# Decision Notice

**Matter:** Application for Increase in Gaming Machines

**Premises**: Palmerston Golf and Country Club

 University Avenue

 Palmerston NT 0830

**Applicant**: Palmerston Golf and Country Club Inc.

**Nominee**: Mr Steven Kotz

**Submissions**: Amity Community Services Incorporated

**Legislation**: Section 41 *Gaming Machine Act*

**Decision of**: A/Deputy Director-General (Operations)

**Date of Decision**: 23 August 2016

## Background

1. On 3 June 2016, Mr Steven Kotz and Mr Noel Fahey, Authorised Executive Officers of Palmerston Golf and Country Club Inc (“the Applicant”) applied for an increase in the number of gaming machines authorised for use at the Palmerston Golf and Country Club (“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 may be authorised for Category 2 licensed premises under section 41 of the Act.
3. Regulation 2(2)(b) of the Regulations defines Category 2 licensed premises as premises for which a club liquor licence is in force at any particular time.
4. 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.
5. The Applicant is the holder of a licence issued under the *Liquor Act* endorsed AUTHORITY – CLUB (INCORPORATED) (number 81403928), which is defined under section 3 of the Act as a club liquor licence.
6. The Applicant currently holds Gaming Machine Licence No. GM135 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.
7. The application was accompanied by the prescribed application fee and levy for the ten additional gaming machines applied for.
8. The application was also accompanied by the required Community Impact Analysis (“CIA”) prepared by DWS Hospitality Specialists.

## Consideration and Reasons

1. 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.*

1. 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

1. 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 current maximum allowable for this Applicant is 55 machines.
2. The Applicant currently holds Gaming Machine Licence No. GM135.
3. 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 (INCORPORATED), which is defined under section 3 of the Act as a club liquor licence, the premises are considered to be a Category 21 licensed premise pursuant to 2(2)(b) of the Regulations.
4. 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

1. 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

1. Information contained within the CIA indicates that the current gaming area occupies 17% of the total floor space. The CIA states that this and the other percentages of floor space utilisation will not change in the event this application is approved.
2. It should be noted this Applicant has recently had a similar application approved by the Director-General on 1 December 2015. That approval increased the number of gaming machines from 23 to 45. Accordingly the Director-General’s considerations in that matter will be of significance in this application.
3. Further and for completeness at present the Applicant is operating 31 gaming machines out of their approved 45.
4. 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
5. As discussed in the earlier matter the gaming room is being enlarged significantly from the current footprint. 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

1. 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.
2. 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.
3. 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.
4. Over the past three years membership has grown from 350 members in 2013 to 914 members in April 2016. As of April 2016 membership comprised 423 social members, 412 golf members and 6 bowls club members. A large proportion of members (72.5%) reside within the defined catchment area of the Club.
5. 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.
6. So far as the financial positon 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

27. 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.

28. 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.

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. The CIA states that at the time the report was prepared there were 141 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 (31), 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 161 and further increasing the ratio of gaming machines held by community clubs in comparison to hotels and taverns.

36. 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 that 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.

37. 11% of the LCA residents reported as being non-Australian, the majority of these being from Asia, the United Kingdom and New Zealand. However 10% of the population did not state their country of origin.

38. The Australian Bureau of Statistics’ Socio‑Economic Indexes for Areas (“SEIFA”) 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 SEIFA analysis indicates that the LCA is an area of medium social advantage. The SA2 areas of Elsey, Victoria River and Daly all show a low social advantage decile.

39. 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.

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

40. 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.

41. The CIA concludes there is growing demand for gaming in the LCA and in the Club.

42. 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.

43. In addition, the Club has implemented its own internal policies, in line with those applicable at Cazalys, 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.

44. 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.

45. 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.

46. 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.

47. The venue currently holds a gaming machine licence and on the basis of the information available above, I am satisfied that the venue’s location continues to be suitable for the operation of gaming machines.

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

48. The CIA quotes the 2014 report ‘Gambling Harm in the Northern Territory: An Atlas of Venue Catchments’ which was a report prepared for the Community Benefit Committee through the Department of Business in May 2014, submits that 84% of residents within the Northern Territory present as non-problem gamblers, with the remaining being within the scale of risk.

49. Due to a low response rate of 58 from a catchment of 1,290 respondents, the CIA states specific figures relating to this Applicant are not available. Whilst this does not assist in the assessment of the application, it is noted a number of previous CIA’s submitted to the Director-General suggest a cautious approach be taken in relying on figures provided due to the low level of respondents.

50. The CIA also sets out the policy and procedures underpinning the responsible delivery of gaming services relevant to the venue. Harm minimisation strategies and measures including exclusion provisions, cash limits, restrictions on cheque chasing and the location of the automatic teller machine away from the gaming room are in existence in the premises. These are also requirements that must be met to ensure the premises comply with gaming machine audits conducted by Licensing NT officers.

51. Further information was sought from the Applicant in relation to this application and as a result, a copy of the venue’s Responsible Gambling Incident Register was provided. There are two persons recorded as self-excluded (2013 and 2014) and whilst little incidents are experienced they are duly noted as required.

52. There are few entries and the lack of entries could raise concerns that incidents are not being properly recorded, alternatively it may simply be that there has been so few incidents to record. It is submitted the management of the business conducted under the Gaming Machine Licence and the manner in which the Applicant conducts and manages the overall business of the premises may cause there to be few, if any incidents or concern in relation to gaming on the premises.

53. The gaming area is under the constant video surveillance and regularly patrolled which affords a higher degree of oversight.

54. The policies in place at the venue at present are compliant with the *NT Code of Practice for Responsible Gambling (2016)* and there is no indication that an increase in the number of gaming machines at the venue 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

55. The CIA states the venue currently employs 19 staff. It is anticipated the premises will continue to increase their staffing levels in accordance with the increase in revenues and patronage they have been experiencing each year.

56. The CIA reports 22 organisations were contacted to ascertain their views on the potential impact of the application within the LCA. Eight organisations responded of which six believed there would be negative impacts if additional machines were granted; one was neutral and one positive.

57. The community organisations that did not respond are listed in the CIA.

58. Whilst the concerns expressed by those organisations that did complete the Community Representative Feedback survey are noted and taken into account they cannot, in my view be afforded sufficient weight to persuade me to reject the application on these responses alone.

59. The contribution the venue has made to the community over the years has been examined in the earlier consideration and it is accepted there is no change in this situation which may change this current application.

#### Written submissions in response to the application

60. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on 1 July 2016. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification.

61. No submissions were received as a result of the public advertising. Despite this the author is aware of a general submission that has been received from Amity Community Services Inc (“Amity”), for other applications.

62. That 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.

63. 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.

64. As there was no specific submission in relation to this application by Amity, their opposition to increasing gaming machines can only be general in nature and afforded the appropriate weight in consideration of this matter. Amity has clearly expressed their view is, that an increase in gaming machines in the Northern Territory will have an overall negative effect on the health, social and economic welfare of at least a proportion of the overall population.

65. 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.

66. 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.

67. 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 venue 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.

68. Clearly Amity’s comments are general in nature with respect to their concerns about gambling and its potential negative impacts on a wider community. Further, they have made no specific submissions in relation to this application or the premises. It may however be accepted Amity are unlikely to support any application for an increase in gaming machines, regardless of which venue may apply. I certainly acknowledge that Amity, like many organisations find allocating resources to submissions such as the one made, difficult however I am also mindful that in taking into account generalised statements in relation to the impact of gaming machines may also be considered by the Applicant as an unjust approach to the assessment of this application. As such, I note the generalised concerns raised by Amity however I am not of the view that these comments alone can be afforded sufficient weight to persuade me to reject the application before me.

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

69. 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 $5,950 per machine. The Palmerston Golf and Country Club records that the average contribution to the community from each of their machines is $3,764

70. The financial analysis provided with the earlier and this current CIA indicates the Applicant is in a strong financial position and is capable of financing the purchase of additional machines.

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

71. 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.

72. The trading hours are consistent with the authorised trading hours for sporting based community clubs holding a club liquor licence.

### Size, layout and facilities of the premises

73. The Applicant has previously provided the Director-General with a detailed plan of material alterations and improvements which has been examined in relation to the earlier approval.

### Other matters the Director-General considers relevant

74. 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 clubs with existing gaming machines from 45 to a maximum of 55 gaming machines. At the time of introducing the amendments, the Minister for Racing, Gaming and Licensing noted that the arbitrary Territory-wide cap was abolished in favour of a rigorous community impact assessment process for new applications and for applications seeking additional gaming machines.

75. Against that background the Applicant the subject of this decision 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.

76. The comprehensive CIA prepared for the purpose of this application has been analysed in considerable detail, along with the earlier approval in December 2015. No issues arise which would preclude the approval of this application.

77. The harms associated with gaming machines and problem gambling are well documented and well known within the general community. I am satisfied that the Applicant in this instance has in place policies and procedures that will have the effect of minimising the harms associated with gambling generally and the use of gaming machines specifically at the venue under consideration.

78. Whilst noting no specific objections were lodged Amity has submitted previously a well-researched and evidence based position paper. Amity clearly does not support any applications, 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 which will, in Amity’s submission, have an overall negative health, social and economic impact on the community and the Northern Territory as a whole.

79. The Applicant has evidenced their previous adherence to gaming laws and regulation, suggesting an adherence to the requirements.

80. There has been no adverse comments or reports received from Licensing NT departmental personnel in relation to the operation of these premises.

## Decision

81. For the reasons set out above, and in accordance with section 41(3) of the Act I have determined to grant this second application lodged by Palmerston Golf and Country Club Inc and authorise the increase of the number of gaming machines located at the Palmerston Golf and Country Club from the current limit of 45 gaming machines to the maximum of 55 machines. This will not take the Applicant over the statutory limit of 55 machines for a club liquor licensee.

82. 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.

## Review of Decision

83. Section 8 of the *Licensing (Director-General) Act* prescribes a delegate decision is a decision, under any Act, of the Director-General that is made by a delegate of the Director-General. The Director-General delegated the determination of applications made under Section 41 of the *Gaming Machine Act* by instrument to the person from time to time holding, acting in or performing the duties of the position in the Department of Business specified in Schedule 2 of that instrument. This decision was made by a person referred to in that schedule. Section 10 of the *Licensing (Director-General) Act* provides that an affected person for a delegate decision may apply to the Director-General for a review of the decision. This application for review must be made within 28 days after written notice of the delegate decision is given to the affected person, or within any additional time that the Director-General allows. Section 9 of the *Licensing (Director-General) Act* prescribes an affected person for a delegate decision to be the applicant for the increase in gaming machines and a person who made a submission, complaint or objection (however described) during the process that resulted in the decision being made.

84. Accordingly the affected persons in relation to this matter are Palmerston Golf and Country Club Inc. and Amity Community Services Incorporated.

Mark Wood

A/Deputy Director-General (Operations)

23 August 2016