



Director-General of Licensing

Decision Notice

Matter:	Application for Increase in Gaming Machines
Premises:	Casuarina All Sports Club Inc. 269 Trower Road Casuarina NT 0810
Applicant:	Casuarina All Sports Club Inc.
Nominee:	Mr Russell Reid
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 July 2015, Mr Russell Reid on behalf of Casuarina All Sports 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 ten gaming machines for use under the licence which would increase the number of gaming machines at the premises to the maximum number permitted under the Act.
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 prescribed fee and levy have been received from the Applicant. 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 45 to a proposed new number of 55 gaming machines, an increase of ten gaming machines.

10. The Applicant currently holds Gaming Machine Licence No. GM109 and is authorised to operate 45 gaming machines, 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 (81415370) issued under the *Liquor Act* 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 2(2)(b) of the Regulations.

12. 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 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 premises is 1 544 square metres. Should the application be approved the breakdown of floor space usage will be 29% of the total area used for bars, 59% used for dining and 12% for the gaming room.
15. The floor plans submitted with the application indicate that the premises will undergo internal modifications to allow for the increase in the number of gaming machines including structural modifications. The proposed modifications have been assessed as not being material alterations for which approval would be required under the *Liquor Act*. The allocation of 12% of the total floor space to the gaming room appears to be reasonable and proportional in respect of a major sports club offering electronic gaming. The ratio of gaming machine area to other areas remains moderate in comparison to similar venues with 45 gaming machines.

Suitability of Premises – primary activity

16. The Club has been in operation since 1995 and is located in close proximity to the Casuarina Square shopping centre, the largest shopping centre in the Northern Territory. Income of the Club is primarily directed for the benefit of four foundation sporting clubs, namely Darwin Basketball Association, NT Cricket Association, NT 8 Ball Association and University Pirates Rugby Union Football Club. In recent years the Club has been the recipient of numerous industry awards including Best Family Restaurant, Best Club Restaurant, Best Club Gaming Venue and Best NT Keno Venue amongst numerous similar awards.
17. The Club incorporates a mix of facilities for patrons including a bistro, a bar with TAB and Keno lounges, gaming machines, pool tables, a bottle shop and an unsupervised kids club. The Club has achieved regular increases in membership including an increase in total membership of 10% between 2013 and 2014. 49% of members reside within the suburbs in relatively close proximity to the Club's premises.
18. The CIA includes an analysis of revenue and expenditure over the club's major income streams over the previous three years. That analysis indicates that in 2014 55.3% of the Club's income was derived from gaming, 10.7% from the sale of liquor, 10.1% from the sale of food and 23.8% from other income sources. In 2014 the club achieved a healthy profit following a significant loss in the previous year, stated to be due to an increase in expenses greater than the increase in revenue.

19. Whilst the percentage of revenue derived from gaming is significant, especially in comparison to the income of hotels and taverns with gaming machines, the reliance on gaming revenue is not remarkable in this instance given the nature of the premise and the facilities offered to members. The CIA projects that, with the addition of 10 gaming machines, the income from gaming will increase to 62% of overall revenue.
20. The CIA concludes that the Club is in a strong financial position with steadily increasing membership from both the members of the four foundation clubs and the general community.

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

21. For the purpose of the CIA the Local Community Area ("LCA") for the subject application includes many of the northern suburbs of Darwin including Alawa, Anula, Brinkin-Nakara, Jingili, Leanyer, Lyons, Malak-Marrara, Millner, Moil, Rapid Creek, Tiwi, Wagaman and Wulagi.
22. The 2011 population census recorded 37,693 people residing in the LCA of which 27 000 were adults. The LCA is one of the more densely populated areas in the Northern Territory. The proportion of Aboriginal residents in the LCA is lower than that recorded for Greater Darwin and the Darwin Local Government Area. The household income in the LCA is consistent with the benchmark regions and the LCA has less unemployment than the Territory average, averaging 2.9% to 3.2% over 2013 and 2014,
23. The LCA has a higher percentage of residents owning or purchasing their own homes in comparison to other LCAs and the Greater Darwin Area. The LCA includes a lower proportion of residents renting accommodation in comparison to the benchmarks.
24. 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 an area of relative social advantage and only marginally below that of the Darwin Local Government Area. The suburbs of Malak-Marrara and Wagaman are the least advantaged in the LCA. The LCA also includes a number of suburbs close to the top of the scale in terms of social advantage with the majority of the suburbs within the LCA achieving a decile score in the range of seven to ten, with ten representing the most advantaged suburbs.
25. Section 41A(2)(c) of the Act provides that the CIA must provide details with respect to the proximity of the premises to gambling / gaming sensitive areas. The CIA identifies that there are four at risk sites within 200 metres of the Club including shopping areas and a public swimming pool. There is also a school located 400 metres from the Club and the wider LCA includes a number of schools, community services, sporting venues and aged care facilities.
26. The CIA states that whilst there are a number of sensitive sites in close proximity to the Club they are predominantly retail based and it is unlikely the Club's activities, including the offering of electronic gaming, will have any negative impact on those sites. It is also of significance that the Club has operated at its present location for many years with no indication of any associated harms to the community. The CIA also notes that the Club has, over many years, demonstrated strong policies aimed at minimising harm in the local community.
27. At the time the CIA was prepared there were 193 gaming machines authorised for use within the LCA with clubs accounting for the majority of the market share at almost 85%. Machine density for the LCA, measured by the number of machines per 10 000 adult residents, is 64 machines per 10 000 adult residents, a figure significantly lower than that for the Greater Darwin Area of 142 machines per 10 000 adult residents.

28. The CIA reports that metered win in the LCA has increased over the past three years despite there being no increase in the number of authorised gaming machines, indicating that there is an increase in demand for gaming within the LCA. Metered win per machine per day in the Club is almost double that of the overall rate for the LCA, indicating there is a demand for gaming activity at the venue.
29. In respect of proliferation of gaming machines within the LCA, the CIA concludes that there is no indication of clustering of gaming machines within the immediate area of the Club and the machine density for the subject LCA is far below the Territory average. The CIA also states that the demand at the Club is strong with metered wins over four times that recorded at other gaming venues within the LCA indicating that there is a clear demand for additional gaming machines within the venue.

Appropriateness of problem gambling risk management and responsible gambling strategies

30. 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 the level of problem gambling for the subject venue is approximately 7.5% which falls at the higher end of the scale. However, it must be noted that the survey results were compiled from a low base of only 40 respondents and, as such, the results may be subject to error either up or down.
31. In assessing the risk of problem gambling at the Club, the CIA states that the complaint handling procedures are properly documented and appear to be implemented. The Club has four dedicated customer liaison personnel available to assist and advise members. Duty managers and gaming staff have received training in the responsible service of gaming with the Club's policy towards training documented in the Responsible Service of Gaming Compliance Framework.
32. The Club has procedures in place to assist patrons who believe they have a gambling problem with eight self-exclusions in place at the time the CIA was prepared. According to the CIA the Club appears to follow strict processes for self-exclusion and complies with the relevant provisions of the legislation and the code of conduct for responsible gambling. The Club maintains a register of excluded persons, including both self-excluded patrons and management initiated exclusions.
33. It is also relevant to note that the Club has not been the subject of any disciplinary action or complaint in respect of operation of its gaming machines for at least ten years. In addition, as noted earlier in this decision, the Club has been the recipient of numerous industry awards, including awards relating to the responsible service of gaming activity, including gaming machines and Keno. The CIA does not raise any areas of concern in terms of the risk management of problem gamblers or the responsible gambling strategies currently in place at the venue.

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

34. The Club's primary purpose, as set out in its constitution, is to assist and support the foundation associations through recurrent funding to meet their objectives in the facilitation of their respective sports in the NT. The Club has demonstrated a strong commitment to the community over many years through the provision of donations and grants to numerous organisations within the community, including the major beneficiaries being the four foundation clubs.

35. In 2013-14 the Club provided assistance to 16 external community programs or organisations. The Club is currently donating in excess of \$4 000 per gaming machine to the local community. There is little doubt that the Club is complying with its charter and providing significant assistance to its foundation clubs and the wider community. It is anticipated that should the additional gaming machines be approved the community contributions will increase along with the revenue increase with community contributions expected to reach \$5 000 per gaming machine.
36. The Club is a significant employer by Darwin business standards and currently employs 55 staff who are predominantly residents of the LCA. An increase in the number of gaming machines is expected to result in an increase in patron numbers using them and it is anticipated that this will result of staff being offered additional hours of work.
37. The Club clearly satisfies the requirements of section 41(2)(ca) of the Act in terms of development of the club's neighbourhood and through the provision of donations and funding for community, recreation and service organisations.

Written submissions in response to the application

38. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on 12 August 2015. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification.
39. Mr Bernard Dwyer, on behalf of Amity Community Services Inc., lodged a written submission titled "Recommendations for evidence informed harm minimisation strategies in regards to electronic gaming machines" in respect of the within application.
40. Amity has been working in the area of gambling for over two decades and their programs are underpinned by the Public Health Model. 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 Territory with the aim of implementing harm minimisation strategies for safer gambling.
41. Amity submits that while some people may recognise the enjoyment derived from a diverse range of gambling, the balance of research around problem gambling clearly demonstrates an increase in EGMs in our community will have an overall negative, health, social and economic impact.
42. Amity notes that the Productivity Commission found that problem gamblers are most likely to play EGM's over any other form of gambling. It has been noted in the Productivity Commission Report (2010) that perhaps as many as 15% of people who gamble regularly on EGM's are gambling at a problematic level. Further stating "*regular EGM gamblers are the most lucrative, for business*". And further, that the Productivity Commission has found that 5-10 other people are affected by one person's problem gambling which significantly increases the potential for people to experience harms in our community.
43. If increases to gaming machine entitlements are approved Amity urges the Director-General to impose a number of evidence informed harm minimisation strategies. The strategies recommended by Amity included imposing lower bet limits, imposing statutory obligations to foster responsible gambling and minimise problem gambling as a priority, implementing a centralised self-exclusion programme and the ongoing training and skills development for venue floor staff targeting the identification and response to indicators of problem gambling behaviours.

44. On 9 October 2015 the Minister for Racing, Gaming and Licensing announced that the NT Government, in partnership with Amity, has developed new 'Responsible Gambling Codes of Practice' for both physical and online arenas, including electronic gaming. The codes set out mandatory minimum requirements for NT gambling providers to adopt in order to reduce harms associated with problem gambling and will come into effect in March next year. Gambling providers will be required to demonstrate they are implementing the Code and keep records to corroborate it. Penalties of up to \$13,000 will apply for licensees that fail to comply and operators will also be encouraged to implement additional strategies on top of the guidelines to further minimise the negative influence of gambling. The new Codes address a number of the issues raised in Amity's submission in respect of the application.
45. The authors of the CIA also conducted community consultation via a survey targeting community organisations and representatives. Of the eight community representatives who responded to the authors of the CIA three considered that they did not expect the increase in gaming machines to have any impact at all. Five of the respondents considered there will be negative impacts if the application is approved. Three of the respondents support the application, four do not and one responded was neutral to the application.
46. The CIA reports that a survey of patrons indicated that those who were supportive of the application regard the Club as being professionally managed and noted the current high demand for the existing gaming machines. Those patrons who were not in support of the application indicated a concern that an increase in the number of gaming machines may result in an increase in gambling related problems and emphasised the need for responsible gambling and harm minimisation measures.
47. Those respondents also expressed concerns regarding the potential impact on families and disadvantaged people with the local area.

Gross monthly profit of existing gaming machines operated on the premises

48. 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.
49. It is apparent that the Club is significantly reliant on income from gaming to remain viable. The Club has the highest gaming revenue of all community venues in the NT with gaming revenue representing a higher percentage of total income in comparison to similar venues.
50. As noted elsewhere, the Club is currently donating in excess of \$4 000 per gaming machine to the local community. This figure is expected to rise to \$5 000 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.
51. Should the application be approved, the cost to the Applicant of installing ten additional gaming machines will be in the order of \$350 000 comprising the application fee and prescribed levy costs together with the costs of purchasing the additional gaming machines.
52. The CIA reports that the Club has seen an increase in gaming revenue since 2012. Revenue from gaming is currently 55% of overall income and this is expected to increase to 62% should the application be approved.

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

53. The current trading hours for the Club are 10.00am to 2.00am from Thursday to Sunday and 10.00am to 12.00 midnight from Monday to Wednesday.

54. The trading hours are consistent with the authorised trading hours for premises holding a club liquor licence.

Other matters the Director-General considers relevant

55. 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.
56. The Application presented by the management of the Club is compliant with the relevant provisions of the Act. The CIA accompanying the application 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 Casuarina All Sports 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.
57. The potential harms associated with gaming machines and gambling in general are well known within the wider community. However in this instance 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

58. 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 Casuarina All Sport 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 55 gaming machines.
59. 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 they have been purchased.

Review of Decision

60. 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. Amity Community Services Inc. lodged a submission in respect of this application. As a result the affected persons for the purpose of this decision are the Applicant and Amity Community Services Inc.



Cindy Bravos
Director-General of Licensing

1 December 2015