

Director-General of Licensing

Decision Notice

Matter:	Application for Increase in Gaming Machines
Premises:	Club Eastside Inc. 21 Undoolya Road Alice Springs NT 0870
Applicant:	Club Eastside Incorporated
Nominee:	Mr Justin Rogers
Submissions:	Nil
Legislation:	Section 41 <i>Gaming Machine Act</i>
Decision of:	Director-General of Licensing
Date of Decision:	29 JANUARY 2016

Background

1. On 23 November 2015, Mr Steven Josh the temporary Nominee/Manager for Club Eastside ('the Club') submitted an application on behalf of Club Eastside Incorporated ('the Applicant') to increase the number of gaming machines at the venue pursuant to section 41 of the *Gaming Machine Act* ('the Act').
2. Regulation 3(b) of the *Gaming Machine Regulations* ('the Regulations') sets the maximum number of gaming machines that maybe authorised for a Category 2 licensed premises as 55. Regulation 2(2)(b) of the regulations defines a category 2 licensed premises as those premises for which a club liquor licence is in force at any particular time.
3. The Applicant is the holder of a licence issued under the *Liquor Act* endorsed AUTHORITY-CLUB, which is defined under the Act as a club liquor licence.
4. 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.
5. The Applicant currently holds Gaming Machine Licence Number 130 and seeks to increase the number of gaming machines from its current approved level of 14 to a proposed new number of 45 machines, an increase of 31 gaming machines.
6. The application was accompanied by the prescribed application fee however under Regulation 31B the application is exempt from the levy applicable to the authorisation of new gaming machines as it was lodged prior to 1 July 2016 and, if the application were granted, the number of machines would not exceed the pre July 2015 maximum number of 45 machines.
7. As required by the Act, the application was accompanied by a Community Impact Analysis ('CIA') prepared by Jacaranda Advisory Pty Ltd.

Consideration and Reasons

8. 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.*
9. 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.*
10. 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) *toward 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.*

Increased number of gaming machines

11. The Applicant seeks to increase the number of gaming machines from its current level of 14 to a proposed new number of 45 gaming machines, an increase of 31 gaming machines. The Applicant holds Gaming Machine Licence Number 130 and is currently authorised to operate 14 gaming machines, 41 below the maximum number permissible since recent amendments to the Act.
12. Regulation 3 of the *Gaming Machine Regulations* sets the maximum number of gaming machines for a Category 2 licensed premises at 55. The Applicant is the holder of a liquor licence issued under the *Liquor Act* and endorsed AUTHORITY – CLUB (INCORPORATED), which is defined under section 3 of the Act as a club licence. The premises are considered to be Category 2 licensed premises pursuant to regulation 2(2)(b) of the Regulations.
13. As such, the Applicant is able to apply for an increase of 31 gaming machines and if granted, I am satisfied that the number of gaming machines on the premises would be below the statutory limit of 55 gaming machines for Category 2 premises.

Community Impact Analysis

14. 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

15. The premises are owned by a third party and are leased to the Applicant until 28 February 2020. The venue covers an area of 4550 square metres and has parking for 80 vehicles. The majority of the premises comprise a large outside covered bistro area next to an uncovered lawn area with children's play equipment. The indoor area contains a sports bar, pool room front bar and the gaming room, which is separated from the other areas by a partition wall.
16. The floor 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 would be required.

Suitability of Premises – primary activity

17. The Club is located in the Alice Springs suburb of Eastside, approximately 1.5 kilometres east of the CBD. The suburb of Eastside is a mix of residential and commercial properties with schools shops sporting grounds and vacant land.
18. The current membership of the Club lists 5,422 members and the Nominee/Manager has advised that 1,657 new members have joined the Club since July 2015. The CIA reports that the Club offers a mix of facilities at the venue including sports and lounge bars, beer garden, bistro, children's play area, Keno, TAB and sports entertainment. The Club provides low cost benefits of entertainment, meals and function facilities with weekly entertainment and family meal deals as well as a Kids Club with membership and a purpose built play area. Those offerings are comparative to those available at similar licensed community clubs.
19. The CIA acknowledges that the management of the Club has made the conscious decision to increase the gaming machine numbers in an attempt to increase revenue and to enable the Club to trade more profitably. The CIA also notes the efforts made by the management committee over the last 12 months to reduce overheads and increase revenue for the Club and, for the 2015/16 financial year to date, the Club has traded at a profit.
20. Annexed to the CIA is a cash flow budget projection which anticipates that 26.93% of the Club's revenue to derive from bar sales, 11.46% from kitchen trade and 52.99% from gaming machines. On the basis of the financial analysis and acknowledgement by the Applicant that it intends to increase its overall revenue through the additional gaming machines, it is evident that the majority of the venue's revenue will be generated by gaming machine activity. The predicted 52.99% of total revenue to be derived from gaming machines represents a significant proportion of the overall revenue. However, the breakdown of revenue streams is

representative of that achieved by similar sized local community clubs in the major centres of Darwin and Alice Springs.

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

21. The Local Community Area ("LCA") agreed to with Licensing NT for use in the development of the CIA incorporates the suburbs of East Side Sadadeen and Alice Springs. The CIA uses statistical information obtained through the Australian Bureau of Statistics (ABS) 2011 Census Data indicating that in 2011 the LCA had a population of 5,565 with 4,151 of these being adults. The application of an estimated growth rate of 1% per annum, as sourced from the ABS Regional Population Growth projections, the population in 2016 is estimated at 5,849 residents with 4,363 of these being adults.
22. The statistical information provided shows that the LCA has a higher proportion of people that are qualified with a postgraduate, graduate diploma or bachelor degree when compared to the benchmark Alice Springs Area and 48.2% of residents of the LCA had completed year 12 which was higher than the benchmark of 45%.
23. The CIA also states that 67.8% of the population of the LCA are employed, being slightly higher than the benchmark of 67.3% and that 2.3% of residents are unemployed which is also slightly higher than the benchmark of 2.1%. Whilst 10.3% of residents did not state their country of birth, the data indicates 15.4% were born overseas and 70.4% indicated they were born in Australia.
24. 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 SIFA analysis shows that 50% of the LCA is in the least disadvantaged end of the socio-economic scale with only 7% in the most disadvantaged category, which is significantly lower than the benchmark for the Alice Springs Area which is 15%.
25. The CIA reports there are three gambling sensitive sites within a 500 metre radius of the Club, namely Desert Life Church. Potter's House Christian Church and the office of Mental Health Association of Central Australia. The CIA notes that the Applicant has not had any issues with these organisations in the past and does not envisage an increase in gaming machines to be detrimental to them. The management of the Club anticipate that the expected increase in trade with the additional gaming machines is not expected until after 5.30pm - 6pm, when patrons are expected to attend for dinner or entertainment purposes, and that the sensitive sites identified in the CIA are generally closed at these times during the week.
26. The CIA reports that there are 79 other gaming machines located in three gaming venues within the LCA with that number increasing to a total of 124 gaming machines if this application is approved. At an estimated 28 gaming machines per 1,000 head of adult population the LCA has a slightly higher density of gaming machines in comparison to the Alice Springs Area benchmark of 26, which also includes the gaming machines located at Lasseter's Casino.

Appropriateness of problem gambling risk management and responsible gambling strategies

27. 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 83.3 % of the Club's patrons are non-problem gamblers, 11.1% are low risk and 5.6% are categorised as high risk. It must be noted however that the sample used to arrive at these ratios was very low at just 18 people so caution must be advised in relying on this data.

28. The CIA states the Club adheres to the Code of Practice for Responsible Gambling and all staff will continue to have completed Responsible Service of Gambling training. 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.
29. The Club maintains a gambling incident register which indicates no reporting of adverse gaming machine incidents. The Club has in place a self-exclusion program for problem gamblers and management reports that eight people have self-excluded from the Club's gaming machine activities. All staff engaged in the gaming activity offered at the Club are required to have completed the Responsible Service of Gaming training.
30. It should also be noted that the Club has not been the subject of any recent or relevant disciplinary action or complaint in respect of the operation of its gaming machines.

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

31. The Club currently employs 29 staff and should the application for 31 additional machines be successful management has indicated the intent to employ an additional five staff. The CIA states the Applicant expects the wage bill for 34 employees in 2016 to be in excess of \$1,000,000.
32. The Club comprises four foundation Clubs being Federal Netball Club, Devil's Rugby Union Football Club Alice Springs Cricket Association and Central Australian Football League. As the Club has suffered some financial difficulties in the past few years it has been unable to contribute as much as it would have liked. However, the CIA states that the aim of the management of the Club is to provide funding for the growth and development of the foundation sporting clubs once it profits increase, as is anticipated from the increased number of gaming machines and improved profitability. Despite the financial circumstances in the last two years the Club has contributed approximately \$30,000 by way of donations and sponsorship to the local community and sporting clubs.
33. Whilst the CIA does not make mention of the netball court renovations, the NT Chief Minister announced in October 2015 that a \$5 million netball stadium will be built opposite the Club. This facility will be home to the Club's main recipient of sponsorship, Federal Netball Club. The potential for the facility to host national titles, championships and the Alice Springs Masters Games events is expected to attract additional members and visiting competitors to the Club.
34. The CIA states that on average the Club receives approximately 900-950 visitors per month. This high level of visitation by non-members indicates the Club is a popular destination for visitors and tourists to the Alice Springs region.

Written submissions in response to the application

35. As required by section 41B of the Act, the Club's application to increase the number of gaming machines at its premises was advertised in the Centralian Advocate on Friday 27 November 2015. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification. No submissions were received during the statutory period.
36. Jacaranda Advisory, the company engaged to complete the CIA for the Applicant conducted community consultation via a survey targeting community organisations and representatives. Twelve groups were mailed surveys and then followed up by email and phone. Unfortunately none of the groups contacted provided a response to the authors of the CIA. This lack of

response 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.

37. Jacaranda Advisory also conducted a face to face survey with 40 patrons of the Club in November 2015. Of that number, 90% indicated that they resided in the LCA with 85% of respondents supporting the application for an additional 31 gaming machines. Of 60% thought it would have a positive impact on the community, 37% thought it would have no impact and only 3% thought the effect would be negative.

Gross monthly profit of existing gaming machines operated on the premises

38. 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. In 2014/15 financial year the Club's average monthly profit was \$3800 per gaming machine with that figure increasing to \$5,359 per gaming machine for the first quarter of 2015/16. The current profit per machine achieved by the Club is close to the Northern Territory average.
39. The CIA provides a projected cash flow budget projection which estimates revenue from gaming machines will be 52.99% of total revenue for the Club. It is apparent that the Club is significantly reliant on income from gaming to remain viable and gaming machine revenue comprises a significant proportion of the Club's overall income. Whilst the projected revenue from gaming machines is significant in terms of the Club's dependence on that income for its continued viability the breakdown of revenue streams is comparable to that of other mid to large sized community clubs offering gaming machine activity.
40. The levy usually imposed for additional gaming machines is not applicable in this instance as an increase to 45 gaming machines falls within the maximum number permitted for a club prior to the recent amendments to the Act. The CIA reports that the Club has estimated a projected outlay of \$175,000 to incorporate the additional gaming machines, which includes the purchase of additional chairs, installation costs and the purchase costs of some of the new gaming machines with the remainder to be leased.

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

41. The trading hours for the venue are from 12:00 noon to 11:30 pm Sundays, 10:00 am to 11:30 pm Monday to Thursday and from 10:00 am to 2:00 am the following day on Friday and Saturday. On Wednesdays when an eight-ball competition is conducted, trading maybe extended from 11:30 pm until 1:00 am the following day. No trading is authorised on Good Friday or Christmas Day.
42. Those trading hours are consistent with the authorised trading hours applicable to sporting based community clubs holding a club liquor licence.

Other matters the Director-General considers relevant

43. 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 of the number of gaming machines for community clubs with existing gaming machines from 45 to a maximum of 55 gaming machines.
44. The Application presented by the management of the Club, including the accompanying CIA, is compliant with the relevant provisions of the Act. The CIA addresses all the matters the Director-General is required to take into account in assessing an application of this type. The CIA raises no issues specific to the Club Eastside Inc. that would persuade the Director-General that the application should be refused. The application, including the CIA, meets the

requirements of the Act in relation to an increase in the authorised number of gaming machines.

45. The potential harms associated with gaming machines, and gambling in general, are well known within the wider community. In respect to this application I am satisfied that the Applicant has appropriate policies and procedures in place 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. The fact that the Club has been in operation for many years without attracting any adverse comment or regulatory action in respect of its gaming offerings is testimony to the manner in which the management of the Club meets its obligations in respect of responsible service of gambling and the minimisation of associated harms.

Decision

46. 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 Club Eastside Inc. and authorise the increase of the number of gaming machines located at the Club from the current 14 gaming machines to 45 gaming machines in total. That number is ten gaming machines below the current maximum allowable for the holder of a club liquor licence, namely 55 gaming machines.
47. The additional approved 31 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 they have been purchased.

Review of Decision

48. 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. As there were no submissions lodged in respect of this application there are no affected persons, apart from the Applicant.



Cindy Bravos
Director-General of Licensing

29 January 2016

