

Director-General of Licensing

Decision Notice

Matter:	Application for Increase in Gaming Machines
Premises:	Palmerston Golf and Country Club Inc. University Avenue Palmerston NT 0830
Applicant:	Palmerston Golf and Country Club Inc.
Nominee:	Mr Robert Parrish
Submissions:	Nil
Legislation:	Section 41 <i>Gaming Machine Act</i>
Decision of:	Director-General of Licensing
Date of Decision:	1 December 2015

Background

1. On 7 June 2015, Mr Noel Fahey on behalf of Palmerston Golf and Country Club Inc. ("the Applicant") applied for an increase in the number of gaming machines authorised for use at the Applicant's premises ("the Club") 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 may be authorised for a Category 2 licensed premise under section 41(5) of the Act at 55. Regulation 2(2)(b) of the Regulations defines a Category 2 licensed premise as a premise for which a club liquor licence is in place at the time of the application.
3. Under section 41(1) of the Act, a licensee may apply for an increase in the number of gaming machines authorised for use under the licence. 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 2 of the Act.
4. The Applicant is seeking authorisation for the addition of 23 gaming machines for use under the licence which would increase the number of gaming machines at the premises to 45, ten less than the maximum number permitted under the Act for a club licensee.
5. Pursuant to section 41(2)(f) of the Act, the application must also be accompanied by the application fee and the prescribed levy for each additional gaming machine that the applicant seeks to have authorised for use under the licence. The application fee has been received from the Applicant. No levy is payable for the additional gaming machines as the total number of gaming machines that would be authorised should the application be approved is 45, which was the maximum number permissible for a club licensee prior to the recent amendments to the Act. The application was also accompanied by the required Community Impact Analysis ("CIA") prepared by DWS Hospitality Specialists.

Consideration and Reasons

6. 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.*

7. 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.*

8. 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

9. The Applicant seeks to increase the number of gaming machines from its current level of 22 to a proposed new number of 45 gaming machines, an increase of 23 gaming machines.
10. The Applicant currently holds Gaming Machine Licence No. GM135 and is authorised to operate 22 gaming machines, 33 below the maximum number permissible prior to recent amendments to the Act.
11. 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 of a liquor licence number 81403928 issued under the *Liquor Act* and endorsed AUTHORITY – CLUB (INCORPORATED), which is defined under section 3 of the Act as a club liquor licence. The premises are considered to be a Category 2 licensed premise pursuant to regulation 2(2)(b) of the Regulations.
12. As such, the Applicant is able to apply for an increase of 23 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 for Category 2 premises.

Community Impact Analysis

13. 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

14. The CIA states that the total floor space of the Club's premises is 362 square metres. The gaming room currently occupies 17% of the total area with the restaurant (65%) and the lounge (18%) occupying the majority of the floor space.
15. The Club is currently undergoing redevelopment under a Master Plan which includes significant refurbishment and new construction to be progressed in three phases. Stage one includes renovation of the main structure of the clubhouse comprising the main bar, the catering facility and the expansion of the gaming room. Stage two will include renovation of the existing golf club and members' bar, golf professional shop and locker rooms. Stage three will entail an extension of the catering facilities. The Club expects to fund the development from cash flow.
16. Clearly the gaming room will need to be enlarged significantly from the current footprint if the application for another 23 gaming machines is approved. This will however be significantly offset by the development of the new Caddies Destination Venue which will incorporate a significantly larger dining room, function room, bar area and other member facilities.

Suitability of Premises – primary activity

17. The Club is located in the Palmerston suburb of Driver, approximately 13 kilometres from the Darwin CBD. The Club is 1.5 kilometres from the under construction Gateway Shopping Precinct which is due for completion in 2016. It is expected that the shopping centre will result in 3,000 additional employment opportunities in the region which is expected to increase the demand for the types of facilities offered by the Club following the major redevelopment of the clubhouse and surrounds.
18. The facilities currently offered by the Club include an 18 hole championship golf course, golf professional shop, two bowling greens, a gaming room, TAB and Keno facilities, bars and restaurant. The Club's constitution states the primary objective is to promote and facilitate golf, lawn bowls and other sporting codes.
19. Cazalys Palmerston Club Inc. ("Cazalys") acquired a majority interest in the Club in 2011 with the intention of redeveloping the Club's facilities to include an improved food, beverage and gaming offering. Prior to the acquisition the Club was underperforming and experiencing annual losses ultimately resulting in the Club being placed under external administration. Since the acquisition the Club has undergone redevelopment as per stage one of the Master, Plan. This has resulted in an increase in market share and improvement in the revenues generated by member and guest activities.

20. Over the past three years membership has grown from 350 members in 2013 to 893 members in 2015. As of March 2015 membership comprised 526 social members, 339 golf members and 31 bowls club members. A large proportion of members (72.5%) reside within the defined catchment area of the Club.
21. The CIA states that since the acquisition by Cazalys gaming revenue has increased by more than 19%, liquor sales revenue by 3% and food revenue by 14%. In addition, the Club management has reduced the overheads further enhancing the profitability of the Club. In 2014 the breakup of Club revenue was 32.7% from gaming, 46.7% from liquor sales, 0.8% from dining and 19.7% from other revenue streams. The CIA states that the Club has turned around from being a loss making enterprise to a profitable one under the management of Cazalys with growing revenues within a diverse portfolio of activities.
22. So far as the financial position of the Club is concerned, the CIA concludes that the Club is well managed and revenues are growing across the licensed area. The Club continues to support golfing activities as required by the constitution, including maintenance of the 18 hole golf course.

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

23. For the purpose of the CIA the Local Community Area ("LCA") for the subject application includes the following suburbs of Palmerston, located within a three kilometre radius of the Club: Bakewell, Driver, Durack-Marlow Lagoon, Gray, Moulden, Palmerston, Rosebery-Bellamack and Woodroffe.
24. The 2011 population census identified 27 614 people residing in the LCA of which 19 014 were adults. The LCA comprise an area of 28.75 square kilometres with population density estimated at 960 people per square kilometre, typical for a primarily residential neighbourhood and higher than that for the Palmerston Local Government Area ("LGA"). The LCA records a relatively higher concentration of persons aged 0 to 17 when compared to Greater Darwin and a slightly higher number of residents in the 18 to 39 years bracket. The LCA show lower instances of residents aged over 50 years in comparison to Greater Darwin.
25. The LCA and the Palmerston LGA include a higher proportion of Aboriginal residents than the overall figures for Greater Darwin. Weekly income levels for the LCA and Palmerston LGA are consistent with a higher proportion of residents earning between \$800 and \$1 999 per week than for Greater Darwin and a lower proportion earning over \$2 000 per week.
26. The LCA has less instances of unemployment than the NT average however unemployment in the LCA is slightly higher than the Palmerston LGA. The suburbs of Durack-Marlow Lagoon and Rosebery-Bellamack have exceptionally low unemployment with unemployment in Moulden much higher than the other suburbs in the LCA. Overall for the LCA, unemployment rates have ranged from 3.4% to 3.6% over the past two years.
27. The LCA exhibits a lower proportion of residents fully owning their home in comparison to the Greater Darwin Area however there are higher instances of residents in the process of purchasing their own homes. The proportion of residents renting their premises is higher than that for the Palmerston LGA.
28. The Australian Bureau of Statistics' Socio-Economic Indexes for Areas ("SEIFA") 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 only marginally below that of the Greater Darwin Area indicating that the LCA is an area of relative social advantage. The suburbs of Gray and Moulden are the least advantaged suburbs

in the LCA in terms of socio economic advantage, a reflection of the higher unemployment rates in those suburbs.

29. In respect of the crime profile of the LCA, the CIA reports that on the whole crime rates have decreased since 2010 including less assaults, sexual crimes and robberies compared to the wider NT benchmarks. The figures indicate a slightly higher rate of offences against the person in the Palmerston area in comparison to the NT as a whole.
30. Section 41A(2)(c) of the Act provides that the CIA must provide details with respect to the proximity of the premises to gambling sensitive areas. The CIA reports there are no at risk sites within 200 metres of the Club. Within the wider 500 metre radius there are three sensitive sites being a psychologist's office, an early learning centre and a primary school. The CIA notes that there are few sensitive sites in close proximity to the Club and that the Club has adopted strong policies to minimise harm in the community following the acquisition by Cazalys.
31. The CIA states that at the time the report was prepared there were 132 gaming machines authorised for five licensed premises within the LCA. The majority of the gaming machines are located in the three community clubs in the LCA, namely the Palmerston Golf and Country Club (22), Cazalys Palmerston Club (45) and Palmerston Sports Club (45). There are ten gaming machines at each of two licensed hotels/taverns within the LCA. Prior to the recent amendments to the Act the community clubs held 87% of all authorised gaming machines in the LCA with the Palmerston Golf and Country Club accounting for 16% of the total number. Since the CIA was prepared the entitlements for Cazalys Palmerston Club and the Palmerston Sports Club have been increased to 55 gaming machines for each venue bringing the total number of gaming machines located in the LCA to 152 and further increasing the ratio of gaming machines held by community clubs in comparison to hotels and taverns.
32. The CIA states that the gaming machine density, measured against the number of machines per 10 000 residents stood at 65 over the previous three years, significantly lower than the ratio for the Greater Darwin Area of 142 gaming machines per 10 000 residents. Metered win per gaming machine per day is higher in the LCA than for the Greater Darwin area which the CIA suggests is an indication of demand for gaming in the LCA.

Appropriateness of problem gambling risk management and responsible gambling strategies

33. The 2014 report 'Gambling Harm in the Northern Territory: An Atlas of Venue Catchments', prepared for the Community Benefit Committee in May 2014, indicates that 81.8% of the Club's patrons are non-problem gamblers, 9.1% are low risk with 3% categorised as high risk. The sample used to arrive at those ratios was just 33 people, less than 8% of the adult population of the LCA, and due to that small sample caution must be applied in generalising the data. Although the prevalence of low and high risk gamblers using the venue is assessed as higher than for the Palmerston LGA those percentages are lower than in the NT as a whole.
34. The CIA concludes there is growing demand for gaming in the LCA and in the Club.
35. In terms of the risk of problem gambling at the Club, the CIA reports that the venue has in place a compliant and meaningful policy and operational framework for harm minimisation. The Club follows the expectations of the code of practice for gambling in a responsible manner and in line with community expectations. Practices identified in the code have been adopted by the Club to assist in the minimisation of harm to consumers who may be adversely affected by gambling.
36. In addition, the Club has implemented its own internal policies, in line with those applicable at the Cazalys Palmerston Club, relating to gaming machine usage including permitting only one gaming machine to be used at the same time by one person, a limit on the reservation of gaming machines of three minutes and a policy of refusal to payout on cancelled credit or jackpots.

37. The Club maintains a responsible gambling incident register which records action taken by staff to ensure that the standards set out in the code are maintained. The Club has adopted and implemented exclusion processes, via self and Club exclusions. The CIA states that the Club's responsible gaming mission statement is on display in the gaming room and gambling warning posters are also prominently displayed. Lifeline referral cards are located throughout the venue and in particular the gaming room.
38. In the view of the authors of the CIA the Club appears to follow the strict processes for self-exclusion and takes appropriate steps to maintain compliance with the self-exclusion provisions contained in the code of practice for responsible gambling.
39. 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

40. The Club's primary purpose, as set out in its constitution, is to promote and support community participation in golf, bowls and other sporting activities. The CIA states that the Club is a strong supporter of the local community, contributing 16% of gaming revenues to community organisations in 2014. That amount equates to \$3 764 per gaming machine. Community contributions are expected to grow if authorisation for the additional gaming machines is granted which will assist the Club in achieving the objectives of its constitution.
41. Sporting and charity organisations supported by the Club in 2014 included Junior Golf and Ladies Golf, Darwin Buffs, Palmerston Basketball, Kormilda College and the Good Shepherd School, amongst several others. Community support in 2014 totalled \$57 135 in cash and in-kind donations which equates to sporting and charitable organisations.
42. The Club currently employs 19 staff across a range of activities including the normal club associated activities plus the upkeep and maintenance of the 18 hole championship golf course. The Club expends approximately \$300 000 per year on salaries and wages and, with the developments currently under way and the prospect of acquiring the additional gaming machines, that figure is expected to exceed \$400 000 per annum.
43. The CIA states that the Club has demonstrated via the community benefits program its commitment towards assisting local groups by donating in excess of \$200 000 since 2012. It is expected that with the additional machines and the increased patronage expected to flow from the improved facilities included under the development Master Plan the venue will be much better placed to continue assisting sporting and charitable organisations, projecting donations of over \$150 000 per annum in the coming years.
44. The Club clearly satisfies the requirements of section 41(2)(ca) of the Act in terms of development of the community through the provision of donations and funding for community, recreation and service organisations. It is also noteworthy that the golf course and bowling facilities are open to members and the general public and are utilised on a regular basis for the hosting of charity and fund raising sporting events which in turn raises additional funds for charitable and sporting organisations using the facilities.

Written submissions in response to the application

45. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on 11 September 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.
46. The authors of the CIA conducted community consultation via a survey targeting community organisations and representatives. Of the eight community representatives who responded to

the authors of the CIA seven believe there will be negative impacts if the additional gaming machines are approved and do not support the application. The remaining respondent believed there will be no impact and supports the application.

Gross monthly profit of existing gaming machines operated on the premises

47. 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 is less than \$6 000 per machine.
48. It is apparent that the Club is significantly reliant on income from gaming to remain viable and to proceed with the developments identified in the Master Plan. However, as noted elsewhere, the Club is currently donating in excess of \$3 764 per gaming machine to the local community. This figure is expected to rise should the application be approved. As would be expected for community club offering gaming machine activity, it is apparent that the revenue generated by the gaming machines comprises a significant proportion of the Club's overall income and again that proportion is expected to increase if the within application to increase the number of gaming machines is approved.
49. Should the application be approved, the cost to the Applicant of installing 23 additional gaming machines will be in the order of \$805 000 comprising the application fee and the costs of purchasing the additional gaming machines. The levy 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 examination of the Club's financial position indicates that it has the capacity to purchase and install the additional gaming machines.
50. The CIA reports that, based on the current financial growth at the Club, it is anticipated that overall revenues in the licensed operations of the Club will continue to grow over the next five years with revenue from gaming in 2016 expected to equate to 48.7% of the Club's overall revenue. The ratio is expected to rise incrementally to 64.4% in 2019.

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

51. The current trading hours for the Club are 10.00am to 10.00pm on Sundays, 10.00am to 11.30pm from Monday to Thursday and from 10.00am to 11.59pm on Fridays and Saturdays. No trading is permitted on Good Friday and Christmas Day.
52. The trading hours are consistent with the authorised trading hours for sporting based community clubs holding a club liquor licence.

Other matters the Director-General considers relevant

53. 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.
54. 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 Palmerston Golf and Country Club 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.

55. 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.
56. The acquisition of a majority interest in the Club by Cazalys Palmerston Club Inc. has clearly improved the management of the Club's significant assets and the financial position of the Club. The developments underway under the three phased Master Plan have already resulted in significant improvements to the amenity of the Club for the enjoyment of members and guests. Those improvements will continue in line with progress in the major renovations already under construction and those planned for the coming years.

Decision

57. 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 Golf and Country Club Inc. and authorise the increase of the number of gaming machines located at the Club from the current 22 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.
58. The additional approved 23 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

59. 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

1 December 2015