

Decision Notice

Matter:	Application for Increase in Gaming Machines
Premises:	Gillen Club Milner Road Alice Springs NT 0870
Applicant:	Gillen Club Inc.
Nominee:	Mr Kyle Pearson
Submissions:	Nil
Legislation:	Section 41 <i>Gaming Machine Act</i>
Decision of:	Director-General of Licensing
Date of Decision:	13 July 2016

Background:

1. On 13 April 2016, Mr Kyle Pearson the Manager/Nominee for Gillen Club Inc. (“the Club”) submitted an application pursuant to section 41 of the *Gaming Machine Act* (“the Act”) on behalf of the Club to increase the number of gaming machines at the Club’s premises.
2. Regulation 3(b) of the *Gaming Machine Regulations* (“the Regulations”) sets the maximum number of gaming machines that may be authorised for Category 2 licensed premises as 55. Regulation 2(2)(b) of the Regulations defines Category 2 licensed premises as those premises for which a club liquor licence is in force at any particular time. The Club is the holder of liquor licence number 81402891 issued under the *Liquor Act* and endorsed AUTHORITY-CLUB (INCORPORATED).
3. Under section 41(1) of the Act, a licensee may apply to have the number of gaming machines authorised for use under the licence 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 Club holds Gaming Machine Licence Number 123 and seeks to increase the number of gaming machines from its current approved level of 45 to a proposed new number of 55 gaming machines, an increase of ten gaming machines. The application was accompanied by the prescribed application fee, as set out in Regulation 37 and Schedule 5 of the Regulations, and the prescribed levy set out in the Regulation 31A. The Application was accompanied by a Community Impact Analysis (“CIA”) prepared by Phil Bennett Consulting.

Consideration and Reasons

5. 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.*
6. 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.*
7. In addition, section 41(2)(ca) of the Act provides that where the applicant for an increase in gaming machines is a club the application must contain details of the extent to which the club's profits have been allocated or distributed:
- (i) towards development of the club's neighbourhood; and*
 - (ii) as donations to or funding for community, recreation or service organisations operating in the club's neighbourhood.*

Community Impact Analysis

9. 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

10. Gillen Club Nominees Pty Ltd was the sole owner of the premises until 9 August 2015 when 45% of the land and buildings were purchased by Gillen Club Incorporated. The Club covers an area of 7850 square metres and has parking for 113 vehicles.

11. The CIA does not include specific information regarding the floor space distribution however floor plans included in the CIA indicate that the Club's premises comprise four main areas being a sports bar, a main bar, large bistro with a dedicated kids' area and the gaming room. The Club includes a large outdoor play area with a playground, sandpit and jumping pillow. The gaming room is separated from the main bar area by a large frosted glass feature wall and plans show that the current gaming room area is sufficient to contain the additional requested gaming machines and, should the application be approved, no increase in the gaming room area would be required.

Suitability of premises – primary activity

12. The Club is located in the suburb of Gillen, approximately 1.5 km west of the Alice Springs CBD. The Club has a long standing history having been established in 1972 as Wests Sporting Club Incorporated. In March 2004 members resolved to change the name to Gillen Club Incorporated. The current membership comprises 5,860 members.
13. The Club has four foundation sporting associations, Wests Cricket Club, Wests Netball Club, Wests Rugby League Club and Wests Football Club. 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 foundation Clubs and other non-affiliated charitable organisations.
14. The CIA provides information regarding the Club's financial performance in 2014 and 2015. The Profit and Loss statements for 2014 show that 51.79% of the Club's overall revenue for that financial year was derived from the kitchen and bar, 8.13% from other revenue streams such as Keno, TAB and memberships fees and 40.08% of total revenue from gaming. The Profit and Loss figures for 2015 show a combined total of 47.41% of their revenue came from the kitchen and bar, 7.39% from other revenue such as Keno TAB Memberships etc. and 45.20% from gaming machine activity.
15. Based on the financial analysis provided it appears that the Club does not currently receive the majority of its revenue from gaming machine activity however that revenue does comprise a significant proportion of the Club's overall revenue. The CIA projects that with an addition of ten gaming machines the income from gaming machine activity will increase to 51.65% of the Club's total revenue. Whilst significant, the predicted percentage of total revenue from gaming machine activity is comparable to similar clubs within the Northern Territory that offer gaming machine facilities.

Suitability of location-population of local area, proximity to other gaming venues and proximity to sensitive areas

16. The Local Community Area ("LCA") agreed to with Licensing NT for use in the preparation of the CIA incorporates the Alice Springs suburbs of Araluen, Braitling, Ciccone, Flynn, Gillen, Irlpme, Larapinta and Stuart. The CIA refers to statistical information obtained through the Australian Bureau of Statistics ("ABS") 2011 Census Data. The CIA reports that in 2011 the LCA had a population of 13,652 with 9,400 of these being adults. Whilst the agreed LCA included the new suburb of Irlpme no data for this suburb has been recorded to date resulting in that suburb being excluded from the data analysis.
17. The LCA population represents 54.2% of the total population of the Alice Springs Local Government Area (LGA). Statistical information indicates that the population of the LCA is evenly split with 50% males and 50% females. The age brackets closely match those of the LGA. The CIA reports that the LCA has a higher proportion of people who have completed certificate III & IV qualifications at 40.8% when compared to 27.7% for the LGA.
18. The CIA states that the unemployment rate for the LCA is 2.2%, similar to that of the LGA and lower than that for the Northern Territory overall which is recorded at 3.4%.

Household incomes within the LCA are comparable to those for the LGA and NT across all levels with the highest percentage of 13.1% falling within the \$1,500 to \$1,999 weekly income range. The number of dwellings owned with a mortgage is significantly higher at 41.6% compared to the LGA of 37.2% and the NT overall at 30.6%. The LCA also has a slightly higher proportion of dwellings being rented from Territory Housing at 10.6% compared to the LGA at 9.0%, however that figure is significantly less than for the NT overall which is assessed at 12.3%.

19. The CIA also contains information in relation to the ABS 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 Club is in an area of relatively high social advantage. The overall SEIFA score for the LCA was 939 which is higher than that for the LGA of 903 and for the NT overall at 836.
20. The suburbs of Flynn and Stuart are the most disadvantaged areas with a SEIFA decile score of one and comprise 4.74% of the total area of the LCA. Ciccone and Larapinta score a SEIFA rating of decile 5 and make up 19.89% of the area of the LCA. Araluen achieved a SEIFA score within the decile 8 range with Braitling and Gillen falling within the 7 decile range with those suburbs comprising the remaining 75.37% of the total area of the LCA.
21. Section 41A(2)(c) of the Act states that the CIA must provide details with respect to the proximity of the Club to gambling sensitive sites such as schools, shopping centres, other congregation facilities, welfare agencies, banks and pawn brokers. The CIA reports there are three sensitive sites within a 200 metre radius of the Club being Centralian Middle School, Gillen Primary School and Alice Springs Christian Family Centre. The CIA identifies a further eight sensitive sites within 200 metres and 400 metres of the Club. Five of these sites are shops located in a nearby shopping centre with the remaining three being Alice Springs Softball Association, Gillen Pre School and Holyoake Alice Springs Inc.
22. The CIA advises that although several sensitive sites were identified in the area the Club has a long history in the area of offering gaming machine facilities and has demonstrated strong policies to minimise harm in the local community. The Club is the only venue with gaming machines within the LCA and to the west of the Stuart Highway. The CIA states that if the application is approved the total number of machines in the LCA will be 55 which equates to a total 5.8 gaming machines per 1,000 adult residents. That number is substantially lower than for the LGA which has 28.8 machines per 1,000 adults, including those situated at Lasseter's Casino. The CIA states that it is estimated that there are 17 machines per 1,000 adults for the NT overall.

Appropriateness of problem gambling risk management and responsible gambling strategies

23. The 2014 report 'Gambling Harm in the Northern Territory: An Atlas of Venue Catchments', prepared for the Community Benefit Committee in May 2014, indicated that 81.66% of the Club's patrons are non-problem gamblers, 7.26% are low risk gamblers, 6.98% fall within the medium risk category with 4.08% categorised as high risk gamblers. The CIA notes that the sample used to arrive at these ratios was very low at just 172 respondents which equates to only 6.75% of the total adult population of the LCA with the result caution must be advised in relying on this data.
24. The CIA sets out the Club's policies and procedures for the delivery of responsible gaming services and states that the Club's management ensures strict compliance to the Code of Practice for Responsible Gambling. The Club has an alliance with Amity Community Services and promotes the services of Amity within the gaming area. The

policies in place at the Club are compliant with the current code of practise 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 the policies or existing procedures relating to the management and monitoring of gaming machine activity.

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

25. The Club currently employs 32 staff. Should the application for ten additional gaming machines be successful the CIA indicates the Club expects to employ two additional staff in the gaming area and two further staff in the bar and kitchen area to cater for the increase in patronage.
26. The Club has four foundation sporting clubs and in the past 12 months has increased this to a further 12 affiliated clubs to which financial support is provided. The CIA states that the Club also supports a variety of community based organisations such as Alice Springs Family Day Care, Rotary and the Country Woman's Association. The Club also operates a free courtesy bus for the use of members and guests. The CIA lists a total of 45 community organisations and business that have received cash or in kind donations to the value of \$61,924 in 2015 and a total of \$50,700 in 2014. The CIA states that the anticipated additional gaming machine revenue will increase community contributions from \$62,000 in 2015 to \$90,000 by 2020.
27. The CIA does not provide any direct evidence regarding the Club's impact on tourism however it does provide generic tourism data for Alice Springs as a tourism destination. The CIA indicates that the Club does enjoy the patronage and visitation from budget conscious and "grey nomad" travellers.

Written submissions in response to the application.

28. As required by section 41B of the Act, notification of the application was advertised in the Centralian Advocate on Friday 22 April 2016. Pursuant to the Act, a written submission may be made to the Director- General within 30 days of the notification. No submissions were received in response to this application
29. The authors of the CIA conducted community consultation via a survey targeting a total of 89 local people and organisations, comprising eight welfare and counselling agencies, 18 business leaders and community representatives and 63 gambling sensitive areas. A letter and community questionnaire were mailed or emailed to each recipient. No responses were received from the welfare and counselling agencies. Three responses were received from the business leaders and community representatives with the Alice Springs Town Council and Rotary Club of Alice Springs responding that they wished to make no comment on the matter. Similarly the Rotary Club of Stuart Alice Springs stated they had no interest in the matter.
30. Initially no responses were received from the gambling sensitive sites by the due date following which they were contacted again with follow up emails which resulted in seven responses. Three of these responses were formal responses stating that the organisations had no interest in the Club's proposal, two responses were in support of the application and two were opposed to the approval of an increase in the number of gaming machines. The two organisations that did not support the increase were religious organisations and cited the negative impact on families through problem gambling.
31. Out of the 11.1% of responses received 2.2% indicated no comment, 4.5% indicated they had no interest in the matter, 2.2% were in support of the application and 2.2% were opposed to the increase in the number of gaming machines at the Club. The very low negative response rate could indicate a lack of concern or a degree of comfort that

the increase in gaming machines may not have a significant impact on the local community.

32. The authors of the CIA also conducted a separate survey completed by 98 patrons of the Club. Of the people surveyed 83.7% of those resided in the LCA with 84.7% of respondents supporting the application, 6.1% were neutral and 8.2% did not support the increase for an additional ten gaming machines. Of the respondents, 66.3% suggested an increase in gaming machines at the Club would have a positive impact on the community, 27.6% thought it would have no impact and 6.1% thought the impact would be negative.

Gross monthly profit of existing gaming machines operated on the premises

33. Statistical information held by Licensing NT indicates that for the majority of venues with gaming machines in the Northern Territory for the 2014/15 financial year, the average gross monthly profit was approximately \$6,000 per machine. For the three year period July 2012 to June 2015 the Club's average monthly profit was \$4,496 per machine and projections provided in the CIA show the Club expects the profit from gaming machines to increase to \$5,936 per month per machine by 2020.
34. The CIA provides Profit and Loss figures for 2015 which show 45.20% of the Club's revenue came from gaming machine usage. The CIA also indicates that the Club is in a strong financial position and is not overly reliant on gaming machine revenue to the same extent as similar sized clubs in the NT. Projected figures provided in the CIA show that the Club expects an increase to 51.65% of total revenue from gaming machines by 2020 if the increase in the number of gaming machines is approved. This projected figure indicates that the Club will become more reliant on gaming machine revenue in the future however the percentage of overall revenue derived from gaming machines will remain comparable to that other similar clubs in the Territory. Should the application be approved, the cost to the Club to install an additional ten gaming machines is estimated at approximately \$363,742, which comprises of the application fee, prescribed levy and the costs of purchasing the new gaming machines.

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

35. The trading hours for the Club are Monday to Thursday 10:00 am to 11:30 pm and Friday, Saturday and Sunday 10:00 am to 2:00 am the following day. On Tuesdays, when darts competitions are conducted, trading may be extended from 11:30 pm to 1:00 am the following day. The Club does not trade on Good Friday or Christmas Day.
36. The trading hours for the Club are consistent with the authorised trading hours for similar sporting based community clubs holding a club liquor licence.

Other matters the Director-General considers relevant

37. 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.
38. In this instance the Applicant has presented a detailed CIA with supporting evidence indicating that this application meets the requirements of the Act in relation to an increase in the authorised number of gaming machines situated at the Club. The fact that no written submissions were received in response to the advertisement and the lack of response by relevant organisations to the survey conducted by the authors of the CIA

tends to indicate that the general community does not have any significant issues with the Club increasing the number of gaming machines. It should also be taken into account that the Club has not come to the attention of Licensing NT in respect of any gambling related issues or complaints.

39. 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.
40. The CIA suggests a relatively small proportion of the non-government agencies who responded via the community representative survey conducted by the authors of the CIA have concerns with the application believing the increase in gaming machines will have a negative effect on the community. However, in this instance a number of organisations responded positively to the application for an increase in gaming machines at the Gillen Club.
41. Whilst the comments of organisation opposed to the increase are properly made and no doubt indicative of the views of the organisations represented, Of the respondents who oppose the additional gaming machines none raised concerns regarding the Club itself as opposed to the issues associated with problem gambling in the general sense. In addition and as evidenced by the content of the CIA, the management of the Club 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 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

42. 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 Gillen 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.
43. 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 Club of the details pertaining to the additional ten gaming machines once purchased.

Review of Decision

44. 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 only person is the Applicant.



Cindy Bravos
Director-General of Licensing

13 July 2016