

## Director-General of Licensing

### Decision Notice

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<b>Matter:</b>	Application for Increase in Gaming Machines
<b>Premises:</b>	Palmerston Sports Club Inc. Maluka Street Gunn NT 0830
<b>Applicant:</b>	Palmerston Sports Club Inc.
<b>Nominee:</b>	Mr Darren Howard
<b>Submissions:</b>	Amity Community Services Inc.
<b>Legislation:</b>	Section 41 <i>Gaming Machine Act</i>
<b>Decision of:</b>	Director-General of Licensing
<b>Date of Decision:</b>	14 March 2016

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### Background

1. On 14 October 2015, Mr Andrew Hay on behalf of The Palmerston Sporting Club Inc. ("the Applicant") applied pursuant to section 41 of the *Gaming Machine Act* ("the Act") for an increase in the number of gaming machines authorised for use at the Palmerston Sports Club ("the Club").
2. Regulation 3(a) of the *Gaming Machine Regulations* ("the Regulations") sets the maximum number of gaming machines that may be authorised for a Category 2 licensed premise under section 41 of the Act. Regulation 2(2)(b) of the Regulations defines a Category 2 licensed premise as one for which a club liquor licence is in force at any particular time.
3. Under section 41(1) of the Act, a licensee may apply to have the number of gaming machines authorised for use under the license increased. The Director-General of Licensing ("Director-General") may grant or refuse such an application and in determining the application shall have regard to Part 3, Division 5 of the Act.
4. The Applicant is the holder of a licence issued under the *Liquor Act* endorsed AUTHORITY – CLUB, which is defined under section 3 of the Act as a club liquor licence. The Applicant currently holds Gaming Machine Licence Number GM168 and is seeking to increase the number of gaming machines from its current level of 45 to a proposed new number of 55 gaming machines.
5. The application was accompanied by the prescribed application fee and the prescribed levy for the ten additional gaming machines applied for. The application was also accompanied by the required Community Impact Analysis ("CIA") prepared by DWS Hospitality Specialists.
6. The Club's application was advertised in the NT News on 4 November 2015. The objection period closed on Thursday 3 December 2015.

## Consideration and Reasons

7. When determining this application, the Director-General must have regard to relevant provisions of the Act and Regulations, including but not limited to the statutory objects of the Act which are:
  - (a) *to promote probity and integrity in gaming;*
  - (b) *to maintain the probity and integrity of persons engaged in gaming in the Territory;*
  - (c) *to promote fairness, integrity and efficiency in the operations of persons engaged in gaming in the Territory;*
  - (d) *to reduce any adverse social impact of gaming; and*
  - (e) *to promote a balanced contribution by the gaming industry to general community benefit and amenity.*
  
8. Additionally, pursuant to section 41(4) of the Act, the Director-General shall when determining an application for an increase in the number of gaming machines authorised for use, have regard to:
  - (a) *the increased number of gaming machines that the applicant seeks to have authorised for use under the gaming machine licence;*
  - (b) *if section 41A applies – the community impact analysis;*
  - (ba) *if section 41B applies – any submissions received under the section;*
  - (c) *the gross monthly profit of existing gaming machines operated on the premises;*
  - (d) *the hours and days when the premises are open for the sale of liquor;*
  - (e) *the size, layout and facilities of the premises together with any proposed modification or relocation of the gaming machine areas of the premises; and*
  - (f) *such other matters as the Director-General considers are relevant.*

### Increased number of gaming machines

9. The Applicant is authorised to operate 45 gaming machines and currently does so. Following amendment in 2015, Regulation 3 of the Regulations sets the maximum number of gaming machines for a Category 2 licensed premise at 55. As the Applicant is the holder club liquor licence the premises are considered to be a Category 2 licensed premises pursuant to 2(2)(b) of the Regulations.
  
10. As such, the Applicant is able to apply for an increase of ten gaming machines and if granted, I am satisfied that the number of gaming machines on the premises would be within the statutory limit of 55 gaming machines.

### Community Impact Analysis

11. Pursuant to section 41A(2) of the Act, the CIA must provide details pertaining to:
  - (a) *the suitability of the premises to which the application relates having regard to the size, layout and facilities of the premises;*
  - (b) *the suitability of the premises to which the application relates having regard to the primary activity conducted at the premises;*
  - (c) *the suitability of the location to which the application relates having regard to the population of the local area, the proximity of the premises to other gaming venues and the proximity of the premises to sensitive areas such as schools, shopping centres, other community congregation facilities, welfare agencies, banks and pawn brokers;*

- (d) *the appropriateness of problem gambling risk management and responsible gambling strategies;*
- (e) *economic impact of the proposal including contribution to the community, employment creation and significance or reliance of the venue to or on tourism.*

**Suitability of Premises – size, layout and facilities**

- 12. The CIA does not include specific information regarding floor space distribution, however a proposed new floor plan including the additional 10 gaming machines, should the within application be approved, is annexed to the CIA.
- 13. The floor plans show that there is sufficient space within the existing gaming area to accommodate the additional ten machines sought by the Applicant. The percentage of the floor space of the premises utilised for the gaming room is commensurate with similar community clubs with 45 gaming machines. There will be no increase in the size of the premises should this application be approved.

**Suitability of Premises – primary activity**

- 14. The CIA states that the Club offers a mix of facilities including bars, bistro, pool tables, a bottle shop as well as Keno and TAB. The Club has four foundation sporting associations that include the Darwin Turf Club Inc., NT Rugby Union Inc., NT Rugby League Inc. and Combined NT Speedway Inc. The Club also provides a home for the Palmerston RSL Sub-branch and has done so since 2007.
- 15. The main objective of the Club is to promote and facilitate sport within the Northern Territory. Community contributions achieved through expenditure on gaming machines is donated back to the four sporting clubs, alongside other charitable organisations, to help the clubs better their respective sports. The Club has won a number of awards in recent years including the 'Best Club Bar Presentation and Service' and the 'Best Sporting Entertainment Venue' in the 2015 AHA (NT) Awards for Excellence as well as being recognised as the 'Best Sporting Entertainment Venue' in the 2015 AHA National Awards.
- 16. Over the past three years membership at the Club has increased from 17,904 members in 2013 to 18,669 members in 2015. Over the longer term membership of the Club has grown by 38% since 2011.
- 17. The CIA provides information regarding the venue's financial performance. In the 2015 financial year, it is reported that 19.8% of the venue's revenue was derived from liquor, 10.3% derived from food and 48.6% derived from gaming. The CIA advises that the venue has experienced an increase in gaming revenues over the last two years and believe note acceptors have played a significant part in these increases. There have been slight decreases in gaming revenues as a percentage of overall revenue however there was an overall dollar increase in comparison to 2014 gaming revenue.
- 18. On the basis of the financial analysis provided, it is appears that the majority of the venue's revenue is generated by gaming machine activity, being just below 50% of overall revenue. Whilst this represents a significant proportion of the Club's total revenue that percentage is comparable with similar community clubs offering gaming machine facilities with the maximum permissible number of gaming machines.

**Suitability of Location – population of local area, proximity to other gaming venues and proximity to sensitive areas**

- 19. The Local Community Area ("LCA") agreed to with Licensing NT for use in the development of the CIA incorporates the suburbs of Bakewell, Driver, Durack, Marlow's Lagoon, Gray, Woodroffe, Rosebery, Bellamack, Palmerston North and Moulden.

20. The area has a moderate population density as would be expected for a suburban area. The LCA has a population of almost 28,000 consisting of approximately 19,000 adults of whom the age distribution is generally consistent with that of other Darwin and Northern Territory centres. It should be noted that the population figures are based on the Australian Bureau of Statistics' 2011 Census Data which is somewhat dated, particularly given the rapid increase in the population of Palmerston in recent years. More recent figures estimate Palmerston's current population at over 33,000 residents.
21. Statistical information indicates that the LCA demonstrates higher concentrations of younger residents when compared to the Greater Darwin Area with 31% of residents under 17 years of age. The CIA suggests this could be partly attributed to the presence of a university in close proximity to the Club. The proportion of Aboriginal and Torres Strait Island residents in the LCA is slightly higher in comparison to the greater Darwin area with the majority of Aboriginal residents residing in Moulden where Aboriginal residents comprise over 19% of the overall population of the suburb.
22. Statistical data contained within the CIA indicates that the LCA has higher proportion of people that have completed a certificate or diploma in comparison to the Darwin Greater area. However, lower numbers have completed bachelor degrees and above when compared to the Greater Darwin Area. The CIA also indicates that the unemployment rate in the LCA was 3.5% as of December 2014, which is lower than the NT benchmarks. The majority of the suburbs in the LCA have very low unemployment rates with the exception of Moulden with an unemployment rate of almost 10% which significantly inflates the LCA's overall unemployment figure.
23. Household incomes are generally on par with Darwin and NT benchmarks including for the upper levels with incomes greater than \$3,500 per week. The statistics included in the CIA indicate a much lower level of home ownership when compared to the Greater Darwin Area, attributable to the LCA having a relatively young population with residents in their initial stages of servicing mortgages for their homes. More people within the LCA are in the process of purchasing their own homes than in the Greater Darwin Area with less people renting than for the benchmarks.
24. The LCA includes higher levels of state housing in comparison to the Greater Darwin area. Again those figures are somewhat skewed allowing that Moulden includes 26.4% of residences being state housing and impacting on the overall figure for the LCA. Within the LCA 15% of residents reported as being non-Australian which is less than the benchmark of the Greater Darwin area.
25. The CIA also includes information in relation to the Australian Bureau of Statistics' Socio-Economic Indexes for Areas ("SEIFA") which is a product that enables the assessment of the welfare of Australian communities based on census data relating to household income, education, employment, occupation, housing and other indicators of advantage and disadvantage. The CIA states that the SEIFA analysis shows that the LCA is an area of relatively high social advantage.
26. There are a number of ways to view the scores from the SEIFA, with one being through the decile score system where a ranking is given from one to ten. A decile rating of one indicates that an area is in the bottom 10% of areas and the most disadvantaged with a decile score of ten indicating that the area is in the top 10% of areas thus being the most advantaged socio economically.
27. The overall SEIFA score for the LCA was 1,014, only marginally lower than for Greater Darwin which is measured at 1,044, indicating that the LCA is in an area of relative social advantage. Of the suburbs incorporated within the LCA, the decile scores range between one and ten, with the majority of the suburbs being in the nine to ten range. However, the suburbs of Moulden and Gray are rated at one and a number of other suburbs within the LCA are rated in

the five to six range. In this case the majority of the population within the LCA have a relatively high advantage in terms of access to material and social resources, and ability to participate in society. Of note, the suburbs of Moulden and Gray are rated as being within the lowest 10% indicating a significant degree of socio economic disadvantage.

28. The CIA indicates that within the LCA there are four other gaming venues, namely Cazalys Palmerston Club, The Palmerston Golf and Country Club, Arch Rivals Tavern and the Palmerston Tavern. Applications for new gaming machines are also under consideration for the proposed tavern in the new Gateway shopping complex and the proposed Flynn Tavern in Bellamack.
29. It is evident that the accessibility to gaming machines by residents of the LCA will increase should this and other similar applications be approved. However, the SEIFA decile scores, which identify that the LCA area is generally not regarded as an area of socio-economic disadvantage, also needs to be taken into consideration in determining whether an increase in accessibility to gaming machines within the LCA will lead to greater harm. It would appear that the profile of the majority of residents living in the LCA does not mirror the profile of those most at-risk of experiencing harm from gambling.
30. A further consideration to be taken into account is that whilst the gaming machine density would increase should this and other similar applications be approved, the patron source for this venue and others in this area is not restricted to just residents of the LCA. Although the LCA does not attract the same number of tourists and visitors as the Darwin City LCA, visitors account for a significant proportion of gaming machine patronage. As a result the actual gaming machine density may in fact be lower than current and projected figures if visitors are taken into account in gaming machine density calculations. Considerations around problem gambling risk management and responsible gambling strategies implemented by the venue must also be taken into account.
31. Pursuant to 41A(2)(c) of the Act, the CIA must provide details with respect to the proximity of the premises to sensitive areas such as schools, shopping centres, other community congregation facilities, welfare agencies, banks and pawn brokers. In doing so, the CIA accompanying this application has identified a number of sites including Palmerston Police Station, St Vincent De Paul Society shop, Palmerston Health Precinct and a cash convertors store some 600 metres from the subject venue. The CIA advises that although several sensitive sites were identified the venue has a long history in the area of offering gaming machine facilities and has demonstrated strong policies to minimise harm in the local community.
32. The venue currently holds a gaming machine licence and on the basis of the information available included in the CIA, I am satisfied that the venue's location continues to be suitable for the operation of gaming machines.

#### **Appropriateness of problem gambling risk management and responsible gambling strategies**

33. The CIA states that according to the 2014 report 'Gambling Harm in the Northern Territory: An Atlas of Venue Catchments', which is a report prepared for the Community Benefit Committee through the Department of Business in May 2014, 84% of residents within the Northern Territory present as non-problem gamblers, with the remaining being of either low, moderate or high risk. The report notes that 76.0% of the Club's visitors are non-problem gamblers, 9.7% are low risk and 1.2% are in the high risk category. Those figures are slightly higher than for the Palmerston LCA however there is a lower percentage of problem gamblers in the subject LCA than in the NT as a whole.
34. The CIA sets out the policy and procedures underpinning the responsible delivery of gaming services relevant to the Club in some considerable detail. Harm minimisation strategies and

measures including exclusion provisions, cash limits, restrictions on cheque cashing and the location of Automatic Teller Machines away from the gaming room are stated to be in existence at the venue. These are also requirements that must be met to ensure the venue complies with gaming machine audits that are conducted by Licensing NT officers on a periodic basis.

35. A copy of the venue's Responsible Gambling Incident Register for the past 12 months was provided and shows two incidents during that period. Both instances relate to people being evicted for anti-social behaviour rather than gambling related issues. The Incident Register also showed that the venue has a number of members on self-exclusion orders, ranging for six months to life, indicating that the self-exclusion program is being utilised as required. The low number of entries in the Gambling Incident Register and the self-exclusions indicate that the Applicant conducts and manages the overall business in a responsible manner with few, if any, incidents or concern in relation to gaming on the premises.
36. The policies in place at the venue at present are compliant with the current Code of Practice for Responsible Gambling in the Northern Territory and there is no indication that an increase in the number of gaming machines at the venue would require any amendment or addition to those policies or existing procedures relating to the management and monitoring of gaming.

**Economic impact – contribution to the community, employment creation and significance/reliance of the venue to or on tourism**

37. The CIA states that the venue currently employs 58 local staff, comprising nine full time staff and 49 casual employees. The CIA anticipates that if this application is granted the Club will need to employ an additional two staff to cater for the increased patronage, as well as increase the hours worked by the current employees. The CIA also presents a large amount of data pertaining to tourism with these statistics showing that the LCA continues to attract visitors to the area.
38. The Club is a strong contributor to the local community contributing over \$2,000 per machine to local sporting bodies and charities in 2013 and 2014. In accordance with its stated objectives, the Club's centrepiece of its community program is its sporting contributions and donations to the Palmerston RSL sub-branch.

**Written submissions in response to the application**

39. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on Wednesday 4 November 2015. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification. One submission was received from Amity Community Services Inc., ("Amity") with the submission being in the form of a position paper.
40. The submission states that Amity has been working in the area of gambling for over two decades and their programs are underpinned by a public health model that considers the impact of gambling on the entire community and on all gamblers, not just 'problem gamblers'. The model also focuses on prevention, rather than treatment alone. Amity works predominately in the areas of prevention of and intervention in problem gambling areas by providing extensive training, education, community liaison and health promotion in consultation with the gambling industry. Amity provides its services throughout the Northern Territory with the aim of implementing harm minimisation strategies for safer gambling.
41. Amity does not support the application to increase the gaming machines at the Club, or generally throughout licensed hotels and clubs in the Northern Territory community. Amity is of the view, based on their review of the balance of research on the issue of gambling outcomes, that an increase in gaming machines in the community will have an overall negative effect on

the health, social and economic welfare of at least a proportion of the population of the Northern Territory.

42. Amity submits that there is a plethora of problem gambling research that demonstrates the effects of problem gambling, including adverse effects on physical and mental health and wellbeing, financial stability, relationships, employment and legal issues. Amity submits that problem gambling has been linked to risk factors for family violence and elevated levels of suicide including an increase in accessing homelessness services in the Northern Territory. Amity states that research further indicates that 27% of the adult population in the Northern Territory participate in the use of gaming machines and problem gamblers spend on average \$30,000 per annum. Amity states that during 2012-13 the average net loss by players in community venues, pubs and clubs, in the Northern Territory was \$141 per machine, per day equating to approximately \$50,000 per machine per year.
43. Amity submits that Darwin has a general population of 81,670, including persons below 18 years of age, with 1,191 gaming machines located in the hotels, clubs and the casino which equates to 14.6 gaming machines per 1,000 head of population. Amity states that in 2014, the Australasian Gaming Council indicated that the national average for gaming machines was 11 machines per 1,000 adults indicating a much higher gaming machine density in Darwin compared to the national average. Amity suggests there is a plethora of evidence that demonstrates communities experiencing widespread social and economic problems are those communities with a higher concentration of convenience gambling.
44. Amity also advise that as their primary focus is on service delivery, they do not have the resources to analyse client data specifically in relation to the venue and are therefore unable to comment on the number of individuals that have been counselled by Amity in relation to gambling related issues in the last 12 months. Amity also comments that in relation to the venue specifically, that they have provided training to some of the venue's staff in the past 12 months.
45. Given that Amity's comments are of a generalised nature in response to their concerns with respect to gambling and its potential negative impacts on a wider community than that contained within the LCA, it is difficult to ascertain the aspects of their concern as they relate specifically to the venue the subject of this application other than Amity are unlikely to support any application for an increase in gaming machines, regardless of which venue may apply. There is no doubt that Amity, like many organisations find allocating resources to submissions, such as the one made, difficult.
46. The CIA reports that 31 organisations were contacted in May 2015 to establish the community's perceptions to the proposed increase in gaming machines. Only eight organisations provided a response including the Good Shepherd Lutheran College, Scallywags Childcare Centre, Anglicare, Palmerston City Council, Terrace Gardens Aged Care, Islamic Council of NT, Darwin Aboriginal and Islander Women's Shelter and Good Beginnings Australia – Palmerston. Of those who participated in the survey, one respondent believed that the application would have a positive impact whereas the other respondents believed that there would be a negative effect on the community. Upon reviewing these responses, a common theme among respondents is that gambling has a negative effect and that the comments were made as general statements rather than specifically towards concerns against the venue subject of this application.
47. Whilst the concerns expressed by those organisations that did complete the Community Representative Feedback survey should be noted and taken into account they cannot in my view, given their generalised nature of the comments, be afforded significant weight in respect of the determination on this matter.

**Gross monthly profit of existing gaming machines operated on the premises**

48. Statistical information held by Licensing NT indicates that for clubs with gaming machines in the Northern Territory for the 2014/15 financial year the average gross monthly profit was \$5,854 per machine. For the Palmerston Sports Club the average gross monthly profit per machine is almost \$12,000. However, another comparison was undertaken which only included clubs with the maximum number gaming machines (45) which showed the average monthly profit for these clubs to be \$9,028 per gaming machine. That comparative figure is considerably lower than the \$12,000 per machine that the Club has averaged over the same period. However, the comparison of club venue revenue provides a fairer comparison with similar size venues with large gaming machine operations.
49. The financial analysis provided in the confidential section of the CIA and Licensing NT data indicates clearly that the majority of the Club's revenue is generated by gaming machine activity, being almost 50% of overall revenue. Should the application be approved, the cost to the Applicant of installing ten additional gaming machines will be in the order of \$354,000 comprising the application fee and prescribed levy costs together with the costs of purchasing ten additional gaming machines.
50. The Financial Analysis provided within the CIA also indicates that the Club is currently profitable however it relies heavily on profits generated from gaming machines.

**Hours and days when the premises are open for the sale of liquor**

51. The trading hours for the Club are from 10.00 am to 23.59 pm from Sunday to Wednesday and 10:00 am to 02:00 am the following day from Thursday to Saturday. No trading is permitted on Good Friday and Christmas Day.

**Size, layout and facilities of the premises**

52. As noted above in this decision, the CIA does not include information about floor space distribution percentages. However the floor plans provided indicate that the additional gaming machines can be accommodated in the existing gaming room without the need to increase the size of the gaming room.
53. The Applicant advises that the focus of the venue will not change should this application be approved, that being to assist and support the Foundation Associations through recurrent funding to meet their objectives in the facilitation of their respective sports, to promote the use of the Club by sporting and other bodies and members of the general public with emphasis on such activities as those best suited to maximise benefit to the community.

**Other matters the Director-General considers relevant**

54. The Gaming and Liquor Amendment Bill of 2015 amended the Act to effectively lift the previously imposed cap on authorisations of gaming machines in licensed hotels, taverns and clubs in the Northern Territory. As well as lifting the overall cap, the amendments also provided for an increase in the number of gaming machines in clubs, lifting the maximum number to 55 gaming machines, up from the previous limit of 45 gaming machines. At the time of introducing the amendments, the Minister for Racing, Gaming and Licensing noted that the arbitrary Territory-wide cap was abolished in favour of a rigorous community impact assessment process for new applications and for applications seeking additional gaming machines.



55. Against that background the Applicant has presented a well prepared application with strong supporting evidence indicating that this application meets the requirements of the Act in relation to an increase in the authorised number of gaming machines. The comprehensive CIA prepared for the purpose of this application is analysed in considerable detail above and appears not to have raised any issues specific to the Palmerston Sports Club Inc. that would persuade me to refuse the application to increase the gaming machine numbers.
56. The harms associated with gaming machines and problem gambling are well documented and well known within the general community. However, the Applicant in this instance has in place policies and procedures that will have the effect of minimising the harms associated with gambling generally and the use of gaming machines specifically at the venue under consideration.
57. Amity submitted a well-researched and evidence based position paper. Amity clearly does not support the application, suggesting the Northern Territory is not underserved with gaming machines at present and an increase in the number of gaming machines is a reflection of increasing gaming revenue which will, in Amity's submission, have an overall negative health, social and economic impact on the community and the Northern Territory as a whole.
58. The CIA suggests non-government agencies who responded via the Community Representative survey have concerns with the application believing the increase in gaming machines will have a negative effect on the community and, as a result, the majority of those organisations do not support the application.
59. Whilst those comments and submissions are properly made and no doubt indicative of the views of the organisations represented, they do not provide any specific details of prospective harms or potential adverse community outcomes directly related to the venue. In addition, the Applicant intends to incorporate strategies aimed at reducing gaming-related harm if the application is approved. When considering this application it must be remembered that the cap on Northern Territory gaming machine numbers had been in-place since 2008, a considerable period of time for a city such as Palmerston that experienced a substantial increase in population during the same period.

## **Decision**

60. For the reasons set out above, and in accordance with section 41(3) of the Act I have determined to grant the application lodged by the Palmerston Sports Club Inc. and authorise the increase of the number of gaming machines located at the Club from the current limit of 45 gaming machines to the current maximum allowable for the holder of a club liquor licence, namely a maximum of 55 gaming machines.
61. The additional approved ten gaming machines are required to be included in the schedule attached to the current licence in which each individual gaming machine is identified and authorised for use. The schedule will be updated upon submission by the Applicant of the details pertaining to the additional ten gaming machines once purchased.

## Review of Decision

62. Section 166A of the Act provides that a decision of the Director-General, as specified in the Schedule to the Act, is a reviewable decision. An application under section 41 for an increase in the number of authorised gaming machines is specified in the Schedule and is a reviewable decision. Section 166C of the Act provides that a person affected by this decision may seek a review before the Northern Territory Civil and Administrative Tribunal. For the purpose of this decision the affected persons are the Applicant and Amity Community Services Inc.



**Cindy Bravos**  
**Director-General of Licensing**

14 March 2016