is coloured blue, you see.

MS WEBB: Yes.

15 COMMISSIONER: It says blue, denotes members of the department's plus staff leadership group. Then you have got the chief executives of the Local Land Service, Destination New South Wales, and the Office of Sport. Do you see that?

MS WEBB: I can see that, yes.

20 COMMISSIONER: Then there's the TAFE commission as well. So I was just wondering whether Mr Newson who is in charge of at least some aspects of what casino regulation is about, he has responsibilities to attend those leadership group meetings as I understand it; is that right?

25 MS WEBB: That would be right, and they would be dealing with nothing to do with sport or TAFE; they would be dealing with the general administration of the department and the cluster. Yes.

30 COMMISSIONER: Yes, across all of the sectors.

MS WEBB: That's right.

35 COMMISSIONER: Yes. Thank you. Yes, Mr Condylis.

40 MR CONDYLIS: Mr Ware, if I can take you then to the most recent report available for the Department of Industry. That's INQ.080.040.3496, operator. If I can take you to pinpoint 3508, you will see there's again a similar structure in place, to the one previously brought up. Am I right, Ms Webb, in understanding that Mr Newson at the time performed a role similar to the old CEO position?

COMMISSIONER: Of ILGA?

45 MR CONDYLIS: Of ILGA.

MS WEBB: Of ILGA. I would have expected that many of his duties were the same. I don't know for a fact that it was similar, but I would expect that would be

the case. He would be in charge of all those people and making sure that all that work was done for ILGA, yes.

5 MR CONDYLLIS: Just drawing on your experience of the difference between a person who is a CEO of a specialist regulatory agency as compared to a person who is a deputy secretary within a department, how would the functions differ?

10 MS WEBB: Speaking from my experience, working in various Australian statutory agencies like ACCC and ASIC and then in Hong Kong and my current role as a deputy secretary, not that much. You probably have a little bit more connection with the Minister because you're part of the sort of department that is reporting to the Minister. So maybe a little bit closer connection. But otherwise I think in terms of day-to-day responsibilities and duties and the way in which you operate doesn't seem to me, in my current deputy secretary position, to be much different to leadership positions I've had in independent agencies. It's just that ministerial connection is probably the main one I would call out.

20 MR CONDYLLIS: Does that mean because the deputy secretary is within the department, it's more likely that government policy may be listened to?

MS WEBB: No. I think you still – ILGA is still an independent body and as the deputy secretary servicing ILGA, you're still providing information to an independent decision-maker. In terms of the policy parts, you can see there's a regulatory policy strategy and support part of that division, that would be listening to government policy and I'm not sure, I have no idea when ILGA was separate where the policy work was done. I assume it was probably done in the Department of Justice or somewhere, in terms of making legislation and regulatory changes. So perhaps that's a bit different. But in terms of decision-making on enforcement matters, ILGA is definitely an independent body and government wouldn't be listened to more or less - - -

COMMISSIONER: But where it's - - -

35 MS WEBB: - - - depending on the structure.

COMMISSIONER: I'm sorry. Where it says regulatory policy strategy and support - - -

40 MS WEBB: Yes.

COMMISSIONER: - - - that regulatory policy - - -

MS WEBB: Yes.

45 COMMISSIONER: - - - that is a governmental policy unit, I presume?

MS WEBB: That's right. That would be the team – and the ILGA team that when the government announces a change to legislation that team is responsible for issuing the drafting instructions and getting all the stakeholder consultation done and seeing that legislation through Parliament in support of the Minister - - -

5

COMMISSIONER: Yes. So - - -

MS WEBB: They would do policy work there. Yes.

10 COMMISSIONER: The people in that little box, regulatory policy, strategy and support, from a regulatory point of view would be working to the ministerial group who would then look at the policy – if the Minister wants a change in policy and legislation, then that group would be doing the work required through the secretary of the department to enable the legislation to be produced and discussed, I presume?

15

MS WEBB: Not everyone in that box because the support – it's a broader group. They also do the strategy, and support would include things like supporting ILGA – the secretary that supports ILGA. But the people that are called regulatory policy team in that box would do exactly as you just said, yes.

20

COMMISSIONER: So if the government, that is, the Ministers, want to, for instance, introduce things into, let's say, the gaming industry - - -

MS WEBB: Yes.

25

COMMISSIONER: - - - then those people who are in that unit would assist in the secretarial and ministerial directions to get it ready - - -

MS WEBB: Get it happening, yes, that's right. Yes.

30

COMMISSIONER: - - - and to issue discussion papers and the like - - -

MS WEBB: Yes, and then once the legislation is drafted to see it through the processes.

35

COMMISSIONER: Yes.

MS WEBB: Yes, yes.

40 COMMISSIONER: Yes. So what you have is a group, as I understand it, of – that includes a regulatory responsibility but also a policy responsibility?

MS WEBB: That's correct.

45 COMMISSIONER: Of the executive and of the legislature; is that right?

MS WEBB: Yes. That's correct. And I think the point I was making was I'm not – I don't know the answer to whether – when ILGA was a separate standalone where that policy function was done.

5 COMMISSIONER: No, I understand your position on that. Yes, thank you. Yes, Mr Condylis.

MR CONDYLIS: The point is, is it not, Ms Webb, that the real independence of ILGA comes at the board meeting where I would assume that there would be some
10 engagement with the department at those meetings. ILGA ultimately has the ability to make the final decision on certain matters.

MS WEBB: That's right, on all the operational matters. Obviously, ILGA doesn't make the decision on what the legislation should say; that's the Minister, so that's
15 where the difference is. Yes.

MR CONDYLIS: One problem that may arise is that ILGA is meeting as a board only once or twice a month, and so the information on which ILGA relies to make its decisions is being supplied by the department; is that not the case?
20

MS WEBB: Some of the information – the information it relies on to make specific decisions would be it's not unusual for ILGA to call people who are the subject of a regulatory decision to come to the meeting and speak to it direct, so people who are impacted. And it's not unusual for ILGA members to have more general discussions
25 with stakeholders in the industry, so I would expect they would bring to bear on those decisions some wider information that they would have in addition to what the department has provided them.

MR CONDYLIS: But at least in theory it's possible that the documents that are being provided to ILGA, as I understand in the board package for each meeting, could have some influence from the government because those documents are being prepared by the department?
30

MS WEBB: No, because if it was a document about whether someone should have a liquor licence or not, the government doesn't have any say in that decision at all. The government has some policy, say, in the overall liquor-licensing framework but an individual decision like that, there would be no way the government would have some input into that, and the staff would have made their inquiries completely independent of the government.
40

MR CONDYLIS: But if it was a bigger decision about a casino licence, then surely the government would be interested in that decision and would have a view on that decision?

45 MS WEBB: They might but I don't think ILGAs independent decision-making would – no, that's the idea of it being independent. So ILGA might be aware of what the government's position is but – I don't know why they would be aware of that

because the papers that would come from the staff would be just giving, you know, all the factors on either side of the equation about what should be done. But the papers from the staff would never say something about this is the government's position; that wouldn't be the case.

5

MR CONDYLIS: No, but ILGAs independence comes – is exercised at the board meeting when it makes a decision.

MS WEBB: Yes.

10

MR CONDYLIS: ILGA doesn't have the ability to – its members are part-time, so its members are dependent upon the department employees who do the investigations, who acquire the information to do the appropriate due diligence to provide ILGA with the information to make its decision. You accept that, don't you?

15

MS WEBB: As I said, they often invite a party impacted by a decision to come to the meeting as well. But apart from that, yes. But that doesn't mean that those inquiries and investigations that the staff are making includes considering what the government's view is.

20

COMMISSIONER: Just let me understand. This structure is not the present structure, as I understand it. Is that right?

MS WEBB: It's not the present structure but I think this issue that counsel is asking me about how ILGA works and the board works hasn't changed from this structure.

25

COMMISSIONER: So the present structure under your leadership - - -

MS WEBB: Yes.

30

COMMISSIONER: - - - is a little different, is it?

MS WEBB: The structure, as in these little boxes is different – a little bit different but the arrangement between us as departmental employees and ILGA hasn't changed at all.

35

COMMISSIONER: Thank you. Yes.

MR CONDYLIS: Ms Webb, if I can just take you then to the ILGA report, which is at pinpoint 3691. That's appendix 35 of that document. If I can take you to the next page, 3692. Again, you see the chairperson, Mr Crawford, acknowledging in the second last paragraph the work of the staff of Liquor and Gaming, and in particular the reviews in the secretariat unit.

40

MS WEBB: Yes, I can see that, yes.

45

MR CONDYLIS: If I can take you then to the statutory audit which appears at
pinpoint 3728. The top line of the first paragraph indicates that it's the Independent
Liquor and Gaming Authority that has – that is being audited. If I can take you then
to pinpoint 3730 and where the indication of – sorry, at 3730, operator – it appears
5 there that the ILGA ran at a net loss for that financial year. That was \$1,563,000 net
loss. That's what that - - -

MS WEBB: That seems to say, yes, that's right.

10 MR CONDYLIS: That's what it discloses. If I can take you to - - -

COMMISSIONER: Just before you leave that page, that structure, Ms Webb,
indicates the expenses but not the expenses of the employees; correct?

15 MS WEBB: That's my understanding. This – they weren't part of – in June '19
they hadn't moved over so I can't say for sure. This was before my time, but that
would be my understanding, yes. It wouldn't - - -

COMMISSIONER: When you - - -

20

MS WEBB: It doesn't include the departmental staff, no.

COMMISSIONER: When you say your time, you're talking about 1 July '19, are
you?

25

MS WEBB: That's right.

COMMISSIONER: Yes. And so, at the time, the expenses were operating
expenses, depreciation, etcetera, but not including the function of the employment of
30 the departmental officers to provide the administer assistance to ILGA; correct?

MS WEBB: That's – that's correct, yes.

COMMISSIONER: So when Mr Condylis refers you to the operating result, that is
35 merely, if I may use that term not pejoratively, an amount of money which is not
reflective of the total cost of operation?

MS WEBB: No, that wouldn't be the total costs; that's correct.

40 COMMISSIONER: Is that correct?

MS WEBB: That's correct, yes. It wouldn't include all that stuff. Yes.

COMMISSIONER: Yes. Thank you.

45

MR CONDYLIS: Well, Ms Webb, if I can just explore that a little bit further with you, you'll see the first item under Expenses Excluding Losses is personnel services, and that is recorded as \$973,000.

5 MS WEBB: Yes.

MR CONDYLIS: Now, if you go to the note 2A, which is on page 3738 of the report, the indication given in that note is that the:

10 *Personnel services is recorded as a non-cash in kind contribution which includes provision of pay roll, accounts payable, IT and systems services, Treasury and financial statements compliance.*

15 Now, from your experience, is what is being indicated there some sort of acknowledgement that the employment cost is being attributed to ILGA, and that's what's being represented in that column?

20 MS WEBB: No. I would have said it was the arrangements by which the members of the board received their monthly payment for their work. It would have been run through the departmental payroll that there would have been some support from the finance section of the department in drawing up these accounts. So I think it's more sort of corporate service provision. There might have been some assistance with the boardroom accommodation for the ILGA meetings, and that sort of matter.

25 COMMISSIONER: But if you have a look - - -

MS WEBB: What I interpret that to be. Yes.

30 COMMISSIONER: Have a look at the paragraph - - -

MS WEBB: Yes.

COMMISSIONER: - - - underneath where it says "recognition and measurement".

35 MS WEBB: Yes.

COMMISSIONER: It says that - - -

MS WEBB: Yes.

40 COMMISSIONER: - - - it was abolished.

45 MS WEBB: Accounts payroll, accounts payable and IT and systems support services, Treasury and financial statements compliance; that fourth – that third paragraph. That's my understanding of - - -

COMMISSIONER: Just pause there.

MS WEBB: Yes.

COMMISSIONER: Just pause there. So the only things that are recognised in the
5 973,000 are the payroll, accounts payable, IT and systems support, Treasury and
financial statements compliance. Do you see that?

MS WEBB: Yes.

COMMISSIONER: And that is - - -
10

MS WEBB: So none of the people that worked – sorry.

COMMISSIONER: That is in respect of what's being referred to as an in-kind
15 contribution for the personnel services provided by the department; is that right?

MS WEBB: That's correct. So none of that money reflects people that were
working for Mr Newson. It reflects the fact that ILGA took from the department
various types of support services rather than having to have its own.

COMMISSIONER: Yes. So they are a recognition of the cost to the department,
20 but allocated to the accounts of ILGA; is that correct?

MS WEBB: That's correct. Yes, that's correct.

COMMISSIONER: Yes. I understand.
25

MS WEBB: Or that's my understanding from reading all this. Yes.

COMMISSIONER: Yes. That's all right. Yes. Thank you. Mr Condylis, we can
30 move on now.

MR CONDYLIS: Just one final question: if that's the case, Ms Webb, that there's
no recognition in ILGAs report now, or the statutory report, about the employment
35 cost to regulate casinos, liquor and gaming, then, if you look at it from, at least, from
the perspective of supervisory levy is there to fund casino regulation. Do you know
what I mean; the casino supervisory levy?

MS WEBB: Yes.

MR CONDYLIS: It's more difficult for the government to ensure that that levy is
40 being used for the funding of ILGA?

MS WEBB: As in I agree that there's no direct one-to-one relationship; that the
levy goes into consolidated revenue and then the budget is allocated? And I don't
45 know the reasons why that occurs. I guess there's sort of always these issues about
moral hazard and regulated entities paying direct for a regulation that arise. But
that's the case that you can't do a one-to-one relationship. Yes.

MR CONDYLIS: But the reality is we just don't know the cost – the employment cost – to run ILGA for, at least, for that financial year?

MS WEBB: We - - -

5

COMMISSIONER: From this document.

MS WEBB: I could – from this document, I could deduce – yes. If asked, I could probably work out how many of the staff in the department were employed on
10 ILGA-related matters and it would depend on how you define running ILGA. The secretariat is quite clearly defined and quite clear staff members. And then, as I have mentioned, many other people are putting papers together for ILGA or assisting ILGA with its work. But we could probably determine that at some point if someone
15 asked.

15

COMMISSIONER: But from the ILGA report - - -

MS WEBB: You can't, no.

20

COMMISSIONER: - - - one, you cannot ascertain - - -

MS WEBB: No, no.

25

COMMISSIONER: - - - the cost of, in effect, the regulation cost because it's over in another area?

MS WEBB: From this part of the departmental annual report, you can't find it out. And I don't know whether it's somewhere else. Yes.

30

COMMISSIONER: Thank you. Yes.

MS WEBB: Yes.

35

COMMISSIONER: Yes. Thank you.

40

MR CONDYLIS: And, Ms Webb, you can assume from me that, in the 2014-2015 report, which was the final ILGA annual report, that the staff agency was also audited. And so from that report, you could just look at the account – at the report – and work out how much money it cost to run ILGA that year? Can you make that
40 assumption and the - - -

MS WEBB: I agree that that's – that was how it would have been done. Yes.

45

COMMISSIONER: Yes. All right.

MS WEBB: Yes.

MR CONDYLIS: Now, if I can – if we can transition, now, to the current state of structure which is in place. So if I can take you, Ms Webb, to document INQ.950.005.0002; that’s exhibit AM3. The document I want to take you to is 0003. Sorry. Operator, if I could bring up INQ.950.005.0002, and pinpoint - - -

5

COMMISSIONER: What is this document?

MR CONDYLIS: Commissioner - - -

10 COMMISSIONER: Ms Webb?

MS WEBB: Sorry. So I think the next page of this slide deck has an organisational chart of the cluster. Yes, this page.

15 COMMISSIONER: But it says “customer service cluster”; what does that mean?

MS WEBB: So, on the 1st of July 2019, the Department of Finance, Services and Innovation ceased to exist and it was replaced, in part, by the Department of Customer Service.

20

COMMISSIONER: And what about the other part?

MS WEBB: Some parts went to what is now the Department of Planning Industry and Environment and some parts went to the Department of Justice. There was a major sort of reorganisation post last year’s election of the structure of the government. Yes.

25

COMMISSIONER: Thank you. Yes, Mr Condylis.

30 MR CONDYLIS: And so if I can just focus now on the present structure, Ms Webb. You’ll see we’re currently looking at what’s called the Customer Service Cluster. And I understand that this is principally the structure of the Department of Customer Services; is that right?

35 MS WEBB: So the blue entities are part of the department and then the independent agencies are there because they’re part of the cluster as opposed to the department.

MR CONDYLIS: And the Minister is Mr Dominello.

40 MS WEBB: He has responsibility for liquor and gaming. And Minister Anderson has responsibility for racing and other aspects of regulation.

MR CONDYLIS: But Mr Dominello is the Minister responsible for administering the liquor and gaming legislation?

45

MS WEBB: That’s correct, yes.

MR CONDYLLIS: And so by looking at this document, you report to Ms Hogan as the secretary of the department?

MS WEBB: That's right.

5

MR CONDYLLIS: And what this document discloses is within your area, as deputy secretary, Business Regulation Division you have safe work, fair trading and I understand you are also the Commissioner for Fair Trading?

10 MS WEBB: I have just noticed that there's a typo in this. It's actually called the Better Regulation Division. I apologise about that. Someone's obviously got it wrong. So we're the Better Regulation Division. But, that's correct, I look after safe work and fair trading and carry the title of Commissioner for Fair Trading.

15 MR CONDYLLIS: The reason that you're the Commissioner for Fair Trading is simply that's the role referred to in the relevant legislation?

MS WEBB: That's right. So I have the same role in relation to fair trading that I do to those other regulatory agencies.

20

MR CONDYLLIS: There's a reference there to Office of Liquor Gaming and Racing. So that's also under your purview?

MS WEBB: That's right.

25

MR CONDYLLIS: And then the final four dot points are the Professional Standards Authority Long Service Corporation, Office of the Registrar General and the Subsidence Advisory New South Wales, those are all other bodies that are under your purview?

30

MS WEBB: That's correct.

MR BELL: And so what this document demonstrates is that the Better Regulation Division covers a lot of pieces of legislation that regulate various activities or parts of the New South Wales economy?

35

MS WEBB: That's correct.

MR CONDYLLIS: And liquor and gaming, which includes casinos, is just one of those activities?

40

MS WEBB: That's right.

MR CONDYLLIS: And so if we – a few moments or a bit earlier today, I took you to the structure of ILGA, as at 30 June 2015, where we could say that was, at least, a specialist structure for liquor, gaming and casinos? Now, this is a much more generalist approach to the regulation of those various activities?

45

MS WEBB: That's correct. They're all in under one division of the department.
Yes.

5 MR CONDYLIS: The first dot point indicates that it's a one-stop-shop for
regulation. What is meant by that?

MS WEBB: I think what they mean is that there is a wide range of what you could
term regulators of various businesses in one division. I didn't right. I didn't write
that, so I'm not sure what the person who wrote it meant.

10 MR CONDYLIS: Yes. Can you assist the Inquiry in understanding what is the
policy rationale behind this reform for the creation of the Better Regulation Division
by the placement of various activities and parts of the economy under one umbrella?
What is the government seeking to achieve?

15 MS WEBB: So, obviously, it's the government's decision. So I'm just speaking on
behalf of what I understand from the government.

MR CONDYLIS: All right.

20 MS WEBB: But I understand that the theory was that many businesses are regulated
by many different entities. And that there's an opportunity, if you put regulatory
agencies together, that you can create some efficiencies and increasing effectiveness
and quality; that businesses can then, potentially, have one – you know, have one
25 relationship with the regulated entities, although, as it turns out, it's quite separate.
But, also, that there's a lot of efficiencies: for example, Safe Work does a lot of
work in the construction industry, as does the building part of fair trading, and we
can share information and become better regulators by being able to share that data
and information and also upskilling our staff by sharing how we do things in all those
30 regulatory areas. So I think it was a concept about, you know, regulation, in one
sense, regardless of the industry you regulate, is the same professional skill, and that
bringing them together would improve how we did it and - - -

MR CONDYLIS: And the – sorry, Ms Webb.

35 MS WEBB: Sorry. And I was just going to say potentially improve the experience
for the business that we regulate as well.

MR CONDYLIS: And you would accept that there's pros and cons to this approach
40 to regulation?

MS WEBB: Yes. I mean, throughout my career in regulation, I've seen people
have wide regulators with a broad range of responsibilities – probably, ACCC was an
example of that – and the Department of Environment, where we did all types of
45 environmental regulation. And then there's other agencies that are a lot more
specialist, for example, my experience in Hong Kong with the Competition
Commission is far more specialist - - -

COMMISSIONER: I wonder if you can help me.

MS WEBB: - - - than, say, the ACCC was. Yes.

5 COMMISSIONER: In that box, you have – you’ve just described Safe Work. Does that mean that you support the Office of the New South Wales Building Commissioner?

10 MS WEBB: Yes. We – Fair Trading and the Office of the New South Wales Building Commissioner work very closely together. So the Building Commissioner has a small staff that work directly with him; very small staff. But the auditors and the inspectors that do the work for him sit in Fair Trading.

15 COMMISSIONER: And so the staff of your department would service, if you will pardon the expression, the office of the New South Wales Building Commissioner and also the State Insurance Regulatory Authority, I presume.

20 MS WEBB: No, the State Insurance Regulatory Authority is quite independent of us, so we have a connection with them because they run the workers comp scheme and the home building compensation insurance scheme. And so obviously we have some connections but they’re a completely independent body and we don’t have any staff cross-over.

25 COMMISSIONER: And what about Fair Trading? You’re the commissioner and the staff of your department service the work of what used to be the Fair Trading department but now the Fair Trading group, I suppose; is that right?

MS WEBB: That’s right. Yes, that’s a fair way of putting that.

30 COMMISSIONER: So you managed all the complaints about builders and the like and insurance claims under the fair trading legislation; is that right?

35 MS WEBB: Yes. Well, the insurance claims then go off to iCare but the actual sort of disputes and we have the mediators, who will try and mediate a building complaint. If someone is making an actual insurance claim, they would go to iCare for that.

40 COMMISSIONER: What about the Professional Standards Authority; how does that work.

45 MS WEBB: So this is a slightly strange regulatory body. Each state has a professional standards council that administers the national professional standards law in their jurisdiction, and this is a law about – as long as you have proper schemes and codes, then you get some insurance limitation indemnity. The councils in each state don’t have their own staff. Then in New South Wales, by a long-standing agreement, we supply a small secretariat of staff that actually supports every single one of the councils all throughout Australia. And those staff operate quite

independently but they do sit in my division just for administrative convenience so that they have got someone to help with their personnel in their office and just have some people if they need to – we often do joint training or something like that with them, but they're quite an independent body.

5

COMMISSIONER: Is that because New South Wales has been chosen as effectively the head office for that; that is right?

10 MS WEBB: That's right, Yes. I think the agreement originally was that New South Wales would supply the secretariat.

COMMISSIONER: Yes, yes. And then you've got the Long Service Corporation. What does that do?

15 MS WEBB: Okay. So this is an entity that was a separate – quite a separate structure, in the building industry and the cleaning industry, because people, to be clear, in those industries, don't work for one employer for a long time. They go from contract to contract to contract. The government has a scheme where a levy is placed on the building industry and the cleaning industry to provide long service leave to
20 people who work in those professions, in those industries because they otherwise would be at a disadvantage of never being able to achieve a long service – you know, work somewhere for 10 years and get long service leave. So it's pretty much an administration of the levy and then the payments out. We actually sort of just – it's a separate entity and separate legislation but it's pretty integrated with a lot of our
25 other fund management activities.

COMMISSIONER: So what do your staff do?

30 MS WEBB: So our staff are the ones who make sure that the levies are collected and then they run the system to pay out to people their long service leave if they're entitled to it.

COMMISSIONER: So they administer it?

35 MS WEBB: That's right, but there's some committees that just sit in terms of advising how the scheme runs.

40 COMMISSIONER: And what about the – well, the office of the Registrar-General I have some familiarity with, but is that a rather large - - -

MS WEBB: So – no, that's – so since the land titles concession was sold in New South Wales and it's run now as a commercial entity, we have a small group of about 20 people who now regulate the concession-holder to make sure that they're running it in accordance with the concession arrangement.

45

COMMISSIONER: And the - - -

MS WEBB: And - - -

COMMISSIONER: I'm sorry. The Subsidence Advisory New South Wales.

5 MS WEBB: Okay. So this is a levy that's – on the mining sector to pay for issues
relating to people being impacted by mine subsidence, so if their houses get a sink
hole or buildings are undermined, and I guess the issue was that just making –
attributing responsibility was quite difficult. So the way the advisory system works
is that the levy is collected from the mining companies and then as someone – as
10 long as someone can prove that they were impacted by subsidence from a coal mine
they get the payment rather than having to attribute liability to a specific mining
company.

COMMISSIONER: That's administered by your staff.

15 MS WEBB: That's right, and again it is a team of people who collect the levy.
They also run the emergency hot line for if a subsidence incident occurs and there's a
sink hole or something, they go and make sure that people are looked after and then
they make the payments of compensation.

20 COMMISSIONER: Just before I stop intruding on Mr Condylis' examination, may
I ask you how many staff you have?

MS WEBB: About 1700 – just over 1700, yes.

25 COMMISSIONER: 1700. Thank you. Yes, Mr Condylis.

MR CONDYLIS: Ms Webb, based on that evidence you have just given, it would
appear that you personally need to be across a lot of areas and subject matters within
30 the BRD?

MS WEBB: I think in the same way that every deputy secretary has a fair few
responsibilities, yes; that's correct.

35 MR CONDYLIS: And naturally through that process, your ability to have specialist
or expertise knowledge on any one of those areas is compromised because you need
to have a more generalist understanding of those areas.

MS WEBB: Yes, and that's my role to make sure everything is working but not
40 deep dive into specialist areas, yes.

MR CONDYLIS: And, indeed, that issue that you may have would be reflected by
those beneath you in the executive director roles and then in the director roles
because they too would need to be across various parts of the Better Regulation
45 Division.

MS WEBB: That's right. We have about 80 pieces of legislation that we are responsible for and people – there's some people that are very specialist in that legislation but, as you go through the ranks of the division, and have responsibility for more and more pieces of legislation, then you would undoubtedly become less expert; you've got the experts underneath you. That would be correct.

MR CONDYLIS: If I can just draw an analogy here. If your role as CEO at the Hong Kong Competition Commission meant that you needed a very specialist understanding of The Competition Ordinance; is that right?

MS WEBB: I needed a good understanding of how competition law operates because we were bringing it into effect in Hong Kong for the first time. I guess I relied quite a bit on local Hong Kong lawyers and people with legal expertise in Hong Kong for a lot of the understanding of the specifics of the way the ordinance would operate. But yes, I was just dealing with competition law but then dealing with every single industry in Hong Kong except telecommunications. So specialist in one statute but a very broad remit in terms of regulated entities. So - - -

MR CONDYLIS: Of course, but you'd have - - -

MS WEBB: - - - it was a different – a different type of thing, yes.

MR CONDYLIS: Because you were dealing with The Competition Ordinance and related issues on a day-to-day basis, you had the time and, indeed, the experience to understand those issues more intricately and to develop a better appreciation of the issues that may arise within that regulated subject matter?

MS WEBB: My experience with competition law both at the ACCC and the Competition Commission was, yes, you know the principles of The Competition Ordinance but – or the – you know, the competition law in Australia, but the application of it to a particular problem or issue or industry can be quite different and so the challenge there is that you're dealing with potentially hundreds of different industry sectors on any one day, depending on where the issues were. And so that was sort of the – and how the competition law would apply to that specific circumstance of that market. So that was sort of the challenge there. So it was one piece of law but competition law is sort of principles-based and then it's the application of the specifics that is where it can be difficult to become an expert, yes.

COMMISSIONER: Yes, thank you.

MR CONDYLIS: And if I can just ask you this then, relating it back to your current role: you now have to be across a lot of legislation and a lot of different industries which will have their own problems and issues that come up, different applications, different issues that arise and it's just not possible for you to have the same understanding and expertise of those issues because there are many more – many more sectors, many more industries.

MS WEBB: And I guess that's why I've got 1700 people working for me rather than 70. So therefore, I rely entirely on their expertise and that's a good thing.

COMMISSIONER: Is it a stable staff or is there a big turnover?

5

MS WEBB: It's reasonably stable. This year has been a very hard one to sort of judge it by because of the situation with COVID. But we're down to about seven per cent turnover now. It's normally around about nine or 10 so pretty stable. There has been some people who have worked for things like fair trading, and they've worked for more than 40 years so some very long-term employees but also some new ones as well.

10

COMMISSIONER: All right. Thank you.

15 MR CONDYLIS: If I can then focus on those staff on whom you rely; if I can take you then to document INQ.950.003.0027, which should be exhibit AM3. Now, this document is going into more depth on the Better Regulation Division, and it shows the internal structure of that division; is that right?

20 MS WEBB: That's correct.

MR CONDYLIS: In your evidence moments ago, you made reference to individuals on whom you rely.

25 MS WEBB: Yes.

MR CONDYLIS: I assume you were talking about the executive directors within that division?

30 MS WEBB: The executive directors, but also the level below which is the director level. They're all senior executive staff members. So often on a very specific issue, I might go down a level but – so it's these people and the next level down, yes.

35 MR CONDYLIS: But it's the case that these, the executive directors, which you are rightly pointing out, they're not specialising either. They're also a generalist – it's a generalist role where they're overseeing, for example, policy and strategy in various industries.

40 MS WEBB: So they're specialists in a regulatory function as opposed to specialists in a particular piece of legislation; that's correct, yes.

45 MR CONDYLIS: And so they, too, would experience the obstacle that you would experience in the sense they need to be across their function in various different – various applications, various contexts?

MS WEBB: I don't see it as an obstacle. I see it as they would have to have an understanding, but they would have people underneath them, as I've described; as you go down the ranks people become more and more specialised.

5 MR CONDYLLIS: And you might recall I asked you some questions earlier about the position of chief executive officer within – more generally within an agency and more specifically in relation to ILGA. Now, that position has been abolished under ILGA and on this document, is there a replacement of that role?

10 MS WEBB: So in the machinery of government changes after the election last year, one objective of the government's election program was a reduction in the number of executives. And so, therefore, the Deputy Secretary role that Mr Newson held was abolished and so there's not a direct replacement for him. I took over that role, I guess.

15 MR CONDYLLIS: So your evidence is that you see yourself as the replacement of Mr Newson who was the previous – he was the executive director for Liquor and Gaming.

20 MS WEBB: I don't see myself as a replacement; I just am saying there were two deputy secretaries before for this batch of legislation, now there's one deputy secretary.

25 MR CONDYLLIS: Yes. But the reality is now looking at this structure, there is no equivalent to that previous office, and I mean a CEO for ILGA.

MS WEBB: No. I don't think there has been a CEO since 2015, if I remember your questions before, yes.

30 COMMISSIONER: I think what Mr Condylis is really wanting to explore with you, there is no person to whom one could point to say that person is the CEO role that was previously in place across the way in ILGA?

35 MS WEBB: That – that's correct.

COMMISSIONER: Yes.

40 MS WEBB: Potentially, what they did has now been made a bit more diffuse throughout the division as to who does what. Yes.

COMMISSIONER: Yes. And diffuse, as you say, throughout the division of better regulation as I understand it; is that right?

45 MS WEBB: That's correct, yes.

COMMISSIONER: Yes. Thank you.

MR CONDYLIS: And you will see that in the bottom left-hand corner the Independent Liquor and Gaming Authority is referenced?

MS WEBB: Yes.

5

MR CONDYLIS: And is there any reason why that box is included whereas you recall in the previous diagram there were multiple red boxes.

MS WEBB: Yes.

10

MR CONDYLIS: Is there any reason why there's that difference?

MS WEBB: I understand it would be because of secretariat staff and the staff that provide documents and support to ILGA sit within our division, so it would therefore, I guess, in the mind of the person who put these charts together would be that ILGA was connected with my division as opposed to anyone else's division.

15

COMMISSIONER: I see.

MR CONDYLIS: And it's your evidence that the executive director positions, they're adopting a functional approach to different parts of regulation, so licensing, enforcement, dispute resolution and so on. And it seems to me that it's your evidence that that allows that person to become better at that function?

20

MS WEBB: To at least, yes, to specialise in that function, yes, that's right.

25

MR CONDYLIS: They're specialising in a function but not in a regulated activity or sector.

MS WEBB: Yes, so in my experience working in regulators, you can cut – you can cut it either way. You can either say by function or by, you know, particular industry and I think that example you showed of ILGA before was a sort of casino, liquor, racing sort of separation. Whichever way you cut it, you need to make sure that the horizontal integration is working quite well as well. So if we did have separate areas for liquor, gaming and racing, safe work, and etcetera, we would need to make sure that we had a sort of good link between the various people doing licensing or investigations or whatever. So in this way, it's being cut this way by function.

30

35

COMMISSIONER: Just let me understand. This is a development of regulatory expertise as opposed to industry expertise; is that right?

40

MS WEBB: That's right, or as opposed to – sometimes it's not even industry. I think work health and safety is maybe not an industry expertise, but an expertise in a particular type of regulatory activity, yes.

45

COMMISSIONER: So you hone the skill of the employee as a regulator; correct?

MS WEBB: Well, you hone the skill of these executive directors. Sitting underneath all of this, for example, in the policy teams, there is a director for liquor and gaming policy. And so everyone, one step down from Mr Tansey, for example, is a specialist in a particular policy area and the teams are all arranged – there’s a
5 building team, a residential tenancies team, etcetera, a work health and safety team. But Mr Tansey himself is responsible for everyone who is doing policy.

COMMISSIONER: Yes, Mr Condylis.

10 MR CONDYLIS: Commissioner, I note the time; would that be a convenient time?

COMMISSIONER: Yes, it would be. Ms Webb, I’m just going to take a 10-minute break and I will return for your further evidence. Thank you.

15 MS WEBB: Okay. Thank you.

ADJOURNED

[11.27 am]

20

RESUMED

[10.40 am]

COMMISSIONER: Yes. Thank you, Mr Condylis.

25

MR CONDYLIS: Ms Webb, just before the adjournment, I was asking you some questions about the internal structure of the better regulation division. If I can just move on to the next level down.

30 MS WEBB: Yes.

MR CONDYLIS: So the director level. So, operator, if you can, please, bring up document INQ.950.003.0027. And then please go to pinpoint 0030. So, Ms Webb you will see this document is the – Mr Tansey’s unit. Is that the way you describe
35 this?

MS WEBB: Yes. We call them “streams”, but that’s correct. Yes.

MR CONDYLIS: Okay. So Mr Tansey’s stream. And Mr Tansey is the executive
40 director of policy and strategy?

MS WEBB: That’s correct, yes.

MR CONDYLIS: It appears that there is a director for liquor and gaming policy and
45 legislation; that’s Mr Paul Sariban. Can you provide the Inquiry with some information about Mr Sariban’s role and function.

MS WEBB: Sure. So Mr Sariban is responsible for all the legislation that relates to liquor and gaming. And so when I say “responsible for the legislation”, as I was mentioning a little while ago, any changes the government wants to make to the legislation, he and his team would be responsible for organising the drafting of the
5 legislation, the stakeholder consultation, the advice to government and seeing it through. And then there’s a lot of connected work on updating regulations. And then his team also have a general role in sort of providing guidance on how the legislation should work for people that are implementing the legislation and, generically, sort of looking after, you know, how – how it’s all operating, in terms of
10 how the regulation’s working. They do a lot of liaison, as well, with their interstate colleagues, and so there’s various national forums as well, but Mr Sariban’s responsible for our participation in those.

MR CONDYLLIS: So that would include the Casino Control Act?
15

MS WEBB: That would include the Casino Control Act.

MR CONDYLLIS: And I notice that Mr Greg Semmler who is sort of at the bottom of that - - -
20

MS WEBB: Yes.

MR CONDYLLIS: - - - line within the stream, is a manager for casinos. What would his role be?
25

MS WEBB: So under Mr Sariban, Mr Semmler would be the one who has the key carriage of anything to do with casino legislation and engagement with the casinos on – on policy issues. So in the same way that I was mentioning about – and, as we go down the chart, people become more and more specialist – Mr Semmler’s team
30 looking after that – those pieces of legislation that relate to the casino.

MR CONDYLLIS: And so this is an indication, or an example, of where there is a structure in place that allows some specialisation within the casino sector, at least?

MS WEBB: That’s correct, yes. Yes, that’s right.
35

MR CONDYLLIS: And so then Mr Tansey would rely on his subordinates to inform him about their respective areas?

MS WEBB: To inform him. He would be working quite closely with them on, if there was a particular, you know, major issue. So we’ve got some major liquor legislation going through, so Mr Tansey would get more involved in that as things come and go, but he – and he would be definitely signing off on anything that went to the Minister, if it wasn’t coming through me, but he would rely on them for their
45 expertise in giving that advice. Yes.

MR CONDYLLIS: If we can - - -

COMMISSIONER: Can I just ask about Mr Semmler. It says “casinos” there. Does he do anything else?

5 MS WEBB: Not that I am aware of. So I think he is – it’s a bit confusing. He’s not actually managing casinos; the way it looks there. What that means is that the casino legislation and matters to do with casino regulation, Mr Semmler - - -

COMMISSIONER: Yes. I see.

10 MS WEBB: - - - and his team look after that. Yes.

COMMISSIONER: Yes. I see. Thank you.

MS WEBB: Yes.

15

MR CONDYLLIS: If I could move to the next page, which is 0031, operator.

COMMISSIONER: That’s the same one; 031.

20 MR CONDYLLIS: Yes. And so this is the community engagement stream, and Mr Andrew Gavrielatos is director of that stream.

MS WEBB: That’s correct, yes.

25 MR CONDYLLIS: Beneath Mr Gavrielatos, there is no director solely responsible for liquor, gaming and casinos in the same way in which we saw in the other – the previous stream. Can you explain why that is.

30 MS WEBB: That’s correct. In this case what we’ve done is, at the director level, divide it down into functions. And so the directors in this program have a role in doing these various types of functions related to community engagement and would, as needed, their team members would work on casino matters. I must be honest, there’s not a lot of work for this team in the casino sector, because there’s really just the one casino, and that stakeholder engagement is sort of done more regularly at a
35 higher level. But to the extent that we would need some specific education, certainly, the responsible gambling education, and things like that, these groups would do. Yes. But there’s no specific casino person.

40 MR CONDYLLIS: But you’re aware there’s responsible gambling fund?

MS WEBB: Yes.

45 MR CONDYLLIS: And so – but no one in this stream is solely assigned a role to administer and operate that fund?

MS WEBB: So that director, Natalie Wright, sits in Mr Tansey’s stream, the previous chart.

MR CONDYLIS: If we could go back to 0030, operator. Thank you. Sorry.

MS WEBB: Natalie Wright, over towards the right-hand side.

5 MR CONDYLIS: Yes, I see.

MS WEBB: Yes.

10 MR CONDYLIS: And so she is assigned the role of administering that fund.

MS WEBB: Yes.

15 MR CONDYLIS: But the community engagement side of the picture is dealt with in another stream, and that is just by someone beneath Natalie Wright.

MS WEBB: Yes. I mean, both Ms Wright and Ms Daghish Rose came over from the Office of Liquor and Gaming. So they work very – they have worked very closely together for a long time, and they still work very closely together. So Ms Wright would engage quite closely it with Ms Daghish Rose in terms specific
20 programs and these are not focused at the casino, generally. Something, say, to do with gaming machines, we do that for both the casino and clubs and have a similar education program, perhaps, or a similar intervention in relation to responsible gambling, but there might be some specific casino activity as well. Yes.

25 MR CONDYLIS: So if I – can we go back to 0031 then - - -

COMMISSIONER: So the responsible gaming goes across all clubs and pubs and casinos, wherever there's gaming.

30 MS WEBB: Any – and also – and online – online gaming is a particular focus at the moment as well.

COMMISSIONER: And racing?

35 MS WEBB: To do – yes. Gambling on racing, yes. And so the Office of Racing looks after the racing industries, but issues to do with people gambling on racing would be in the Office of Responsible Gambling, yes.

COMMISSIONER: Yes, Mr Condylis.

40

MR CONDYLIS: And, sorry – and you mentioned Kristen Daghish Rose - - -

MS WEBB: Daghish Rose, yes.

45 MR CONDYLIS: - - - who is the director, stakeholder engagement and regulatory education. She came across from the Office of Liquor and Gaming is what your evidence was?

MS WEBB: That's right, in addition to Ms Wright. Yes.

MR CONDYLIS: And then the people beneath her, at the manager level, would be – well, and including her, they may be dealing with issues relating to liquor and
5 gaming, but they may be dealing with issues relating to fair work – safe work, fair trading, and so on.

MS WEBB: Exactly. Although – yes, that's correct. They tend to have a bit of specialist knowledge in one particular area, but, generally, they'd be able to flex up
10 and down across different types of engagement. Yes.

MR CONDYLIS: If I can go to 0032, operator. And, Ms Webb, you'll see this is the licensing and funds stream.

15 MS WEBB: Yes.

MR CONDYLIS: Ms Suzanne Crowle is the executive director of that stream. In this stream this is a position, a director position, allocated to liquor and gaming; that's Marcel Savary.

20 MS WEBB: Yes.

MR CONDYLIS: And then, beneath Mr Savary are individuals dealing with licensing. So is the assumption right that those individuals are the ones performing
25 the investigations into casino licensing?

MS WEBB: They would do licensing for people, staff, like employees of casinos, as – although ILGA will do some of the staff members, particularly, the higher level staff members. So Mr Savary's team would be preparing material for ILGA to make
30 a decision about some of the staff licensing. They would also be doing some work on licensing of particular games that would be played at a casino. But the decisions about the casino having its licence itself is definitely ILGA.

MR CONDYLIS: Yes. But as I think as we discussed a bit earlier, ILGA is not performing the investigation, ILGA is relying on the department?
35

MS WEBB: And in the case of a – of a casino licence, it would not just be Mr Savary's team, it would be – we'd have the policy input, we'd have some compliance input, we'd have investigation input. We would have people from across the division
40 working on something like that, not just some person in Mr Savary's team; that would be a major piece of work across the division.

MR CONDYLIS: And how would such an exercise operate?

45 MS WEBB: Well, I - - -

MR CONDYLIS: All right. If I could ask you - - -

MS WEBB: I have no actual experience, because we haven't had cause to give a casino a licence, but I imagine we would form a project team with a steering committee that would be pretty high level, and we would allocate some staff from across all the different divisions with all the different expertises to work on putting
5 together the paper for the ILGA board to consider.

MR CONDYLLIS: If I can take you, then, to the next stream, which is 0033, which is the compliance and dispute resolution stream. Mr Peter Dunphy is the executive director of that stream. Dimitri Argeres is the director of liquor and gaming. So
10 liquor and gaming has been given a specific chain of command within the stream.

MS WEBB: That's correct.

MR CONDYLLIS: Can you provide some information as to what someone like
15 Darren Duke who is a manager for compliance casino gaming and wagering, what type of role he would perform.

MS WEBB: So he would have a team of inspectors, primarily. And so his inspectors would be the inspectors that go to the casino, but also they would go to
20 clubs and other gaming venues. And then Ms Wright also has a strong role in relation to casinos, because she would do the audit and assurance and probity work that is connected with the casino.

COMMISSIONER: But does she do other things as well?
25

MS WEBB: She would do compliance and probity, generically. So, I guess, I'm just distinguishing between Mr Duke's team, which is more on-the-ground inspectors and Ms Wright's team, which are more sort of audit type of people.

COMMISSIONER: And in the audit type of people, do they go across pubs, clubs, casinos, other venues?
30

MS WEBB: Well, there's a lot – there's not so much need for assurance and integrity in some of – in smaller venues and things, so they – but they would, generically, yes. But a large proportion of their relates to casinos, because of the
35 amount of rules involved there. But they would definitely do it for other entities as well. Yes.

COMMISSIONER: I understand from the evidence that thereby very large number
40 of clubs in New South Wales; is that right?

MS WEBB: That's right. I wouldn't want to hazard a guess but, yes, you're right. I would say in the hundreds. Yes.

COMMISSIONER: And the same with hotel establishments that have gaming machines?
45

MS WEBB: That's correct. I know there's 94,000 gaming machines. I can give you that figure. Yes.

5 COMMISSIONER: Yes. And those 94,000 gaming machines in the State are sprinkled the clubs and pubs, as I understand it, leaving the casinos to one side for the moment.

10 MS WEBB: Yes. Although, I think the 94,000 figure does include those at the casino, as well. Yes.

COMMISSIONER: I see.

MS WEBB: Yes.

15 COMMISSIONER: And so Ms Wright being the, what we'll call the audit segment of the stream would have to look at the larger clubs, like the Rooty Hill club and the other ones - - -

20 MS WEBB: Yes.

COMMISSIONER: - - - that have been mentioned in evidence as well as the casinos.

25 MS WEBB: Yes. I think she's looking, in particular, in making sure that the tax collection process, which is done automatically off a gaming machine, is working correctly as it should, and that would cover any venue that had those machines; that would be part of her task.

30 COMMISSIONER: I see. Yes. Thank you.

MS WEBB: Yes.

COMMISSIONER: Yes, Mr Condylis.

35 MR CONDYLIS: And, Ms Webb, is it the case that you mentioned before that Mr Duke would have contact with the inspectors.

MS WEBB: Yes. He would be the manager of the inspectors. Yes.

40 MR CONDYLIS: And just a bit of background: I understand that it was once the case that he had inspectors who were actually at the casino, that being the Star Casino; you're aware of that?

45 MS WEBB: Yes. We didn't - I'm not quite sure whether it was when the staff came over to the department or at some subsequent time that they came back. But, or they came and weren't based entirely at the casino, but it - - -

COMMISSIONER: Yes, they moved around.

MS WEBB: - - - it used to be the case. I'm not quite sure when they moved them out. Sorry about that.

5

MR CONDYLIS: Yes. That's okay. And it's also the case, consistent with the other changes, that the inspectors themselves had become generalist and they're not just focusing on one casino now?

10 MS WEBB: We would generally have some teams that would primarily do – go down to the casino and do casino inspections, but they are rotated from time to time into other inspection activities. So Mr Duke's team covers the range, but there would definitely be some people, at any particular time, whose main focus is casino inspections and working down at the casino.

15

MR CONDYLIS: And I understand there are around 55 inspectors currently appointed?

MS WEBB: That's probably about right. Yes.

20

MR CONDYLIS: So 21 of those are a front-line inspectors who would conduct operational and proactive reactive deployments and investigations at – at the Star Casino; is that right?

25 MS WEBB: That sounds about right, but I don't have those figures, like, right to hand. But that sounds about right. Yes.

MR CONDYLIS: And another 22 or so would be employed in more audit roles, so looking at - - -

30

MS WEBB: Yes.

MR CONDYLIS: - - - the accounts and books of the casino.

35 MS WEBB: And the probity of the people associated to the casino and those sort of issues, yes.

MR CONDYLIS: All right. And is it right that the inspectors are linked with the compliance and dispute resolution stream; that's the structure in place?

40

MS WEBB: Yes. So, pretty much, everyone in this stream – all these different directors – have teams of inspectors of various types working for them. Either inspectors or people doing dispute resolution work. And so the specialty is, you know, inspector skills that people would have throughout Mr Dunphy's stream.

45

MR CONDYLIS: If I can take you to the next page, which is 0034. This is the investigations and enforcement stream. Ms Valerie Griswold is the executive

director of that scheme. It appears, on the face of the document, that there is no allocation towards liquor and gaming. Can you explain how liquor and gaming is regulated?

5 MS WEBB: Yes. The names are a bit obtuse, but Mr Coady is pretty much involved most of the time in liquor and gaming investigations. So he sits under Mr Byrne.

MR CONDYLLIS: That's Mr John Coady?

10

COMMISSIONER: Where do I find him?

MS WEBB: Under Mr Byrne.

15 MR CONDYLLIS: Sorry, Ms Webb, is he under Mr Byrne?

MS WEBB: Yes.

MR CONDYLLIS: The second box, Commissioner. And so Mr Coady is the
20 manager of regulatory intervention. So you're saying – your evidence is he's the individual - - -

MS WEBB: He - - -

25 MS WEBB: - - - with carriage of casino liquor and gaming-related investigations?

MS WEBB: Yes. I think the name might be a hangover from when they were all in the Office of Liquor and Gaming, so they didn't need to identify themselves as specifically related to liquor and gaming. I think we are doing a bit of work on the
30 names, but that's probably why he has a slight strange name there. Yes. But he – that's what he does, yes.

MR CONDYLLIS: What do you mean his name is strange?

35 MS WEBB: Well, only that it doesn't say manager, liquor and gaming investigations, which is what you would expect it to say. And I'm opining that the reason it doesn't say that is because once upon a time he was the manager, regulatory intervention in the Office of Liquor and Gaming, so he didn't need to have liquor and gaming in his immediate title. But now he – now we probably should add that in;
40 that's all.

MR CONDYLLIS: And Mr Coady would rely on inspectors as well?

MS WEBB: No. So this is investigators. So once an inspector finds a potential
45 contravention, so somebody in Mr Dunphy's stream – they would either decide some regulatory action that they might take on the spot such as a warning or a penalty infringement notice. But if it's a more serious contravention then the matter would

be considered for formal investigation and then it would come to Mr Coady's team to actually conduct that investigation.

5 COMMISSIONER: Where is he based, physically?

MS WEBB: Right at the moment, everyone is at home but I think Mr Coady's team would be based in Parramatta office where I am today, yes.

10 COMMISSIONER: And so you're based in Parramatta, are you, Ms Webb?

MS WEBB: Yes, I am. But we have a very flexible arrangement. I work quite a bit in the city office as well just because quite a lot of my interaction with the Minister takes place in the city, so - - -

15 COMMISSIONER: Of course.

MS WEBB: It comes and goes, yes. Yes.

20 COMMISSIONER: So of your 1700 staff, can you give me a percentage - - -

MS WEBB: A ballpark?

COMMISSIONER: - - - that would be based in the city and in Parramatta.

25 MS WEBB: So Parramatta, I think we would have about 500 to 600 – this is very ballpark. The city would probably only be about 50-odd. Gosford would be about 400, and then we've got Wollongong and Newcastle have pretty substantive offices. Quite a few people from the cooperative and associations register are in Bathurst, and then we have about 25 other regional offices as well.

30 COMMISSIONER: 25 other regional offices, and that's smaller scale.

35 MS WEBB: Small scale. Yes, so we have safe work inspectors throughout the state. We have Fair Trading officers throughout the state, and liquor and gaming is not so diversely spread, and so they mainly rely on the police to do the inspection work in the regional areas, so there's less of them based regionally. I think there's some in Wollongong and places like that but not too many.

40 COMMISSIONER: Where are Liquor and Gaming mainly based?

MS WEBB: Parramatta. But I should mention that they moved to Parramatta in March of this year and instantly were told to work from home so none of them have actually been here in Parramatta for a long time, yes.

45 COMMISSIONER: Yes.

MS WEBB: Yes.

COMMISSIONER: Yes. I understand. But the plan is to have them mainly in Parramatta; is that right?

5 MS WEBB: I think – it depends, because the inspectors – because of the nature of their role and the sort of shift work they do and where they go. I think they don't need to so much come to the office. Obviously, they would for meetings and to make sure that we engage with them, but it wouldn't be unusual for them to do – you know, to be going out inspecting on the weekend and then do their writing up at home and maybe not come into the office necessarily for the whole of 9 to 5,
10 Monday to Friday. But for people like policy officers, yes, they would be mostly based at Parramatta.

COMMISSIONER: So for the more investigative work or regularly intervention work you would have some presence in the regional – big regional centres,
15 presumably in Wollongong?

MS WEBB: Yes, we would from time to time. It just – it varies a bit. I'm just not sure on the liquor and gaming side exactly where everyone is located but definitely for the other parts of the business. And things like Subsidence Advisory that's on
20 this chart that we're seeing now, they are completely based in Newcastle and Picton because that's where the coalmining industry that they regulate is.

COMMISSIONER: And those people who are in regulatory intervention, for instance - - -
25

MS WEBB: Yes.

COMMISSIONER: - - - would they also be called upon not merely to do casinos but perhaps, for instance, subsidence work?
30

MS WEBB: No, they would do liquor work as well as casinos and other gambling work, but they wouldn't be doing any building or fair trading or safe work or anything like that.

35 COMMISSIONER: They do gambling, liquor and pubs and clubs, etcetera.

MS WEBB: Pubs. That's right, as well as casino, yes.

COMMISSIONER: Yes, thank you. Yes, Mr Condylis.
40

MR CONDYLIS: Ms Webb, if I can take you then to the next page to 0035. This is the business operations by Malayne Williamson, director of that stream. And again, there's no – there appears to be no liquor and gaming allocated manager. Can you indicate who would be the individual responsible for liquor and gaming in that
45 stream?

MS WEBB: Well, this is our support stream, so they don't have any direct responsibility for the implementation of any particular legislation. So, for example, Ms Stuart on the left-hand-side looks after our GIPA applications so she would do them for liquor and gaming, and I think in her team she would have some people
5 who would mostly do liquor and gaming GIPAs, as opposed to safe work ones and fair trading ones, but no one at this manager level; she would manage. We don't need that many people doing GIPA for liquor and gaming, so one or two, and she would manage them. And similarly, I don't know, Mr Blatchford, who looks after risk, he would definitely be – have someone whose focus was on risk related to
10 liquor and gaming, and he has some people that look after things like employees under the Act are subject to some special requirements and he has got someone in his team who looks after that for liquor and gaming. But again, at the manager level, it's a generic support position.

15 MR CONDYLIS: When you say risk, what does that mean exactly?

MS WEBB: So there's a whole range of risk activities. The one I was particularly calling out was that people who are employed by Liquor and Gaming New South Wales and now us are subject to certain probity – extra probity requirements than a
20 general public servant. So that would be an activity that Mr Blatchford's team takes care of, making sure that people have – we've done that extra probity checking on anyone who comes to join who will be working in liquor, gaming or casino matters. You know, we have just our general sort of IT, digital business, continuity risks. He would look after all of that. But making sure that any particular risks, say, associated
25 with our inspector cohorts, they obviously at the at the moment are going into venues that have a particular COVID profile; just sort of making sure that we're covering off all the risks that are involved in conducting our operations.

MR CONDYLIS: So if I can just, we will keep that – can we just put up on the
30 screen, operator, INQ.950.003.0036. Ms Webb, I think you gave evidence previously – I think your evidence previously was that there was a delegation model in place whereby ILGA would delegate certain functions to the department.

MS WEBB: Yes.
35

MR CONDYLIS: When you look at that historically, I mean, it's the case that as of 15 April 2020 there is a new delegation manual in place whereby certain functions are delegated to certain officers within the department; is that right?

40 MS WEBB: Yes, that's right.

MR CONDYLIS: And if I can take you to pinpoint 0040. Commissioner, this is exhibit AM4, for the transcript.

45 COMMISSIONER: Is it a public document?

MR CONDYLIS: It is, Commissioner.

COMMISSIONER: Thank you.

MR CONDYLIS: So if we can go to it appears to be the case that the delegation has been to certain officers, not individuals?

5

MS WEBB: That's – that's how we do it, yes. Yes.

MR CONDYLIS: Can you explain, in practice – well, how does that work from the ground in the sense are people informed of the fact that they have now been delegated functions under this document or how does it actually work - - -

10

MS WEBB: Yes. So at the time we did this new one in April there was a sort of education campaign throughout the division to make sure everyone was aware that there was an updated manual. But then as people take on these particular positions, part of their training would also be to understand what delegations they have and don't have. People are aware that they need to be very careful about making sure that any decision they're making, that they have the delegation for. And also be aware that certain decisions, even though they may have the delegation, there might be an overriding policy that means notwithstanding that they have the delegation, it's still the policy that they send it further up the line. So people are trained in all of that, yes.

15

20

MR CONDYLIS: And so the way it works is the key legislation – liquor and gaming legislation has then been included in an outline in the following pages and literally there's a provision by provision delegation, not all provisions or powers are delegated.

25

MS WEBB: That's right.

MR CONDYLIS: But there is a delegation through certain functions and powers under the Casino Control Act and other like legislation. Moments ago, we were looking at the executive director level where those individuals are not specialised. They are generalist roles. That's right, is it?

30

MS WEBB: Yes, that's right.

35

MR CONDYLIS: And so they're being delegated specific functions under the Casino Control Act; is that right?

MS WEBB: So anything that has an A next to the delegation, they would have that function.

40

MR CONDYLIS: Yes.

MS WEBB: Yes, they would have that delegation, that's right.

45

MR CONDYLIS: And so as those individuals are not specialists they would then be relying on those below them who have the understanding and expertise to inform them about decisions that should be made.

5 MS WEBB: Yes, but I would also say that people at the executive director level probably also have very good skills in not identifying, you know, the strict technical issues that they might be relying on people for that. But they would certainly have a good lens to consider the overall strategic and policy implications of decisions. So even if they're not a technician they would be well used to making difficult
10 administrative decisions.

COMMISSIONER: Do they have other delegated obligations?

15 MS WEBB: Yes, under the fair trading legislation, the 60 provisions and then under the Safe Work Act as well. So they would have – we have a big range of delegations and typically an executive director would be the A delegate that this schedule is quite common to most of our delegations.

20 COMMISSIONER: But those more important or perhaps they're not more important but they're - - -

MS WEBB: No, probably more complex or controversial or something like that, yes.

25 COMMISSIONER: I see. So the more complex delegated duties go to the executive director level and they go to the executive directors across your portfolio in terms of fair trading and the like.

30 MS WEBB: Yes, I mean, we sort of do this for a bit of administrative convenience. You could say – have, you know, the executive director of licensing and only name them in respect of licensing-related decisions. But then that becomes very difficult if that person happens not to be there on the day, so we typically sort of expand it out a bit but with the understanding and the overarching policy that a licensing decision would normally go to the executive director licensing but just leaving the other
35 delegations in place as well.

COMMISSIONER: So you might have a licensing decision in the fair trading jurisdiction - - -

40 MS WEBB: That's correct.

COMMISSIONER: - - - and a licensing decision in clubs and pubs or something.

45 MS WEBB: Yes. That's right, yes.

COMMISSIONER: Yes, I understand.

MR CONDYLIS: So this is a delegation from the chairperson of ILGA - - -

COMMISSIONER: Yes.

5 MR CONDYLIS: - - - who has authorised this, and do you understand that there are some decisions or powers that haven't been delegated by ILGA to the department?

MS WEBB: Yes.

10 MR CONDYLIS: Can you inform the Inquiry as to where is that line drawn?

MS WEBB: Well, that was a decision of ILGA, not me, so I assume ILGA took into account the more substantial, complex or controversial decisions. And I should also say that from time to time ILGA lets us know that even though technically we have
15 the delegation, that they want to make a decision about a particular matter. So the delegations manual itself is what it is. But in an individual case, there will also be some discussion as to where the decision should be made and that's usually about complexity, controversy or precedent and that would be the sort of thing that ILGA would decide, so I assume they've done the delegations on the same way, but I have
20 no actual knowledge of how they made that decision.

COMMISSIONER: When you say ILGA, you are referring to the board of ILGA, I presume.

25 MS WEBB: That's right. Yes. Yes, the authority. Sorry. We just call it ILGA. Yes.

COMMISSIONER: That's all right.

30 MR CONDYLIS: Just by way of example, if we can go to 0044, operator. And you will see section 14, subsection (1) has been – that ability to carry out all such investigations and inquiries in connection with casino licence applications has been delegated to A; A, I understand, is an executive director.

35 MS WEBB: That's right.

MR CONDYLIS: So that decision – by virtue of that delegation, that individual can make the decision without a resolution or any formal action by ILGA? That's what that means.
40

MS WEBB: This doesn't look like a decision-making provision to me. It looks like carrying out the investigations but I'm happy to take advice that it's also making the decision.

45 MR CONDYLIS: But it's performing a function?

MS WEBB: Yes, it's doing the investigations and inquiries, yes.

MR CONDYLIS: And so – if one peruses this entire document, these delegated functions vary. They’re quite diverse. What are the main delegated functions then that you understand are - - -

5 MS WEBB: Well, I think a lot of the licensing decisions are delegated, particularly ones relating to licensing of staff members and people because there’s a lot of them. But, again, as I say, either complex ones would go back up to ILGA. You know, decisions to issue penalty infringement notices on the spot when an inspector finds a contravention, that’s the type of thing that has been delegated. Decisions on some
10 liquor licences and some changes to conditions of liquor licences, but again quite a substantial bundle of them go back up to ILGA for a decision. So I think that’s – it’s the sort of more routine procedural probably not so complex and not so controversial matters have been delegated, would be my general understanding. But again, it was ILGA who decided this, not me, yes.

15 MR CONDYLIS: And how is a decision made when – whether a certain decision needs to be escalated to the ILGA board level?

MS WEBB: My understanding is that ILGA has a discussion and informs the ILGA
20 secretariat that that’s what they would like to do. It might be a little bit more iterative or, you know, at an ILGA meeting the team might foreshadow that something is coming through and ask the ILGA board, “Are you okay for us to deal with it down in the department or do you want us to bring it up?” So it can happen in a number of ways. You know, sometimes there is something that arises, I don’t
25 know, in the media or somewhere else, and ILGA will become aware of it that way and make it clear. But we would generally, if we thought it was a little bit controversial or anything, raise it with ILGA and just ask them whether they’re comfortable if we made the decision in the department.

30 MR CONDYLIS: Just before I leave this topic, can I just ask you a more general question now about what’s happening on the ground. Indeed, there is a new operator that is entering the market.

MS WEBB: Yes.
35

MR CONDYLIS: And on one view, that will require more resources and more funding.

MS WEBB: Yes.
40

MR CONDYLIS: What has happened on the ground in terms of responding to that situation?

MS WEBB: Yes. So, we obviously at the moment have quite a number of potential
45 staff members of the new operator seeking a licence. So we have had to assign some extra staff to the licensing team to deal with those. Some of those decisions will be made by ILGA but some are being made in the department. We’re just working with

the inspector and investigation teams about building out some new structures to reorganise so that we can assign some additional staff members to inspections and investigations. That's sort of running a bit behind the licensing piece because we're waiting, you know, they won't have anything to inspect for a little while yet. Then
5 we are just more generally working together across the division, all the people with an interest in the casino regulation and, indeed, with our colleagues in other departments to just look into how we're going to regulate the new operator. So we have a cross-cluster working group as well to deal with the various issues.

10 MR CONDYLIS: Has there been any additional recruitment to cater for the increased workload?

MS WEBB: Not – it's a bit hard to say whether it's additional recruitment. We have certainly been recruiting some additional inspectors and they will be deployed
15 to this, but we have probably – it has been a very strange year for us, because a lot of activity that we might have inspected has come – fallen away. So it's probably a bit of redeployment and a bit of recruitment. We certainly have recruited some people but it's a bit hard to say that they're recruited specifically for that task. It's more redeploying some other people, moving our resources around and particularly this
20 year has been very strange in what our inspectors have been able to do.

COMMISSIONER: Because of COVID.

MS WEBB: Exactly, yes. So the liquor and casino inspectors, obviously, had a
25 period of nothing to do, and now they're back on but they are also looking into COVID so it's quite an agile and fluid team, I would put it that way, yes.

MR CONDYLIS: Has there been any potential structural change in relation to the developing circumstances with a new operator?
30

MS WEBB: Mr Argeres and Mr Byrne have done some work on a potential structure so they've got some ideas how they will devote some teams to casino work in both the inspector and investigation teams. We haven't actually put that in place yet. Another complicating factor for us is that the State budget was delayed until 17
35 November, so a little bit of our decision-making is also dependent on the budget outcomes as well.

COMMISSIONER: Yes.

40 MR CONDYLIS: Ms Webb, if we can now look at a new topic. If I can take you to document INQ.080 299. This is the Modernisation Review that I touched on briefly before the adjournment. Have you read this document?

MS WEBB: I have read it, yes.
45

MR CONDYLIS: And I think your evidence earlier was that this document advocated a particular model of casino regulation, being a co-regulatory model. If I

can take you to pinpoint 3311. You will appreciate that the suggestion being made in this review is that a co-regulation model be adopted, and as I understand that theory or that rationale, is that because casinos have a valuable licence, they can be trusted to do what's necessary to comply with the law and protect that licence. And that's the thinking behind the workability of a co-regulatory model. Do you understand that?

MS WEBB: That – that's certainly one theory about why it will work. I think when people think that that might be an approach, they also look at things about the need for sort of agility and flexibility to meet changing market conditions and things like that, that sometimes can work better with those sorts of models as well. But yes, I agree the licence is the ultimate sort of control that the regulator has that will encourage co-regulation to work well.

MR CONDYLIS: And if I can take you to pinpoint 3313, you will see the second paragraph at the top, there's the conclusion or reasons why a licensee would comply with the law and there are those reasons there which you can read for yourself.

MS WEBB: Yes, yes.

MR CONDYLIS: But the point being made here is that instruments such as internal control manuals and standard operating procedures are part of this co-regulatory model whereby the casino – the licensee puts forward a system of operating to the regulator. The regulator approves, in the context of the ICM, the internal control manual, approves the content of that document and then essentially leaves it up to the operator to comply with that document and to also adhere to the processes in the standard operating procedure. Do you understand that that – how that works?

MS WEBB: I understand most of what you said. I think the only issue I would have with saying "leaves it up to the operator to comply". I think it's a co-regulatory model so I think the regulator still has a role in making sure the compliance is happening rather than just leaving it to them, yes.

MR CONDYLIS: Yes. And one of the key changes recommended in this review was to make a change to section 124 of the Casino Control Act to make it clear that it's an offence for a casino not to – or a licensee not to comply with its internal control statement or manual.

MS WEBB: That's right, yes.

MR CONDYLIS: And so that provision is quite important because it gives the regulator some power if it becomes aware of information that would suggest that the operator is not complying with its ICM and then actions can then be taken after that information is acquired.

MS WEBB: Yes. So it's sort of essentially codified the ICM as a piece of regulatory requirement but I guess leaves the flexibility that the ICM can change

over time in a way that maybe strict black letter law regulation can't, so that's my understanding of the theory of how it all operates, yes.

5 MR CONDYLIS: And so because of section 124 of the Control Act, the content of the ICM – the respective ICM is really important because what is in that document can determine whether an operator is in breach of the law or whether they're complying with the law.

10 MS WEBB: Yes. So it's essentially becoming as important as a regulation or a piece of legislation would be, yes.

MR CONDYLIS: And is it the case that the department understands the importance of the approval process of an ICM?

15 MS WEBB: Yes. I think so, yes.

MR CONDYLIS: Now, if I can just take you to an example of an ICM, so this is ICM 8 rebate plays Star. I would ask that this document only be brought up in the hearing room.

20 COMMISSIONER: Yes, that's all right.

MR CONDYLIS: The document is STA.0011.001.0347. Ms Webb, you should have this behind tab 14. Commissioner, this might be marked as an MFI. I don't understand - - -

COMMISSIONER: I will mark it as an exhibit.

30 MR CONDYLIS: That can be given - - -

COMMISSIONER: I will mark it as AM6. Are you happy with that?

MR CONDYLIS: Yes, thank you Commissioner.

35 COMMISSIONER: The ICM8 rebate play for Star is STA.0011.0001.0347 will become exhibit AM6.

40 **EXHIBIT #AM6 ICM8 REBATE PLAY FOR STAR (STA.0011.0001.0347)**

MR CONDYLIS: Thank you, Commissioner.

45 COMMISSIONER: That's all right.

MR CONDYLIS: Ms Webb, have you seen this document before?

MS WEBB: I saw it yesterday when you told me that it would be one that would be brought up in this hearing.

5 MR CONDYLLIS: And this document is the internal control manual for rebate play for the Star Casino.

MS WEBB: Yes.

10 MR CONDYLLIS: And in summary, it's a document that captures the way in which that casino approaches junkets, the vetting processes that that casino would go through and the principles that are to be adhered to throughout that process. Do you understand that?

MS WEBB: Yes.

15

MR CONDYLLIS: And it's the case that this document has been approved by - - -

MS WEBB: By ILGA. My understanding is that it was ILGA that approved that, yes.

20

MR CONDYLLIS: And is it the case it was approved on or around 21 December 2018?

MS WEBB: That's my understanding, yes. That was before they joined.

25

COMMISSIONER: Before?

MS WEBB: Before liquor and gaming joined our division. I don't have any actual knowledge of it, that's all.

30

COMMISSIONER: I see. It was a different department at the time.

MS WEBB: That's right. So I had no oversight or understanding of this happening but that's my understanding that ILGA approved it, yes.

35

COMMISSIONER: Thank you.

MR CONDYLLIS: But whilst it was approved in the past, you understand that there's a current consideration – or a current audit ongoing in relation to this document?

40

MS WEBB: Yes. I understand we're doing an audit of rebate play, yes.

COMMISSIONER: Within your department?

45

MS WEBB: Yes, that's right.

COMMISSIONER: Thank you.

MR CONDYLIS: And so this is a document that was – has prior approval that there's a current audit taking place. Do you know when that audit may be
5 completed?

MS WEBB: Sorry, I don't have that to hand. I'm sure we could find out and let the Inquiry know, yes.

10 MR CONDYLIS: Do you know when the audit started?

MS WEBB: I would be guessing. I will – I am sort of aware of it, but I haven't had any deep involvement in it. I'm letting the team that is the audit team get on and do it, yes.
15

MR CONDYLIS: Who would be responsible for that.

MS WEBB: So Ms Wright's team, I understand is doing that.

20 MR CONDYLIS: Susan Wright?

MS WEBB: Susan Wright yes.

MR CONDYLIS: And so if I can just take you to – you'll see that there are some
25 statements throughout the document. If I can take you to one particular aspect of it. Operator, it's 0350, that's the pinpoint. Ms Webb, you will see at paragraph 10 on that page there is a indication of what the casino operator should do in relation to certain matters when it becomes aware of those matters.

30 MS WEBB: So I'm looking at the hard copy, page 4, is that correct, paragraph 10. Yes, okay.

COMMISSIONER: Yes, that's right.

35 MR CONDYLIS: Page 4. And you will see that in that paragraph the matters include criminal charges, a finding of criminal guilt, a conviction or any other matter that's prescribed by the regulator or the Commissioner of Police as a probity event.

MS WEBB: Yes.
40

MR CONDYLIS: Now, that would have been a paragraph that ILGA and, I assume, the department looked at and said that it authorised it to remain in the document and be approved?

45 MS WEBB: I mean, all I can say is that I assume that ILGA, when it approved this on the 21st of December, had that paragraph in there, but I – I don't know for sure

that they looked at it or did anything particular in relation to it. It was before my time. Yes.

5 MR CONDYLIS: But you're, of course, aware that this Inquiry has demonstrated that individuals who are participating in junket programs may not necessarily have criminal charges or criminal records at all, but they still might not be individuals that the community would want engaging in and acting with operating a casino in this State?

10 MS WEBB: Yes. I know that that's what the Inquiry has heard, yes.

MR CONDYLIS: And so the fact that there's no additional paragraph dealing with allegations of criminal behaviour or criminal association, is perhaps an oversight based on what the evidence – the way the evidence has fallen in this Inquiry?

15 MS WEBB: I don't know whether – I can't say whether it's an oversight. I do know that the fact that the casino operator doesn't report it to us doesn't mean we don't investigate it. So there's potential for us to investigate other matters than A, B, C, D, even if we don't get a report from the operator, if we become aware of them.

20 MR CONDYLIS: But in terms of section 124 of the control Act - - -

MS WEBB: Yes.

25 MR CONDYLIS: - - - the casino operator, based on just a strict interpretation of that provision, would not be in breach of that provision if it does not report to the regulator where a junket promoter or a junket representative has criminal allegations or associations, allegations of criminal conduct or association made against them?

30 MS WEBB: They would not be in breach of that section. I don't know that that means that they would not report it or that we would not look at it, but they would not be in breach of that section. I agree with that, yes.

35 MR CONDYLIS: And do you accept that there probably should be a broadening of the matters that give rise to a duty to report and to include allegations of criminal conduct and criminal association?

40 MS WEBB: I think it's our understanding that, following the findings of the Inquiry, ILGA will take a look at the ICMs more generally and we can definitely take on board that suggestion in relation to that paragraph.

45 MR CONDYLIS: As it's because of the – again, it goes back to the co-regulatory model that is currently in place, that this document really needs to be accurate to respond to the risks with casino operation, because there's no actually general prohibition in place to stop operators from dealing with certain individuals?

MS WEBB: Yes. I think that, as a concept, it's correct.

MR CONDYLIS: Okay. Now - - -

COMMISSIONER: Except, I suppose - - -

5 MS WEBB: Yes.

COMMISSIONER: - - - for the understanding that a licensee will deal only with people of good repute?

10 MS WEBB: Yes. And that we – our ability to conduct inquiries and investigate is not based on receiving a report from the operator, so we’re not wholly reliant on that. Yes.

15 COMMISSIONER: But once the change was made after Mr Cohen’s report and these ICMs came into operation, I understand what you said about them being effectively a form of regulatory structure.

MS WEBB: Yes.

20 COMMISSIONER: Then one has to review them constantly, I would think, to ensure that you take into account that this is the new regime of regulation?

25 MS WEBB: Yes. I think that’s right. And, definitely, my understanding is that a review will – will take place. Well, there’s some, you know, consideration already been given to what should be reviewed. But I think the point I’m making is that, notwithstanding that these form a code, that there’s also ability for the regulator, more generically, to have a concern about a licence - - -

30 COMMISSIONER: Yes.

35 MS WEBB: - - - and consider people, consider activities. But – but you’re right, this should be completely reviewed. You know, regularly reviewed to make sure it’s fit for purpose. And the benefit of possibly having it in this form, as opposed to requiring a legislative change, is that we can be more agile and take that on board and do that more quickly.

40 COMMISSIONER: It’s interesting, because if you look at what happens in the various States, obviously, when you have an operator who has casinos in New South Wales and Victoria and Western Australia - - -

MS WEBB: Yes.

45 COMMISSIONER: - - - as opposed to someone who only operates in Tasmania, for instance - - -

MS WEBB: Yes.

COMMISSIONER: - - - you'll have the different promotion of ICMs and SOPs, and the principles will be probably similar, but the detail might be different; is that right?

5 MS WEBB: Yes. I understand that could be a sort of compliance complication for those operators; that will be the case, yes.

COMMISSIONER: And so what we have is a national operating scheme where, let's assume the money launderer comes from overseas or decides to go to different
10 States, there will be different standards across the country where lacunas may be found by the people who are involved in nefarious activities?

MS WEBB: That's a factor that I see in pretty much every bit of legislation that we deal with, that national operators operating and various States having different laws.
15 So yes, that would certainly be the case. Yes.

COMMISSIONER: Yes. And also, I presume from what you have said in answer to Mr Condylis' questions, the ICMs that have been operational with the Star, you would consider to have similarity with Crown, presumably, in New South Wales?
20

MS WEBB: That's my understanding of how ILGA is considering it. Again, because these are documents that ILGA approves, that's my understanding that they would look to have similar ones. But because there's some differences in the operations, as in the Crown doesn't have gaming machines, so, therefore, ICMs
25 relating to gaming machines might not be necessary at the Crown. There will be some differences - - -

COMMISSIONER: Yes.

30 MS WEBB: - - - but you would want them to be pretty much similar for similar activities to make sure that the regulation was equivalent; that's correct, yes.

COMMISSIONER: So the ICMs are approved by – I withdraw that. The ICMs are discussed at departmental level with the operator and approved by ILGA? And the standard operating procedures are provided to the department for feedback but not
35 approved; is that right?

MS WEBB: That's right. That's my understanding, yes.

40 COMMISSIONER: Yes.

MS WEBB: And, certainly, our experience, over time, you know, we feed back to ILGA if we feel like something is not working well in the ICM, so that, over time, if our experience on the ground would impact on how the ICM is working, we would
45 make sure that feedback loop was happening and ILGA could consider whether some change was needed. Yes.

COMMISSIONER: And this document that Mr Condylis has taking you to in this paragraph really looks as though the regulator, both here and elsewhere, has set the test at criminality. Do you see that?

5 MS WEBB: In paragraph 10, yes, it does seem to be all based on criminal events.

COMMISSIONER: And I'm not quite sure what a probity event is, but the documentary material available seems to suggest that it might be defined as you might find the same sort of conduct when you have a default or an event of
10 bankruptcy, or the like; you have an event of probity; there's certain things that go to the probity of the operator. But in this instance, it has to be prescribed in writing by the regulator. Have you done any of that, do you know?

MS WEBB: I'm not aware that we have, but that's – I might be wrong in that
15 because this has been in operation before my time, but - - -

COMMISSIONER: Yes, yes.

MS WEBB: - - - so I would have to take that on notice.
20

COMMISSIONER: Yes.

MS WEBB: I am sure we could let the inquiry know, yes.

25 COMMISSIONER: But one of the things that could be done, you could define a probity event as dealing with a person who has – who is not of good repute, who is a junket operator or junket promoter or junket representative; that could be a probity event.

30 MS WEBB: Yes, I think that would be a feasible thing to include. Yes, yes.

COMMISSIONER: Yes. Yes. Thank you, Mr Condylis.

MR CONDYLLIS: If I could take you to a different document, Ms Webb. This is the
35 concomitant standard operating procedure. So it's rebate play SOP, hearing room only. It's STA.0014.0001.6935.

MS WEBB: What number tab will it be for me?

40 MR CONDYLLIS: Ms Webb, it should be tab 15.

MS WEBB: Great. Thank you. Thank you.

MR CONDYLLIS: Commissioner, this document will also need to have an exhibit
45 number.

COMMISSIONER: All right. The rebate play SOP for the Star will become exhibit AM7.

5 **EXHIBIT #AM7 REBATE PLAY STANDARD OPERATING PROCEDURE FOR THE STAR CASINO**

10 MR CONDYLIS: It's also subject to a claim for confidentiality.

COMMISSIONER: Yes, yes.

MR CONDYLIS: I think that's the position with respect to those documents.

15 COMMISSIONER: Yes. All these have been reserved. Yes, that's why you are doing it on the confidential stream.

MR CONDYLIS: Yes.

20 COMMISSIONER: Yes, I understand.

MR CONDYLIS: Yes. And so, Ms Webb, as I understand it, this document was not approved by ILGA or the department because it didn't have to be?

25 MS WEBB: As I think we were just discussing, yes, they show it to us for feedback, but it's not an approval process. Yes.

30 MR CONDYLIS: But the process allows for feedback from the regulator and, if there is anything in the document that can be improved, the regulator could communicate that to the licensee?

MS WEBB: Yes, that's right.

35 MR CONDYLIS: And so if I can take you to pinpoint 6964. This document puts in place the steps that the licensee needs to take in approving international junket promoter or representative.

40 MS WEBB: I'm not quite sure what paragraph you've taken me to, because I don't have the pinpoints here. Sorry.

MR CONDYLIS: Sorry. Just making a

MS WEBB: Okay. Sorry.

45 COMMISSIONER: Page 30.

MS WEBB: Thank you. Thank you.

COMMISSIONER: Just wait for a moment.

MR CONDYLIS: Just wait for that show up.

5 MS WEBB: Yes, yes. Thank you.

MR CONDYLIS: Page 30, Ms Webb. So this document demonstrates the steps that a licensee needs to take when approving an international junket promoter or representative. You will see, Ms Webb, that an application is made – is to be made
10 by the promoter or representative. And I will just take you to that application. That's 6968. It's page 34 of the documents. So that's the application form. And, essentially, the applicant fills out the document and submits it to the operator. One particular question, if I can take you to 6977, which is page 43 of your document, it
15 requires the applicant to disclose litigation and financial matters; that's what the heading is. And a series of questions – seven questions to be specific – have to be answered. I'll let you have a read of those questions, Ms Webb.

MS WEBB: Sure. Yes.

20 COMMISSIONER: Yes.

MR CONDYLIS: And you'll see that it's consistent with this idea that criminality is threshold, although there are some events regarding status, such as bankruptcy. But that's – there's nothing in those questions that requires disclosure of allegations of
25 criminal association, criminal conduct. There's no questions about the unscrupulous gang or criminal affiliations; no questions about things like side betting that may go on at a casino; no questions about any general obligation duty to comply with New South Wales law; and there's no questions about anti-money laundering or terrorism financing, which are things that, I think you would accept, are risks from a licensee's
30 perspective.

MS WEBB: I agree that all of those are risks. I guess, some of these questions could go to some of those issues, depending on whether the person has been charged with a money laundering offence or not, but I agree with you that they are all issues,
35 yes. I'm not quite sure I can say, categorically, that they wouldn't come out from these questions. Yes.

MR CONDYLIS: The point is there's no requirement of disclosure of allegations of criminal association?
40

MS WEBB: Yes, an allegation that hasn't been followed up by being charged. Yes, I agree with that. Yes.

MR CONDYLIS: So if I can take you back to pinpoint 6964, which is page 30 of
45 your document, Ms Webb. And you'll see the process begins with that application, which is actually a declaration - - -

MS WEBB: Yes.

COMMISSIONER: - - - a solemn declaration. And you'll see the steps that the operator needs to take, basically, paragraph 1, 2, a World-Check or Google search
5 needs to be undertaken by the cage manager on shift.

COMMISSIONER: Perhaps Ms Webb can read this to herself. It's a confidential document.

10 MS WEBB: Yes.

MR CONDYLIS: If you just read those matters, Ms Webb.

MS WEBB: Sure, like 1.2. I will read that, yes. Yes, that's fine.
15

MR CONDYLIS: And you will see, if you can just peruse the matters on the bottom of – so paragraph 2, which shows the requirements. And that goes over the page, 6965 and page 31 for you, Ms Webb.

20 MS WEBB: Yes.

MR CONDYLIS: And so, and again, there's just at that general – that the criminality threshold is not appreciated. That's really the test that appears, perhaps?

25 MS WEBB: I mean, as I read this – and I might be reading it wrongly and I apologise if I'm reading it incorrectly – but if they did a Google search and found there were allegations of certain conduct, doesn't that seem that they should take that into account even if it wasn't criminal - - -

30 COMMISSIONER: It seems to.

MS WEBB: Yes.

COMMISSIONER: Yes, it seems to.
35

MR CONDYLIS: That's possible.

MS WEBB: Yes.

40 MR CONDYLIS: There's no suggestion that the regulator needs to be

MS WEBB: Sorry, that the regulator?

45 MR CONDYLIS: There's no suggestion that the regulator would need to be such a media report and that nature.

MS WEBB: Be told about it or – I mean, it would be available for us to audit what these Google checks were finding and what they did as a result.

5 COMMISSIONER: I think the point is this - - -

MS WEBB: Yes, sorry.

COMMISSIONER: - - - that when you combine the ICM with the SOP - - -

10 MS WEBB: Yes.

COMMISSIONER: - - - the test in the ICM for or - - -

15 MS WEBB: Yes.

COMMISSIONER: Yes, the test in the ICM for reporting to - - -

MS WEBB: To us is - - -

20 COMMISSIONER: Reporting to you - - -

MS WEBB: Is different, yes. So if they did a Google - - -

25 COMMISSIONER:

MS WEBB: Yes, if they did a Google search and found some allegations, they wouldn't necessarily have to tell us unless it was criminal. That's the point.

30 COMMISSIONER: So the test in the ICM - - -

MS WEBB: Yes.

35 COMMISSIONER: The test in the ICM – just let me finish, if you wouldn't mind – is one of criminality or probity event. If that is there, they have to tell you within seven days. But if they find that the operator is alleged to be a member of a triad gang, they don't have to tell you?

MS WEBB: Based on an allegation, yes, I agree with that, yes.

40 COMMISSIONER: Yes, thank you.

45 MR CONDYLIS: If I can take you, then, Ms Webb to page 6984 which is page 50 of your document. And this is a situation where there has been an approval of a junket operator, so a promoter or a representative. And the question being considered is whether that approval should be revoked by the licensee. You will see in paragraph 1 it requires, if there is a situation where information disclosing the ill status of a promoter or representative, then those – if that information comes to light,

then you see that the process that then takes place by the licensee. And then you will see in paragraph 2 on that page, in the left-hand column, where again it appears that paragraph 10 of the ICM has been picked up and so the department, or the regulator is only being notified of those matters in paragraphs 2.1, 2.2 do you see that's a
5 direct reflection of the ICM?

MS WEBB: Yes, I see that, yes.

COMMISSIONER: But here you have something a little different. You have a
10 wider capacity recognised for the revocation of a junket operator because although the criminality question is in (2), in (1) you have got this more – or broader concept of “ill status”. So you've got the discretion in the operator, you might think sensibly, where they find that someone is alleged to be connected to a triad gang or have their own, and if they regard that as ill status, they don't have to have a conviction; they
15 can, in fact, revoke them. Do you see that?

MS WEBB: I see that, yes.

COMMISSIONER: Yes. Yes, thank you, Mr Condylis.
20

MS RICHARDSON: Your Honour, this is Ms Richardson. I've been loath to intervene - - -

COMMISSIONER: That's all right.
25

MS RICHARDSON: - - - and I haven't been involved in the hearings for some time. Is it my understanding that the screenshot of the document is not going live but this audio is going live? I just have a level of concern on behalf of my client that this is a confidential document.
30

COMMISSIONER: That's all right.

MS RICHARDSON: The questions are being asked in a way that are eliciting the content of the document.
35

COMMISSIONER: That's all right.

MS RICHARDSON: If I could respectfully ask that the questions be done at a greater level of generality in order to protect the confidentiality of my client in these documents.
40

COMMISSIONER: Yes, I don't think it can damage your client, but in any event we will be more careful, in particular, myself. Mr Condylis, it's not a criticism of you.
45

MR CONDYLIS: Commissioner.

MS RICHARDSON: May it please the inquiry.

MR CONDYLLIS: If I can take you, Ms Webb, to pinpoint 7015, that's page 81 of
5 your document. And this is just a process, a similar process but for the domestic
context where a domestic junket promoter and representative in an approval process,
and you will see a similar process is followed that – in relation to the international
- - -

10 MS WEBB: Yes. Yes, I see that.

COMMISSIONER: So one option, I suppose, might be if there is concern about –
which has been the subject of a lot of evidence – where there are what has been
referred to as “only allegations”, this broader concept that I have just discussed with
15 you could, in fact, be introduced into the ICM and that could then be, as you've said,
part of the legislative structure with the section under the Casino Control Act?

MS WEBB: That's correct. I think it's an opportunity for us to amend the
documents. I guess the other point would be that even though there's not an
obligation on the operator to report it to us doesn't mean we don't know, but I think
20 that we – we'd give some extra security to make sure that they had to report; I agree
with that.

COMMISSIONER: Yes, thank you, Ms Webb. Yes, Mr Condylis.

25 MR CONDYLLIS: If I can take you to the new document. This is document CRL.6
– sorry, this will go up on the hearing room screen only, operator –
CRL.604.001.0397. This should be tab 16 of your documents, Ms Webb. And it's
exhibit EF6.

30 COMMISSIONER: Thank you.

MR CONDYLLIS: This is the draft ICM rebated play for Crown Sydney. If you turn
to page 4 of your document, Ms Webb, that's pinpoint 0400, and you will see
35 paragraph 9 has what would appear to be a very similar wording to the paragraph 10
of our document.

MS WEBB: Yes, I can see that.

40 MR CONDYLLIS: So it's fair to say that the same analysis and issues may also
apply to that paragraph - - -

MS WEBB: Yes. Yes. So I think my previous evidence was that my understanding
was ILGA was trying to match as best they can the two operators' ICMs, but in the
same vein the opportunity to amend them following the findings of this Inquiry is
45 front of mind as well.

MR CONDYLIS: And it's the case that there's no draft standard operating procedure Crown Sydney has as of yet in relation to rebate play?

5 MS WEBB: That's my understanding, that I don't think there is, but I don't know for sure that there isn't. I don't know for sure the answer to that, yes.

MR CONDYLIS: If I might just take you, then, to the SOP that applies in Victoria for Crown Melbourne Limited. That's CRL.52 – this can come up on the hearing room screen – that's CRL.523.001.1001_R.

10 COMMISSIONER: That's a confidential document.

MR CONDYLIS: A confidential document, Commissioner.

15 COMMISSIONER: Yes. Thank you.

MR CONDYLIS: So this might be some indication of what the SOP for the new licensee may look like. And if I can just quickly take you through this, Ms Webb. If you go to page 7 of your document and it's - - -

20 MS WEBB: Sorry, is that my tab 17?

MR CONDYLIS: Sorry, it should be your tab 18.

25 MS WEBB: Sorry, 18. Okay, thank you.

MR CONDYLIS: And page 7 for you, pinpoint 1009. If you can just read that page for yourself to get an understanding of how an operator may qualify in that context.

30 MS WEBB: Sorry, it was page 7?

MR CONDYLIS: Page 7, Ms Webb.

35 MS WEBB: Of tab 18.

MR CONDYLIS: Of 18.

MS WEBB: I just have a chart that says measure of likelihood. Am I looking at - - -

40 COMMISSIONER: Yes. No, that's not the – Mr Condylis, I'm just wondering about this because Crown has informed me that they are doing a total review of this and I'm not sure about – and when we look at the document in any event it's referring back to things that are out of date in any event such as the SYCO system.
45 They're changing that, and they've suspended all their junket operations so perhaps we won't burden Ms Webb with it for the moment until a real document is produced.

MR CONDYLIS: Okay. So I'm going to move to a new topic, Commissioner.

COMMISSIONER: Yes.

5 MR CONDYLIS: Might that be an appropriate time.

COMMISSIONER: Yes, I'm sorry. We will have a luncheon break, Ms Webb, and resume at 2 o'clock. Thank you very much.

10 MS WEBB: Thank you.

ADJOURNED

[12.56 am]

15

RESUMED

[1.59 pm]

20 COMMISSIONER: Yes. Thank you, Mr Condylis. Are you ready to proceed, Ms Webb?

MS WEBB: Yes, I am. Thank you.

25 COMMISSIONER: Yes. Thank you. Yes, Mr Condylis.

MR CONDYLIS: Ms Webb, if I may move to a new topic. I take it in your experience, both before, during your current role and, indeed, in your current role, you appreciate the importance of information sharing and intelligence sharing between governmental agencies?

30 MS WEBB: Yes, that's an important part of regulation usually, yes.

MR CONDYLIS: And I take it it can be an issue that arises from time to time where certain agencies may not necessarily share information and data with other agencies?

35 MS WEBB: Yes, it's my experience that many agencies have quite restrictive information-sharing powers in their legislation that prevent them sharing information or restrict who they can share information to, for probably good privacy and probity reasons but it can create issues when they want to share or if other agencies decide that information so that does happen quite frequently, yes.

MR CONDYLIS: Yes. And, of course, in the Australian context being a federation, certain issues can arise between State agencies and federal agencies?

45 MS WEBB: That's correct. Sometimes information arrangements to share information will be set up, you know, between the Commonwealth agency or

between local jurisdictions without thought to there might be some interjurisdictional requirement as well.

5 MR CONDYLLIS: And you will appreciate that in the context of casino regulation, the information provided by the casino to a federal agency like AUSTRAC could be important information that the regulator in each State could utilise?

MS WEBB: Yes, depending on the circumstances but that could be the case, yes.

10 MR CONDYLLIS: And I understand that there is an arrangement currently in place between the New South Wales regulator and AUSTRAC as a federal agency?

MS WEBB: Yes, there is an MOU and regular meetings, but I think – we’re thinking that it’s time to refresh all those arrangements, yes.

15 MR CONDYLLIS: When you say “refresh”, in what sense and what do you hope - - -

MS WEBB: Yes.

20 MR CONDYLLIS: What do you envisage happening?

MS WEBB: I mean, it’s obviously a matter that we will have to negotiate with AUSTRAC but I guess, from our point of view, maybe some wider range of information that would be available to us and potentially maybe some more proactive arrangements where AUSTRAC might send us information without us specifically requesting it; Those are the types of things that we would normally refresh in an MOU or look to expand if we were trying to have better information-sharing arrangements.

30 COMMISSIONER: Is there presently a prerequisite for you to request it, is there?

MS WEBB: I’m not completely sure of the terms of the MOU, but often that will be the case. I can’t say for certain in this particular one that - - -

35 COMMISSIONER: I see.

MS WEBB: That we have to request but I think often it’s the case that, yes, AUSTRAC wouldn’t think of sending it to us without a specific request. But I will have to take that on notice or find that out for you in relation to the specific – this specific MOU, yes.

COMMISSIONER: I suppose, obviously, the MOU might indicate a flow, but it may work in practice where you actually have to ask; I understand that.

45 MS WEBB: Yes, I think that’s right, and personal relationships often can play a part in all of that as well. Yes.

COMMISSIONER: Yes, of course.

MR CONDYLIS: And indeed, I understand that it may be the department's position that the AUSTRAC database could have information and data that could be useful to
5 the regulator in the liquor and gaming context.

MS WEBB: That's correct. They may well have information about reports that have been made about a particular person or a particular company, and as part of our intelligence gathering for an investigation, those – understanding what reports have
10 been made to AUSTRAC would be quite helpful.

MR CONDYLIS: In an ideal world, the regulator would be well-placed to have access to that database to see whether any action can be taken?

MS WEBB: This is obviously an issue for AUSTRAC as to how they make that access available and how it works. I have worked in other agencies where there was some direct access but I'm just not sure what AUSTRAC's current arrangements and how they work it out is, but that would be ideal and then you wouldn't have to ask someone specifically to provide you specific information; it would be available but,
15 20 absolutely, that would be a matter for AUSTRAC as to what they could make available to us.

MR CONDYLIS: Thank you, Ms Webb. So if I can just ask you some questions now about examples that are taken from another jurisdiction, particularly Singapore, and you will appreciate that the approach to casino regulation taken in Singapore is what we might call a prescriptive approach. The equivalent Casino Control Act in Singapore includes a lot of prohibitions on certain conduct and you can assume that Singapore is a neat contrast to the co-regulation model that is currently adopted in
25 30 New South Wales.

MS WEBB: That has been my experience of Singapore in a number of regulatory categories, but I will understand it in this case as well, yes.

MR CONDYLIS: You can also assume that Singapore has another contrast so far as the regulator in Singapore is a specialist casino regulator dealing with just casinos which, again, is different to the position here.
35

MS WEBB: Sure.

MR CONDYLIS: There are two issues that the Singapore position may assist in terms of possible approaches and examples of best practice that this Inquiry may look at. If I can take you to a document; that's INQ.950.008.001. You won't have a copy of this, but it should come up on your screen, Ms Webb.
40

MS WEBB: Thank you.
45

MR CONDYLIS: Ms Webb, this is the Casino Control (Casino Marketing Arrangements) Regulations 2013. It's a Singapore piece of legislation. And this legislation regulates junkets, junket promoters and junket representatives.

5 MS WEBB: Sure.

MR CONDYLIS: And Singapore has adopted a new nomenclature calling them international marketing licences or arrangements. And you may appreciate that it's the regulator in Singapore, that is the Casino Regulatory Authority, that is making the decision as to whether a particular junket can be licensed in that jurisdiction. So indeed, it's a very prescriptive approach, that the regulator is looking into these arrangements. You can assume that.

MS WEBB: Yes, I will.

MR CONDYLIS: So if I can take you to pinpoint – sorry, one moment, Commissioner.

COMMISSIONER: Yes, of course.

MR CONDYLIS: If I can take you to pinpoint 0014, Ms Webb. That should come up on your screen. The process is that the regulator looks into the applicant to become – to hold an international marketing licence, and you will see at the bottom of the page the matters that the authority has to look at when considering, if you like, the suitability of that applicant. And you will see that at regulation 13(1)(a) you can see the types of matters that the regulator in Singapore is looking at when assessing the suitability of the applicant. And I draw your attention to the last sentence:

Having regard to the character, honesty and integrity –

of that applicant. So you can see that the test that is applied in Singapore is not just a test based on the criminality threshold, it's a broader test ensuring that the casino is dealing with people of good repute. You can see that.

MS WEBB: Yes, I can see that. Yes.

MR CONDYLIS: In your experience and knowing what you know now about the regulatory model in place in New South Wales, is this the type of test that may be better suited in the current climate, given the evidence that has fallen from this Inquiry?

MS WEBB: Are you asking me whether this test should be in the ICM or are you asking me whether it should be in legislation or are you asking me whether we as the regulator should be applying this test? Sorry.

COMMISSIONER: I think I would be assisted by you telling me whether you think this might be a good test, whether you put it in an ICM or anywhere else.

MS WEBB: I absolutely agree with – as we previously discussed that this would be a good test. I absolutely agree with that, yes.

COMMISSIONER: Thank you.

5

MR CONDYLIS: If I can take you to the page over – 0015, please, operator – and you will see paragraph (e) that the same test applies to anyone with a business association or association with the primary applicant. You can see that the regulator is looking into matters such as character, honesty and integrity of that associate.

10

MS WEBB: Yes.

MR CONDYLIS: So again, it's a test that looks at broader matters that ensures that people of good repute are coming into casinos through the Singapore casinos through the junket program.

15

MS WEBB: So yes, I can see this is a good test. I would agree with it. I think I just have to qualify that I wouldn't be the decision-maker, it would be ILGA. But I absolutely can see that this would be a good test to have.

20

MR CONDYLIS: And you would accept that this is the kind of standards that may reasonably be set in a jurisdiction such as New South Wales to ensure that the type of people that are coming in through the junket programs are of good repute.

25

MS WEBB: Yes, to the extent that I could influence ILGA, I would agree that this would be a good thing for them to take into account, yes.

MR CONDYLIS: If I can now take you to another piece of legislation, Ms Webb. This is INQ.950.008.0046. This is the Casino Control (Prevention of Money Laundering and Terrorism Financing) Regulations 2009. Again, it's a Singapore legislation and, again, it's emblematic of the prescriptive approach being taken by Singapore as a jurisdiction to address a particular problem or a particular risk that its casinos may face. And if I can take you to pinpoint 0051, and you will see, Ms Webb at the bottom of the page, regulation 3 sub-regulation (1) requires a casino operator to file a suspicious – what would be the suspicious matter report equivalent to the suspicious transaction reporting officer who is not a casino person but it is a type of reporting that does go on already in - - -

30

35

COMMISSIONER: Well, just pause there for a moment. This is the suspicious transaction reporting officer; is that part of the regulator?

40

MR CONDYLIS: No. No, Commissioner.

COMMISSIONER: I see. So that is a separate office in Singapore?

45

MR CONDYLIS: Yes.

COMMISSIONER: Thank you.

MR CONDYLIS: And if I can draw your attention, Ms Webb, to the next page,
which is 0052, you will see sub-regulation (3). The same report that is filed with the
5 suspicious transaction reporting officer is then immediately thereafter submitted to
the authority. Now, you see that, do you, Ms Webb?

MS WEBB: I do. Can I just ask, is the suspicious transaction reporting office a sort
of equivalent to AUSTRAC? Sorry.

10 COMMISSIONER: Probably.

MS WEBB: Okay. Thank you. Thanks. Yes, I see that.

15 MR CONDYLIS: You can see that that officer is not part of the authority, not part
of the casino regulator?

MS WEBB: Great, thanks.

20 MR CONDYLIS: And what appears to be happening in Singapore is that that
information – that data which is going to the suspicious transaction reporting officer
is also going to the casino regulator. And so it then allows the regulator to have
some oversight of visibility of the funds coming in, the transactions coming into the
casino and for the regulator to take steps that it may want to take with respect to
25 those issues.

MS WEBB: Yes.

30 MR CONDYLIS: Do you see that?

MS WEBB: I can see that, yes, and consistently with what I was just mentioning
about obtaining more information from AUSTRAC this seems to be consistent with
that sort of approach.

35 MR CONDYLIS: Yes.

COMMISSIONER: Well, it makes it easier.

40 MS WEBB: That's right.

COMMISSIONER: You don't have to ask - - -

MS WEBB: Yes.

45 COMMISSIONER: You don't have to ask the other agency; you get it in your own
right.

MS WEBB: Yes, I think that would help. I mean, obviously, this is a matter for AUSTRAC and its legislation as well but from my perception if some arrangement of this type could be entered into, that would be great.

5 COMMISSIONER: Because even though the entity or agency with the responsibility for the anti-money laundering legislation is not the regulator but it remains with the agency – in Singapore it's the officer; in Australia it's AUSTRAC – but it actually is a concurrency of information-sharing in a legislative structure, you see.

10 MS WEBB: Yes, I can see that. And I think that could be a good way in which it could work, if it was possible, yes.

15 COMMISSIONER: And this doesn't seem to tread on anyone's toes.

MS WEBB: Again, I'm just qualifying because I'm conscious of, you know, AUSTRAC and its privacy and other confidentiality arrangements. But in principle I can see that it could work without, yes, treading on anyone's toes from that point of view.

20 COMMISSIONER: Because in Singapore the privacy provisions are very stringently applied.

25 MS WEBB: Yes.

COMMISSIONER: So you can see there that there's no burden, if you'll pardon the expression, on the regulator or the authority to do anything that would be otherwise done by the agency responsible for dealing with that information; do you see that?

30 MS WEBB: I can see that, yes.

COMMISSIONER: Yes, Mr Condylis.

35 MR CONDYLLIS: And so if we can just go back to earlier after lunch where there may be some issues with access to information and relying on relationships between different agencies to gain access to that information, you would agree that this approach where the casino operator reports directly to the regulator in a way circumvents that problem because the regulator is getting that information and doesn't have to rely on any existing relationship.

40 MS WEBB: Yes, I can see that getting a copy at the time they submit it as opposed to getting a copy around the route from the regulator could be a quick and easy way of dealing with it, I agree.

45 MR CONDYLLIS: Thank you, Ms Webb. Commissioner, I have no further questions of Ms Webb.

COMMISSIONER: I see. Any questions, Ms Richardson?

MS RICHARDSON: No. Thank you, your Honour.

5 COMMISSIONER: Mr d'Arville?

MR D'ARVILLE: No. Thank you, Commissioner.

COMMISSIONER: Who else is there, Ms Hamilton-Jewell?

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MS HAMILTON-JEWELL: I have fallen down the traditional trap of not unmuting myself. Yes, Commissioner, I have a few short questions for this witness.

15 COMMISSIONER: Yes, of course. Of course, Ms Hamilton-Jewell, please proceed.

<EXAMINATION BY MS HAMILTON-JEWELL

[2.16 pm]

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MS HAMILTON-JEWELL: Ms Webb, you were - - -

COMMISSIONER: Yes, pardon me for a moment. Ms Webb, Ms Hamilton-Jewell appears for Crown Resorts Limited and Crown Sydney Gaming, the licensee.

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MS WEBB: Thank you.

COMMISSIONER: Yes, Ms Hamilton-Jewell.

30 MS HAMILTON-JEWELL: Now, Ms Webb, can you hear me clearly?

MS WEBB: I can, yes.

35 MS HAMILTON-JEWELL: You were asked this morning about the ICMs and in particular the ICM in relation to rebate play?

MS WEBB: Yes.

40 MS HAMILTON-JEWELL: Other than the ICM for rebate play what oversights and controls are applied by ILGA to manage the risks that junket operators present?

45 MS WEBB: Applied by ILGA itself, well, I think if there was a complaint about a particular junket operator or a particular thing that a junket operator had done, that would probably be the subject matter of an investigation, first, within the department, but then ILGA would be the entity possibly making the enforcement decision in relation to what action should be taken. Is that the sort of issue? I mean, if there's a sort of policy change needed, the department would play a role and again ILGA

wouldn't play a part in those sort of policy, legislative decision changes. So ILGA would – has a general sort of supervision of conduct of the casino. I'm not sure I'm answering your question correctly.

5 MS HAMILTON-JEWELL: You are. Thank you. Are you aware of any other oversights or controls that the department, through the legislation, might have over junket operators?

10 MS WEBB: Look, I don't want to venture an answer; there's some specific requirements, I understand, about how the casino should operate, which may impact on a junket operator, depending on what that particular person was doing or what the junkets were doing, and general conditions in the licence as well that I would assume would be a part that ILGA would play. But I just don't want to venture it all off the top of my head. I'm not close enough to all the specific legislative provisions to be
15 able to tell you that exactly. But I could definitely find someone to provide some more information, if that was what you needed.

MS HAMILTON-JEWELL: Well, this question might fall into the same category. You mentioned in examination this morning that the authority has the power – so the
20 ability to consider people more broadly. One of the ways in which the authority can consider people more broadly is through the exclusion orders under section 79.

MS WEBB: Okay, yes, of course. Sorry, I didn't realise. Yes, I agree with that as being one approach, yes.
25

MS HAMILTON-JEWELL: Are you aware, in considering whether or not to issue an exclusion order to a junket promoter or representative, what criteria would be applied by the authority?

30 MS WEBB: No. I would have to look that up, or find out from the authority's previous precedent decisions what criteria they applied. I don't know off the top of my head exactly what they would take into account. I assume they would take in all the evidence of what the person had done and the circumstances in which they had done it but in terms of specific things I would have to look at their precedent
35 decisions and see what sort of things they took into account.

MS HAMILTON-JEWELL: Thank you. And this question may fall into the same category; under sections 36 and 37 of the Casino Control Act, contracts that in the opinion of the authority are significantly material to the integrity of a casino require
40 the approval of ILGA. Do you know if agreements with junket operators are considered to be controlled contracts for the purposes of section 36 and 37?

MS WEBB: No, I don't know that answer; I would have to ask someone.

45 MS HAMILTON-JEWELL: Thank you. Commissioner, I have no further questions.

COMMISSIONER: Thank you, Ms Hamilton-Jewell. Ms Case, do you have any questions?

MS CASE: I do not. Thank you, Commissioner.

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COMMISSIONER: Yes. Thank you. Can I just ask you, Ms Webb, I'm very conscious that you are the head of the department and you have only come into the role on 1 July, as you have stated, last year. One of the questions posed for the Inquiry relates to the efficacy of the primary objects of the Casino Control Act and then looking at an assessment of an ability to respond as a regulator in what seems to be a rather complex environment. Some of the submissions received thus far have suggested various things, and - - -

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MS WEBB: Yes.

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COMMISSIONER: - - - they will all, of course, be very helpful in the thinking. But I was wanting to ask you, if you can, without embarrassing you in your present role, it does seem that a specialist body like the one that you headed and created, effectively, in Hong Kong for regulatory work is rather effective. Do you agree with that?

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MS WEBB: I've seen all types of regulatory structures in my time. I think part of the trick that – or part of the issue that people often raise with specialist regulators that regulate a particular industry is regulatory capture, and I think you always have to guard against that. So that's one of the definite risks to take into account. With the Competition Commission in Hong Kong we weren't so subject to that happening because, as I mentioned before, we were dealing with competition law but across a whole range of industries where I have seen – experienced this in the past where you have an industry-based regulator that can get very close to the regulator.

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But on the other hand, I think as has been brought out during the course of the questioning, you know, the expertise that you can develop within a small specific regulator with a very particular function is also something that can be of benefit. I guess, also, the other issue that can come up is just the sort of resource issue; if you're a small independent regulator, you can't flex up and down depending on what's happening. And so sometimes there can be a tendency for – you've got X number of inspectors and regardless of whether their inspection activities are particularly useful or even needed if people are being compliant, they will still go out and inspect regardless.

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But then if there's a whole lot of noncompliance they don't have an additional lot of person power to apply to it, which sometimes a bigger regulator that has a bit of opportunity to flex up and down depending on where the risks are can be better. So I think – I don't think there's a complete answer to this. I think – and probably that's the reason why we see the waxing and waning of specialist regulators versus generalist regulators as pendulums swing in sort of regulatory theory and depending

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what happens in particular markets because there's benefits and risks in both types of models as far as I can see, yes.

5 COMMISSIONER: The profile of – or the history through which Mr Condylis has taken you - - -

MS WEBB: Yes.

10 COMMISSIONER: - - - shows me that what was originally presenting as a very powerful specialist body has now been at least bifurcated – perhaps trifurcated I don't know – and the difficulty of finding with whom one should deal, for instance, is always a problem. For instance, when the – when the Melco transaction occurred, for instance - - -

15 MS WEBB: Yes.

COMMISSIONER: - - - the secretary of Crown – the company secretary of Crown, wrote to Liquor and Gaming rather than ILGA. Now, I'm not being critical of Crown.

20

MS WEBB: No.

COMMISSIONER: I'm just saying that when you look at it, you would think, because the agreements were with ILGA, not with Liquor and Gaming but the communication occurred with Liquor and Gaming, originally so - - -

25

MS WEBB: Yes. Although - - -

COMMISSIONER: - - - can you - - -

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MS WEBB: Sorry. I was just going to say, I think in practice that might not be much difference because we're their mailbox, but I agree with you in principle, yes.

COMMISSIONER: Of course. So when you have structures that are well known, for instance – I don't know if you have looked at something that I have mentioned for the last year, I'm afraid – the structure in Massachusetts. In Massachusetts, there are five commissioners who are full time on the gaming commission there, and they're appointed by the governor and the Attorney General. They have strong powers and they are impenetrably away from government because of the structure of the appointment and their independence. So you have a body to which people can say that's the regulator, and that is a revered and respected regulator. And so one view is if you have it, albeit it may be very efficient, if you have it structured through layer upon layer of departments, the public can't say, well, where is the regulator? The letter from, for instance, Ms Manos to the department is an example. So - - -

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MS WEBB: Yes.

COMMISSIONER: What do you think of that: having someone that the public can say that's where the regulator is?

5 MS WEBB: I can understand that in part. I think Mr Crawford and ILGA have had the same profile. And I don't sort of completely understand that the differentiation in the staff that supported them from over the various types of arrangements has led them, as ILGA, to be any less independent or any less obvious as a regulator. And we have made the efforts to make sure that, in terms of our stakeholder engagement, that people know who to come to if they need to talk to someone within the
10 department. But it's absolutely true that an independent regulator might, you know, have an independent life so people may see it separately. I don't know whether I completely concede the more powerful/less powerful discussion, but the – you know, to get more obvious to the public and less obvious, I probably would concede there, except that I think ILGA, under Mr Crawford, has had a very high profile and has
15 had the same profile for a quite a few years now. So that part of the structure hasn't changed.

COMMISSIONER: Yes, well, that's very good.

20 MS WEBB: Yes.

COMMISSIONER: And so when you're talking about structures and independence and these things, there's always the subject of funding that rears its head. I understand that there is a levy that is – that was put in place for the purpose of
25 regulation being funded.

MS WEBB: Yes.

COMMISSIONER: And that that, over time. that Star, in this State, has paid many
30 millions of dollars over the period, let's say, from 2014. One of the witnesses in February this year, when this topic came up about funding of independent bodies and whether the public purse should have to bear it, was very resistant in any suggestion that that should happen, and indicated that, in the United States, it is always the regulated that pay for the regulation; a little similar, I suppose, to the Bar
35 Association. But you, I understand, would be aware of the levy and the structure for paying - - -

MS WEBB: Yes.

40 COMMISSIONER: - - - for the regulation by the casinos?

MS WEBB: That's right, yes.

COMMISSIONER: And do you see any difficulty with that?
45

MS WEBB: Well, I think I might have just averted to it quickly earlier. I have seen problems when the regulated entity pays directly for the regulator, and they

sometimes feel that they can exercise some more control over how that money is used. So that can sometimes create a bit of, you know, a difficulty along the lines of the industry capture argument that I was talking about before, that, you know, one, the funding's directly related and, somehow, you know, they expect certain services
5 from the regulator or they expect certain access or things. So I think – I don't know. But I think that's why the casino levy in New South Wales is paid into consolidated revenue and then the operations of liquor and gaming are funded out of the budget just to keep that nexus and the sort of moral hazard that can arise from that situation apart. But I think, in principle, I don't have a problem that a regulated entity should
10 be paying something towards the regulation. It's just whether you want that direct relationship in terms of them being the sole funding source for the body that regulates them, particularly in a concentrated industry like casinos where there's very close relationship, because there's only one or two entities that are being regulated.

15 COMMISSIONER: Yes. You spoke a little earlier about someone making sure that the appropriate tax was collected. Do you remember saying that?

MS WEBB: Yes. I did, yes.

20 COMMISSIONER: And can just tell me about that.

MS WEBB: So I don't understand the complete technical intricacies of it, but there's a monitoring system – a central monitoring system – that every poker machine in New South Wales is attached to, that sees how much money goes through
25 that machine, and that's the way in which the amount of gambling duty is recognised. So it's got some controls, as I understand it, to make sure people don't tinker with the machine in some way so that the amount of duty that's payable is sort of impacted. So - - -

30 COMMISSIONER: And – yes.

MS WEBB: Yes. And then that money does go to the Treasury, so we don't collect that money personally, but we are responsible for the compliance of the system.

35 COMMISSIONER: So when we look at the question of possible funding sources
- - -

MS WEBB: Yes.

40 COMMISSIONER: - - - without burdening the casinos any further - - -

MS WEBB: Yes.

45 COMMISSIONER: - - - than they're already burdened, there is, it seems, an area of funding that may be, could I put neutrally, available for boosting whatever might need to be boosted in the regulatory jurisdiction; would you agree with that?

MS WEBB: Yes. And some of the money the Responsible Gambling Fund obtains comes from that source already. Yes.

5 COMMISSIONER: Yes. The Responsible Gambling Fund, that is earmarked for responsible gambling good works, I presume?

MS WEBB: That's correct, yes.

10 COMMISSIONER: And so that wouldn't be able to be used for what one might have in mind to boost the regulatory capacity, I would think?

15 MS WEBB: Well, to the extent that the conduct – the way the casino operates and the conduct of the casino doesn't recognise – doesn't, you know, properly comply with dealing with problem gamblers or the way in which they offer inducements, and things like that, I think you could make an argument that some of the regulatory obligations on a casino are to ensure that responsible gambling occurs. So there would be a part of the regulatory responsibility that would encompass responsible gambling.

20 COMMISSIONER: Yes, I see. Some of the questions that have arisen in the inquiry which, really, I don't want to burden you with in terms of the individuals who have been looked into, but it does show that, if there were more of a proactive arrangement, that is, shining a torch like this Inquiry has had to do, on to the environment to actually expose what's in the environment is a possible positive step, 25 notwithstanding it's scorching in this instance, but to try and shine that torch would need some obvious, at least, a little restructuring and further funding; would you agree with that?

30 MS WEBB: I think a little bit of the difficulty for me is that we haven't been regulating the casino; that's the focus of your Inquiry and that entity. So the torch we've been shining has been on the other casino, and I can't really opine about what or might not have been found there. But I agree with the proposition that now that we are regulating two entities and a traditional amount of activity more resources will be needed to do that task. Yes.

35 COMMISSIONER: Yes. And so far as the processes are concerned, whether that needs to be looked at by government from the point of view of legislative change or otherwise is another matter, but so far as looking into what happens and seeing what is called the co-regulation regime, you've worked in areas where it's more 40 prescriptive, I presume?

45 MS WEBB: Yes, I have. And certainly quite a lot of the fair trading legislation is quite prescriptive; that we have a lot of – you know Motor Vehicle And Dealers Act and a lot of the home building, and residential tenancies, and things like that have prescriptive requirements.

COMMISSIONER: Your point about the regulatory capture has been mentioned a number of times throughout the Inquiry. And I have read quite a bit on it, where some people think it exists and others don't. But assuming for the moment that it could be a problem, wouldn't co-regulation exacerbate it?

5

MS WEBB: In the sense that you would be engaging a bit more with the regulated entity to come up with what these rules are that then become part of the code. I guess that's right. Although, I think, in practice, any modern regulation and legislative process involves a lot of stakeholder consultation; that's the way government works now. So I don't – thinking about how we make other rules and regulations in other parts of our regulatory structure, and how these are done, it's probably not that different. But I agree with you, you know, the final – there could be an opportunity; that's right. You would have to make sure that the final decision-maker to approve, say, the ICMs, maintain some level of independence from that negotiation process of what the wording should be. So it is potentially there. Yes, I agree with you that that could be the case.

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COMMISSIONER: I haven't seen any allegations of regulatory capture in my favourite topic of Massachusetts, but it does seem that the more rigorous the structure, the less prospect there is of such nomenclature being used; whether it's there are or not, I don't know.

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MS WEBB: No.

COMMISSIONER: It's in the jargon, I think, of regulation at the moment.

25

MS WEBB: Yes. And, I guess, my sort of perception is that it might be more to do with, you know, things like the same inspectors being at the casino and actually spending their whole entire working life there.

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COMMISSIONER: Yes.

MS WEBB: The potential in those sort of scenarios might be more than at the sort of decision-making Commission member area.

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COMMISSIONER: Yes.

MS WEBB: I think the higher you go, probably, the less likelihood of regulatory capture, but maybe a little bit to do more to do with the people exercising the day-to-day operational supervision might be - - -

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COMMISSIONER: Yes.

MS WEBB: - - - where the problems are with that. Yes.

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COMMISSIONER: And where the Terms of Reference speak about a changing operating environment and the modern way of gambling, it will be, in the future, that

the processes of gambling will become, probably, more electronic and more sophisticated, technologically, as I understand it. With that in mind, the ideas of recognition of gambling patrons by identification with cards – and I've seen some press about that – and various other prospects of making sure that people don't
5 money-launders, they're the matters exquisitely for government; are they not?

MS WEBB: That's right; that would require legislative change to implement any of those matters. Yes.

10 COMMISSIONER: Yes. I've seen the controversy that has arisen in the pubs and clubs about that, and I'm not going to enter that fray, Ms Webb.

MS WEBB: I'm already in it. So – but I – we won't go there.

15 COMMISSIONER: You have to deal with it. But it is one step, if one looks at it from a theoretical point of view, with the money laundering problems that have been thrown up in this Inquiry, one avenue to try and stop it is a really rigorous recognition of the gambler and the fact that one would want to trace the transactions,
20 not from just the problem gambler point of view, but from the money launderer point of view.

MS WEBB: Yes.

25 COMMISSIONER: And that is a matter of policy for government to decide whether intrusion into privacy has got to be balanced with the structure of working out whether we've got criminals in our casinos, I presume.

MS WEBB: I think that's right. And it's also sort of raises the issue that in that – for that part of regulation it's not just the casino but it's the clubs as well. And - - -
30

COMMISSIONER: Yes.

MS WEBB: - - - you know, do you have separate regulatory arrangements for both of them if you're dealing with that same problem but that, in the end, would all be a
35 matter for the government. Yes.

COMMISSIONER: Yes, I understand.

MS WEBB: Yes.
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COMMISSIONER: I'm grateful for your assistance in those questions and answers. Thank you.

MS WEBB: Thank you.
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COMMISSIONER: Is there anything arising from those questions from anybody who is granted leave to appear? Obviously not.

MS HAMILTON-JEWELL: No.

COMMISSIONER: Mr Condylis, anything?

5 MR CONDYLLIS: No, Commissioner. So that concludes the public hearing.

COMMISSIONER: Thank you. Just pardon me. Thank you, Ms Webb, for your evidence. And if those matters that you said that you can check on, if they're be followed up, the solicitors will notify the department and we might obtain that.

10

MS WEBB: Thank you.

COMMISSIONER: Yes. Thank you. Thank you, Ms Webb.

15 MS WEBB: Great.

COMMISSIONER: We'll terminate the link to you.

MS WEBB: Okay. Thank you your Honour. Okay. Thank you.

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COMMISSIONER: Thank you.

<THE WITNESS WITHDREW

[2.39 pm]

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COMMISSIONER: Now, Mr Condylis, is that the last witness for oral evidence?

MR CONDYLLIS: That's the last witness.

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COMMISSIONER: Thank you. Now, I think there was some discussion about the submissions that were to start – that are to start on the 4 November. Mr d'Arville?

MR D'ARVILLE: Madam Commissioner, Mr O'Brien is going to address you about that.

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COMMISSIONER: Could you get a little closer to the microphone, if you could.

MR D'ARVILLE: I'm sorry. Is that any better?

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COMMISSIONER: Yes, it is. Thank you.

MR D'ARVILLE: Mr O'Brien's going to address you in respect of this matter, Commissioner.

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COMMISSIONER: All right, then. Mr O'Brien.

MR O'BRIEN: Thank you. Madam Commissioner, can you hear me okay?

COMMISSIONER: Not very well.

5 MR O'BRIEN: That's unfortunate. I'll lean forward. Is that any better?

COMMISSIONER: That's much better, thank you, Mr O'Brien.

MR O'BRIEN: I'll see if I can still read my notes.

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COMMISSIONER: That's all right.

MR O'BRIEN: Madam Commissioner, there have been some communications between my solicitors and the solicitors assisting the Inquiry.

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COMMISSIONER: Yes.

MR O'BRIEN: And our proposal has been put forward. As we understand it, from what was indicated by yourself yesterday, oral submissions by counsel assisting will commence on the 4th of November.

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COMMISSIONER: Correct.

MR O'BRIEN: And we also understand that the present estimate is approximately four or five days and, therefore, they will end on the 9th of the 10th of November. And we understand that Crown Resorts senior counsel are not available in that week of the 2nd of November – sorry, of the 9th of November, but Mr Hutley is available in that week. So, in an effort to assist you, and also just to deal with counsel's unavailability, and to assist in the orderly progression of this Inquiry, we propose, subject to your views, that CPH interests address you after counsel assisting during that week.

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COMMISSIONER: Yes.

35 MR O'BRIEN: Now, in order for us to be in a position to understand and respond to the factual findings and regulations sought by counsel assisting which affect us, and to do so in a way which we consider making appropriate concessions, bearing in mind indications that you've made - - -

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COMMISSIONER: Yes.

MR O'BRIEN: - - - and hopefully to provide assistance to this Inquiry for the purposes of the report, we respectfully submit that the appropriate course to enable the matter to proceed in this way would be as follows: firstly, that counsel assisting provides the parties with leave to appear with an outline document setting out the factual findings sought and the recommendations sought. In relation to the factual findings, it's just – what is being sought is merely the factual findings, not

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evidentiary references; an outline document, and the flesh can be put on the bones, if you like, during oral submission. And what this document will do is enable us to understand precisely what's being put and to enable us to be in a position to a position to commence oral submissions shortly after those assisting you finish their oral address.

And what's suggested – and, obviously, I haven't heard from counsel assisting – is that this document would be provided approximately one week before counsel assisting commences their oral submissions. Then the next step would be that Mr Hutley would address you orally and would be speaking to a written document which he would provide to you, with your leave, which will hopefully be of some assistance to you. And what's presently proposed is that he would address you on the 12th and the 13th, which is the Thursday and the Friday of that week. And that will either entail a one- or two-day break between when those assisting you finish their submissions on the 9th or the 10th – sorry, the 10th or the 11th, and when Mr Hutley commences oral submissions for those two days, and that takes us to the end of the week. The following week, then, Crown Resorts would be in a position, as I understand it, to address the inquiry and their senior counsel are available in that week. That is a long-winded way of summarising the proposal that's been put, Madam Commissioner, for your consideration.

COMMISSIONER: It may be long-winded, but it was very understandable. Thank you, Mr O'Brien.

MR O'BRIEN: Thank you, Madam Commissioner.

COMMISSIONER: Mr O'Brien, the first question that needs addressing is whether Crown and the licensee is suitable. The second question, because this is on the suitability aspects only, because, as I indicated on Wednesday, I will be asking for written submissions on part B. The matters that we discussed today and the matters that we went through in the first week of the hearings in February and the evidence of, for instance, Mr Hawkins, Ms Arnott and some aspects of Mr Preston's evidence, relating to structure and the like, those are matters that seem to me to be exquisitely suitable for the parties, who are to provide a written submission as to what they propose, if anything, in relation to those matters that arise in paragraph 17.

I know that it's been said that there's some crossover between A and B, of course, because the regulatory regime will affect how people are reviewed. But in circumstances of this Inquiry, the oral submissions, it seems to me, should relate to part A, suitability, and that's what, I think, the parties should expect to address me on. And when I was discussing these matters, for instance, with the chairman, Ms Coonan, if it's accepted that there were problems – for instance, just take Riverbank and Southbank, those accounts are so obvious, and everyone has said, yes, they've got problems. So I wouldn't want to burden people with going through the accounts and telling me where the problems are. What's the consequence of the problem is important, and what each group of legal representatives say about that is important to

me to work out the answer to the question that is posed in paragraph 15 and 16 of the Terms of Reference.

5 So because this is the suitability aspect, it seems to me that you your suggestion of any outline that comes to you – and I don't have those counsel assisting me in front of me today, but, certainly, I think I indicated on Wednesday that any written document will be provided to the parties. And I will pass on what you have said, obviously, in respect of what you would hope to have, Mr O'Brien. But it's a focus of trying to get to the nub of where we should be in submissions.

10 If all of the things that have been proven and agreed were made out, what does it mean? If there have been criminal connections which haven't been understood and there are mitigating circumstances around that; if there have been money laundering problems which haven't been picked up, if they've persisted, what's the consequence of that? Can a regulator really say to oneself, if you are a new applicant and you turned up on the doorstep with money laundering problems in your accounts, what would be the answer to that? So the reality is what I'm wanting to be helped with, because, as you would understand, it's a complicated question. So if you get to the point of saying this may well result in a conclusion that they are suitable, then you don't have to look at question 2. But if you get to the point that, more probably than not, there might be a finding of unsuitability, the next question, as you know is, how to make them suitable. And that's what I will need help with, if we get to that point. And I've indicated that you assume answers and get ready to deal with those questions.

25 And so far as the directors are concerned, it would seem to me that your suggestion, if I may say so, is very sensible, Mr O'Brien. And I will have the solicitors respond to yours very promptly after some discussions with senior counsel assisting.

30 MR O'BRIEN: Thank you very much.

COMMISSIONER: I think, Ms Hamilton-Jewell, you'll probably support what Mr O'Brien has said, would you?

35 MS HAMILTON-JEWELL: Yes, Commissioner. We do join in CPHs request - - -

COMMISSIONER: All right.

40 MS HAMILTON-JEWELL: - - - particularly in respect of an outline of the propositions and senior counsel assisting Crown are better placed in the week commencing the 16th of November.

COMMISSIONER: So, Ms Richardson, I suppose you won't come and see me again, will you?

45 MS RICHARDSON: Hopefully not, your Honour; only in the context of this Inquiry. We are happy – obviously, it will depend what falls in oral submissions, but

as I understood what your Honour has said, that part B questions, which is my client's only interest, will be dealt with in writing. So, if that's the case, we're very happy to deal with things in writing.

5 COMMISSIONER: Yes. I mean, your client helpfully provided evidence through Ms Arnott and Mr Hawkins, and there may be some discussion about their evidence. I mean, it's obvious that some of the operators that troubled Crown, for instance, Suncity, was operating at Star. But I've made it very clear, Ms Richardson, that this is an Inquiry that does not ask me to look into Star. But the fact is – and I've said
10 this during the course of the debates previously – that the fact is that these operators, who have been the subject of criticism, operate everywhere. So it is, intrinsically, of interest to your client, I understand. But the suitability review is not touching upon your client.

15 MS HAMILTON-JEWELL: Thank you, Commissioner.

COMMISSIONER: Anything further from anyone? All right, then. I shall adjourn the inquiry to 10 am on the 4th of November for submissions. And thank you, Mr O'Brien and thank you, Ms Hamilton-Jewell, for your submissions and, of course,
20 Ms Richardson. And I should also indicate, Ms Richardson, I'm very grateful for Star's written submission, and I think there are communications that are happening between the solicitors as to what status that is and whether it can be published, I understand.

25 MS RICHARDSON: May it please the Inquiry.

COMMISSIONER: Yes. Thank you. I'll adjourn until then.

30 **MATTER ADJOURNED at 2.51 pm UNTIL
WEDNESDAY, 4 NOVEMBER 2020**

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