

## Director-General of Licensing

### Decision Notice

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<b>Matter:</b>	Application for Increase in Gaming Machines
<b>Premises:</b>	Tracy Village Social & Sports Club Inc. 28 Tambling Terrace Wanguri NT 0811
<b>Applicant:</b>	Tracy Village Social & Sports Club Inc.
<b>Nominee:</b>	Mr Gary Howkins
<b>Submissions:</b>	Amity Community Services Inc.
<b>Legislation:</b>	Section 41 <i>Gaming Machine Act</i>
<b>Decision of:</b>	Director-General of Licensing
<b>Date of Decision:</b>	26 February 2016

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### Background

1. On 24 September 2015, Mr Gary Ross on behalf of the Tracy Village Sports and Social Club Inc. ("the Applicant") applied for an increase in the number of gaming machines authorised for use at Tracy Village Sports and Social Club ("the Club") pursuant to section 41 of the *Gaming Machine Act* ("the Act").
2. Regulation 3(a) of the *Gaming Machine Regulations* ("the Regulations") sets the maximum number of gaming machines that may be authorised for a Category 2 licensed premise under section 41 of the Act. Regulation 2(2)(b) of the Regulations defines a Category 2 licensed premise as a premise for which a club liquor licence is in force at any particular time.
3. Under section 41(1) of the Act, a licensee may apply to have the number of gaming machines authorised for use under the license increased. The Director-General of Licensing ("Director-General") may grant or refuse such an application and in determining the application shall have regard to Part 3, Division 5 of the Act.
4. The Applicant is the holder of a licence issued under the *Liquor Act* endorsed AUTHORITY – CLUB, which is defined under section 3 of the Act as a club liquor licence.
5. The Applicant currently holds Gaming Machine Licence Number GM106 and is seeking to increase the number of gaming machines from its current level of 45 to a proposed new number of 55 gaming machines. The application was accompanied by the prescribed application fee and the prescribed levy for the ten additional gaming machines applied for.
6. The application was also accompanied by the required Community Impact Analysis ("CIA") prepared by DWS Hospitality Specialists. The Club's application to increase the number of gaming machines authorised for the venue was advertised in the NT News on 25 November 2015.

## Consideration and Reasons

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

### Increased number of gaming machines

9. The Applicant 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. The Applicant is currently operating gaming machines to the limit of its current authorisation, namely 45 gaming machines.
  
10. 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 licence issued under the *Liquor Act* endorsed AUTHORITY – CLUB, 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. As such, the Applicant is able to apply for an increase of ten gaming machines and if granted, I am satisfied that the number of gaming machines on the premises would be within the statutory limit of 55 gaming machines.

### Community Impact Analysis

11. Pursuant to section 41A(2) of the Act, the CIA must provide details pertaining to:
  - (a) *the suitability of the premises to which the application relates having regard to the size, layout and facilities of the premises;*
  - (b) *the suitability of the premises to which the application relates having regard to the primary activity conducted at the premises;*

- (c) *the suitability of the location to which the application relates having regard to the population of the local area, the proximity of the premises to other gaming venues and the proximity of the premises to sensitive areas such as schools, shopping centres, other community congregation facilities, welfare agencies, banks and pawn brokers;*
- (d) *the appropriateness of problem gambling risk management and responsible gambling strategies;*
- (e) *economic impact of the proposal including contribution to the community, employment creation and significance or reliance of the venue to or on tourism.*

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

- 12. Information contained within the CIA indicates that the current floor space of the premises is 1 655 square metres of which 27% of the area is used for bars, 51% is used for dining, 6% is utilised for the gaming room, with the remaining area being occupied by the pool room and beer garden. The CIA indicates that these percentages will change slightly with floor space utilised by the gaming room increasing to 9% of total floor space a subsequent decrease by 3% of the Club's bar areas, should the application to increase the number of gaming machines for use be approved. There will be no increase in the overall size of the premises.
- 13. The floor plans show that the gaming room is a discrete area within the premises and that, with minor alterations, there is sufficient space to incorporate the additional gaming machines if approved. The area allocated to the gaming room is commensurate with that of similar club premises that offer gaming machines.

**Suitability of Premises – primary activity**

- 14. The Club is located in a stand-alone location in the northern suburbs of Darwin. The Club has a long standing history in the area having been established in 1975 as part of the reconstruction project to rebuild Darwin following cyclone Tracy. The CIA states that there is a mix of facilities at the Club including bars, a restaurant, a pool room, darts area as well as Keno, TAB and sports entertainment.
- 15. The Club has eight affiliated sporting clubs and has built extensive sporting infrastructure in the past ten years to cater for a diverse range of sporting and recreational facilities. The CIA comments that the Club strives to provide a family-friendly, comfortable, lively club atmosphere, offering a diverse range of recreation, sporting and gaming facilities with good value and quality service. The Club is also host for a number of NT and national sports championships, held at the sporting grounds within the Club's boundaries.
- 16. As of July 2015 the Club had 2 660 active members, a significant number by NT standards and indicative of the popularity of the venue in the local and wider communities. Membership distribution indicates a strong family presence amongst the membership with a large percentage of members falling within the 30 to 49 years age bracket.
- 17. As stipulated in its constitution the Club's primary objective is to assist any charitable or sporting organisations that are considered to be working for the community. At present the Club supports a wide range of sporting bodies including, softball, baseball, cricket, AFL, basketball, netball, darts and eight ball. The Club is also the location of a number of sporting fields used by the respective sports clubs and affiliates.
- 18. The CIA provides information regarding the Club's financial performance. In the 2013/14 financial year, it is reported that 23.3% of the Club's revenue was derived from liquor, 19.4% derived from food and 57.3% derived from gaming. The CIA advises that the Club has experienced slight decreases in gaming revenues over the past three years while the percentage of total revenue has remained fairly stable.

19. On the basis of the financial analysis provided, it appears that the majority of the Club's revenue is generated by gaming machine activity, being almost 60% of total income. This is consistent with the revenue streams of similar sized community clubs that provide the range services offered by the Applicant, including gaming machines.

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

20. The Local Community Area ("LCA") agreed to with Licensing NT for use in the preparation of the CIA incorporates the Darwin northern suburbs of Alawa, Wagaman, Wulagi, Leanyer, Wanguri, Brinkin-Nakara, Tiwi and Lyons.
21. The area has a moderate population density as would be expected for a suburban area. At the time of the most recent census the LCA had a population of almost 21 000 consisting of approximately 15 400 adults of whom the age distribution is generally consistent with that of other Darwin and Northern Territory centres. However, it should be noted that these statistics are based on the Australian Bureau of Statistics' 2011 Census Data, which is somewhat dated with more recent reports showing the LCA now has an estimated population in excess of 23 200 residents.
22. Statistical information obtained from the 2011 census shows that the LCA has higher proportion of people who have completed a bachelor degree and advanced diploma/diploma when compared to the Darwin and NT benchmarks. The CIA also indicates that unemployment rates in the LCA were 2.8% as of March 2015, which is lower than both the Darwin and NT benchmarks.
23. An estimated 39% of residents have a weekly income between \$800 and \$1 999 and 7% have an income above \$2 000 per week, which is consistent with Darwin and NT benchmarks. The LCA has a relatively high proportion of residents employed as managers and professionals who are highly educated and who fall within the higher income brackets, inferring that the LCA is an area of relatively high socio-economic status.
24. The statistics indicate that there is a high level of home ownership or people purchasing their own homes when compared to the Darwin LCA and NT benchmarks. Consideration of the low unemployment rates and high household incomes suggests that residents have a higher socio-economic profile with higher amounts of disposable income.
25. The CIA also contains information in relation to the Australian Bureau of Statistics' Socio-Economic Indexes for Areas ("SEIFA") which is a product that enables the assessment of the welfare of Australian communities based on census data relating to household income, education, employment, occupation, housing and other indicators of advantage and disadvantage. The CIA states that the SEIFA analysis shows that the LCA is an area of relatively high social advantage.
26. There are a number of ways to view the scores from the SEIFA, with one being through the decile score system where a ranking is given from 1 to 10 with 1 indicating that an area is in the bottom 10% of areas or, in other words, the most disadvantaged and 10 indicating that the area is in the top 10% of areas thus being the most advantaged by comparison. Of the suburbs incorporated within the LCA, the decile scores range between 5 and 10 with the majority of the LCA being in the 8 to 10 decile range.

27. The CIA indicates that within the LCA there are only two other gaming venues, being the Casuarina All Sports Club and the Hibiscus Tavern which have authorisation for 55 and 20 gaming machines respectively. Both of these venues have had recent applications for increases in the number of gaming machines approved by the Director-General up to the maximum number allowable. Whilst the number of gaming machines in the LCA has increased by 20 in recent months the number of gaming machines per 1 000 adult residents still falls below the comparative benchmarks. The CIA reports that the LCA has a slightly lower gaming machine density, with 61 machines per 10 000 residents compared to the Greater Darwin benchmark.
28. Prior to the lifting of the cap on gaming machines the Club had a 45% market share of gaming machines in the LCA with Casuarina All Sports Club also enjoying a 45% share and the Hibiscus Tavern accounting for the remaining 10%. That ratio will remain the same if the within application is approved as the other venues have recently received approval for an additional ten gaming machines respectively.
29. It is evident that the accessibility to gaming machines by those people residing in the LCA will increase should this application be approved. However, the SEIFA decile scores which identify that the LCA area is not regarded as an area of socio-economic deprivation also needs to be taken into consideration in determining whether an increase in accessibility to gaming machines within the LCA will lead to greater harm. It would appear that the profile of the resident population living in the LCA does not mirror the profile of those most at-risk of experiencing harm from gambling.
30. Whilst gaming machine density will increase should this application be approved, the patron source for this Club and others in this area is not restricted to only residents of the LCA. Although the LCA does not attract the same number of tourists and visitors as the Darwin City LCA, that category of client accounts for 9.3% of the Club's patronage, with the result the actual gaming machine density may in fact be lower than current and projected figures if these additional patrons are taken into account in gaming machine density calculations. Considerations around problem gambling risk management and responsible gambling strategies implemented by the Club must also be taken into account.
31. Pursuant to 41A(2)(c) of the Act, the CIA must provide details with respect to the proximity of the premises to sensitive areas such as schools, shopping centres, other community congregation facilities, welfare agencies, banks and pawn brokers. In doing so, the CIA accompanying this application states that there are no gambling sensitive sites within 400 metres of the Club. However, the CIA does identify a number of gambling sensitive sites in the LCA including schools, churches, Casuarina Police Station, hospitals, St John Ambulance NT and several counselling services. The CIA advises that with respect to these counselling services, none of them are dedicated to providing counselling in relation to gambling addiction. In addition, there is no information available that suggests that this Club has had any adverse impacts on the identified gambling sensitive sites during the Club's many years of existence, including the offering of gaming machine facilities.
32. The Club currently holds a gaming machine licence and on the basis of the information available above, I am satisfied that the Club's location continues to be suitable for the operation of gaming machines.

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

33. The CIA refers to the 2014 report 'Gambling Harm in the Northern Territory: An Atlas of Venue Catchments', a report prepared for the Community Benefit Committee through the Department of Business in May 2014. The report found that 84% of residents within the Northern Territory present as non-problem gamblers, with the remaining being of either low, moderate or high risk. Due to a low response rate caution is required in relying on figures provided due to the low level of respondents. The CIA reports that, for the Club, 80.3% of patrons were assessed as non-problem gamblers, 1.2% were in the high risk category, 8.7% were assessed as moderate risk gamblers with 9.8% rated as low risk. The CIA reports that the Club has a higher proportion of moderate risk problem gamblers and a lesser proportion of non-problem and high risk gamblers than the Darwin LGA.
34. The CIA also sets out the policy and procedures underpinning the responsible delivery of gaming services relevant to the Club in some detail. Harm minimisation strategies and measures including exclusion provisions, cash limits, restrictions on cheque cashing and the location of Automatic Teller Machines away from the gaming room are stated to be in existence at the Club. These are also requirements that must be met to ensure the Club complies with gaming machine audits that are conducted by Licensing NT officers on a periodic basis. Currently ten patrons of the Club are subject to self-exclusion arrangements
35. The policies in place at the Club at present are compliant with the current Code of Practice for Responsible Gambling in the Northern Territory and there is no indication that an increase in the number of gaming machines at the Club would require any amendment or addition to those policies or existing procedures relating to the management and monitoring of gaming.

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

36. The CIA states that the Club currently employs 46 local staff (17 full time, two part time and 27 casual) and that they anticipate that if this application is granted that they will need to employ additional three staff to cater for the increased patronage, as well as increase the hours of the current employees.
37. The CIA reports that the Club is a strong contributor to the local community with total contributions to community organisations exceeding \$350 000 in 2015. Recipients included the Wagaman Primary School, Sids and Kids, Darwin Animal Rescue, Lions Club and St Vincent's de Paul. The Club also contributes significantly to its affiliated local sports clubs. The CIA states that the anticipated additional gaming machine revenue will result in greater donations to the local community.
38. The CIA states that data from the Census of 2011 indicates that 9.3% of the persons present in the LCA on census night were visitors. The CIA also presents considerable data pertaining to tourism with these statistics indicating that the LCA continues to attract visitors to the area.

**Written submissions in response to the application**

39. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on 5 August 2015. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification. One submission was received from Amity Community Services Inc. ("Amity"), with the submission being in the form of a response to the Community Representative Feedback survey in respect of the application and a position paper.

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40. The submission states that Amity has been working in the area of gambling for over two decades and their programs are underpinned by a public health model that considers the impact of gambling on the entire community and on all gamblers, not just 'problem gamblers'. The model also focuses on prevention, rather than treatment alone.
41. Amity works predominately in the areas of prevention of and intervention in problem gambling areas by providing extensive training, education, community liaison and health promotion in consultation with the gambling industry. Amity provides its services throughout the Northern Territory with the aim of implementing harm minimisation strategies for safer gambling.
42. Amity does not support the application to increase the gaming machines at the Club, or generally throughout licensed hotels and clubs in the Northern Territory community. Amity is of the view, based on their review of the balance of research on the issue of gambling outcomes, that an increase in gaming machines in the community will have an overall negative effect on the health, social and economic welfare of at least a proportion of the population of the Northern Territory.
43. Amity submits that there is a plethora of problem gambling research that demonstrates the effects of problem gambling, including adverse effects on physical and mental health and wellbeing, financial stability, relationships, employment and legal issues. Amity submits that problem gambling has been linked to risk factors for family violence and elevated levels of suicide including an increase in accessing homelessness services in the Northern Territory.
44. Amity states that research further indicates that 27% of the adult population in the Northern Territory participate in the use of gaming machines and problem gamblers spend on average \$30 000 per annum. During 2012-13, Amity state that the average net loss by players in community venues (pubs & clubs) in the Northern Territory was \$141 per machine, per day equating to approximately \$50 000 per machine per year.
45. Amity submits that Darwin has a general population of 81 670, including persons below 18 years of age, with 1 191 gaming machines located in the hotels, clubs and the casino equating to 14.6 gaming machines per 1 000 head of population. Amity states that in 2014, the Australasian Gaming Council indicated that the national average for gaming machines was 11 machines per 1 000 adults indicating a much higher gaming machine density in Darwin compared to the national average. Amity suggests there is a plethora of evidence that demonstrates communities experiencing widespread social and economic problems are those communities with a higher concentration of convenience gambling.
46. Amity also advise that as their primary focus is on service delivery, they do not have the resources to analyse client data specifically in relation to the Club and are therefore unable to comment on the number of individuals that have been counselled by Amity in relation to gambling related issues in the last 12 months. Amity also comments that in relation to the Club specifically, that they have provided training to some of the Club's staff in the past 12 months.
47. Allowing that Amity's comments are of a generalised nature in respect of its concerns with gambling generally and the potential negative impacts on a wider community than that contained within the LCA, it is difficult to ascertain the aspects of their concern as they relate specifically to the venue the subject of this application. Clearly, based on the services it provides and its stated policy position, Amity is unlikely to support any application for an increase in gaming machines, regardless of the venue concerned.

48. The CIA reports that 25 organisations were contacted in July 2015 to establish the community's views in respect of the proposed increase in gaming machines. Only eight organisations provided a response and these included the Australian Christian Churches, Connect Counselling Services, Holy Spirit School, NT Council of Social Services Inc., Family Planning Welfare Association of NT, Darwin Aboriginal and Islander Women's Shelter and the Wulagi Early Childhood Centre. Of those who participated, one respondent believed that the application would have a positive impact whereas the other respondents believed that there would be a negative effect on the community. One respondent initially said he had no issues with the club's application but later changed his mind and said there were already enough machines in the area. Upon reviewing these responses, it must be noted that a common theme among the respondents is that gambling has a negative effect and that the comments were made as general statements rather than specifically directed towards concerns against the Club subject of this application.
49. A paper based survey was also undertaken within the Club with eight responses received of which the majority of patrons were in support of the increase and commented that the Club is well managed. An email was also received from a club patron who supported the application, but stated the new machines should be 'one cent' machines only, where a person could have some fun without outlaying too much money.
50. Whilst the concerns expressed by those organisations that did complete the Community Representative Feedback survey should be noted and taken into account they are of a generalised nature and not specific to the Club's application. As a result the weight attributed to the comments must be discounted to an extent in the ultimate determination of the application.

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

51. Statistical information held by Licensing NT indicates that for clubs with gaming machines in the Northern Territory for the 2014/15 financial year, the average gross monthly profit was \$5 854 per machine. For this venue (Tracy Village), the average gross monthly profit per machine was just over \$9 000. However, another comparison was undertaken which only included clubs with the maximum number gaming machines (45). That comparison showed the average monthly profit for similar community clubs to be \$9 523 per gaming machine per day, comparable to the gross monthly profit for the Club calculated at just over \$9 000 per gaming machine. The comparison of only similar sized venues with significant gaming machine operations demonstrates clearly that the income derived from gaming machines by the Club is comparable to that achieved by similar venues.
52. As explored earlier in this decision, on the basis of the financial analysis provided and Licensing NT data it is apparent that the majority of the Club's revenue is generated by gaming machine activity, almost 60% of overall revenue is attributed to gaming machine component of its operations. That percentage of income is commensurate with that achieved by community club venues that offer gaming machine facilities.
53. Should the application be approved, the cost to the Applicant of installing ten additional gaming machines will be in the order of \$354 000, comprising the application fee and prescribed levy costs together with the costs of purchasing ten additional gaming machines.
54. The Financial Analysis provided within the confidential section of the CIA indicates that the Club is currently profitable but relies heavily on profits generated from gaming machines. Again, that is a similar situation to that for other large community clubs located in the Darwin, Palmerston and Alice Springs regions.



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

55. The trading hours for the Club are from 10.00am to 11.59pm Monday to Wednesday and from 10.00am to 2.00am the following day Thursday to Sunday. No trading is permitted on Good Friday and Christmas Day.

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

56. As discussed above, information contained within the CIA indicates that 6% of the current floor space is used for gaming, 51% is used for dining and 27% for bars. The CIA states that these percentages of floor space utilisation will change slightly with floor space utilisation consisting of an increase to 9% for the gaming area. There will be no increase in the overall size of the Club, however the bar areas will be reduced in size by approximately 3%.
57. The Applicant advises that gaming area will only increase slightly in size and that the focus of the Club in terms of its core activities will not change.

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

58. 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 in clubs, which now allows for a maximum of 55 machines, up from 45 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.
59. Against that background the Applicant has presented a well prepared application with strong supporting evidence indicating that this application meets the requirements of the Act in relation to an increase in the authorised number of gaming machines.
60. The comprehensive CIA prepared for the purpose of this application is analysed in considerable detail above and does not raise any issues specific to the Tracy Village Social and Sports Club Inc. would persuade me to reject the application.
61. 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 Club.
62. Amity submitted a well-researched and evidence based position paper. Amity clearly does not support the application, suggesting the Northern Territory is not underserved with gaming machines at present and an increase in the number of gaming machines is a reflection of increasing gaming revenue. This will, in Amity's submission, have an overall negative health, social and economic impact on the community and the Northern Territory as a whole.
63. The CIA suggests non-government agencies who responded via the Community Representative survey have concerns with the application believing the increase in gaming machines will have a negative effect on the community and, as a result, the majority of those organisations do not support the application. Whilst those comments and submissions are properly made and no doubt indicative of the views of the organisations represented, they do not provide any specific details of prospective harms or potential adverse community outcomes directly related to the Club.

64. In addition, the Applicant and as evidenced by its submissions in support of the application, including the content of the CIA, intends to incorporate strategies aimed at reducing gaming-related harm if the application is approved.

## **Decision**

65. 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 Tracy Village Social & Sports Club Inc. and authorise the increase of the number of gaming machines located at the Club from the current limit of 45 gaming machines to the current maximum allowable for the holder of a club liquor licence, namely 55 gaming machines.

66. 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**

67. 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**

26 February 2016