



## Director-General of Licensing

### Decision Notice

---

<b>Matter:</b>	<b>Application for Increase in Gaming Machines</b>
<b>Premises:</b>	<b>Tennant Creek Memorial Club Schmidt Street Tennant Creek NT 0860</b>
<b>Applicant:</b>	<b>Tennant Creek Memorial Club Inc.</b>
<b>Nominee:</b>	<b>Mr Jonathon Baker</b>
<b>Submissions:</b>	<b>Nil</b>
<b>Legislation:</b>	<b>Section 41 <i>Gaming Machine Act</i></b>
<b>Decision of:</b>	<b>A/Deputy Director-General (Operations)</b>
<b>Date of Decision:</b>	<b>1 September 2016</b>

---

#### Background:

1. On 12 January 2016, Mr Philip Crouch an Authorised Officer for Licensee of the Tennant Creek Memorial Club ("the Premises") submitted an application pursuant to section 41 of the *Gaming Machine Act* ("the Act") on behalf of the Premises to increase the number of electronic gaming machines (gaming machines) at the Premises.
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 as 55. Regulation 2(2)(b) of the Regulations defines Category 2 licensed premises as those premises for which a club liquor licence is in force at any particular time. The Applicant is the holder of liquor licence number 81402774 issued under the *Liquor Act* and endorsed AUTHORITY-CLUB (INCORPORATED).
3. Under section 41(1) of the Act, a Licensee may apply to have the number of gaming machines authorised for use under the licence increased. The Director-General of Licensing ("Director-General") may grant or refuse such an application and in determining the application shall have regard to Part 3, Division 5 of the Act.
4. The Licensee holds Gaming Machine Licence Number 116 and seeks to increase the number of gaming machines from its current approved level of 25 to a proposed new number of 45 gaming machines, an increase of 20 gaming machines. The application was accompanied by the prescribed application fee but under Regulation 31B of the Gaming Machine Regulations, the application is exempt from the levy as it was lodged prior to 1 July 2016 and if the application were to be successful the number of machines would not exceed the pre July 2015 maximum number of 45 machines for a Club. The Application was accompanied by a Community Impact Analysis ("CIA") prepared by DWS Hospitality Specialists.
5. The Licensees application was advertised in the Tennant and District Times on Friday 22 January 2016 with a redacted version of its CIA posted on the Licensing NT website on Wednesday 27 January 2016.

## 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) *towards 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.*

### **Community Impact Analysis**

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***

9. Tennant Creek Memorial Club Inc. is the sole owner of its Premises at 48 Schmidt Street, Tennant Creek. The Premises covers an area of 773 square metres and has parking for 25 vehicles. The interior of the Premises is made up of bar (391m<sup>2</sup>), dining area (182m<sup>2</sup>), TAB (122m<sup>2</sup>) and electronic gaming machine area (78m<sup>2</sup>). The outdoor area leads off from the main bar and has smoking and non-smoking areas (approximately 100m<sup>2</sup> combined).
10. The floor plans show that the current gaming area is insufficient to contain the additional requested machines. Additional gaming machines would be located in an adjoining function room. The wall that would need to be removed is non-load bearing and the work required would not be substantial.

***Suitability of premises – primary activity***

11. The Premises is approximately 200 metres west of the towns Post Office in an established mixed use commercial and residential area. It has been at this location since it was formed shortly after World War II. The CIA states that the Club increased its membership from 993 in 2012 to 1336 members by 2015, an increase of 35%. This equates to 69% of the town's adult population.
12. The CIA states that the primary objectives of the Club is to support sporting, literacy and social associations and charities in the local community as well as any other lawful activities of its members.
13. The CIA provides information regarding the Licensee's financial performance in the 2015 calendar year. The Profit and Loss statements for 2015 show that 57% of the Club's overall revenue for that financial year was derived from the kitchen and bar, 6% from other revenue streams such as Keno, TAB and memberships fees and 33% of total revenue from gaming.
14. The CIA projects that with an addition of 20 gaming machines the income from gaming machine activity would increase from \$1,346,300 in 2014 to \$1,841,000 in 2016. Although overall revenue from gaming machine activity will rise the gross monthly profit per machine will drop from \$5,431 in 2014 to \$3,409 in 2016.

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

15. The Local Community Area ("LCA") agreed to with Licensing NT for use in the preparation of the CIA incorporates a five kilometre radius of the Premises. This area takes in the whole township of Tennant Creek. The CIA refers to statistical information obtained through the Australian Bureau of Statistics ("ABS") 2011 Census Data. The CIA reports that in 2011 the LCA had a population of 3,061 of which 2,202 are adults with 51% identifying as Indigenous.
16. According to NT Treasury predictions, the population of the LCA is predicted to remain relatively static over the next 10 years. The CIA cites a predicted population of 3,533 in the LCA by 2026, with the resident population of the LCA projected to take on a more aged profile. The CIA reports that the LCA has a lower proportion of people that are qualified with a postgraduate, bachelor degree or advanced diploma in comparison with all Territorians.

17. The CIA states that the unemployment rate for the LCA is 5.4%, compared to the Northern Territory rate which is recorded at 4.2%. It also states that 57% of households in the LCA earn \$1,000 or more per week which is markedly lower than the Territory average of 62%. The CIA states that the level of home ownership is 20% compared to the Northern Territory average of 31%. Conversely, rental levels in the LCA is 57% compared to the Northern Territory average of 49% with the LCA having a higher proportion of dwellings being rented from Territory Housing at 17.4% compared to the Northern Territory overall which is assessed at 12.3%.
18. The CIA also contains information in relation to the ABS Socio-Economic Indexes for Areas ("SEIFA") which is a product that enables the assessment of the welfare of Australian communities based on census data relating to household income, education, employment, occupation, housing and other indicators of advantage and disadvantage. The CIA states that the SEIFA analysis shows the entire town of Tennant Creek is classified as being severely disadvantaged.
19. The CIA cites a Productivity Commission (PC) Inquiry Report (2010) that identified social costs of problem gambling with the Northern Territory included suicide, depression, relationship breakdowns and criminal activity. The PC also noted that in the Northern Territory almost 8% of the Indigenous population are pathological gamblers compared to just over 2% for the Non-Indigenous population.
20. Section 41A(2)(c) of the Act states that the CIA must provide details with respect to the proximity of the Premises to gambling sensitive sites such as schools, shopping centres, other congregation facilities, welfare agencies, banks and pawn brokers. The CIA reports there are six sensitive sites within a 500 metre radius of the Club being Anyinginyi Health Aboriginal Corp., Aboriginal Legal Services, Australian Red Cross, Family Support Service, Catholic Care (Gambling Help Provider) and Graeme's Place (Pawn Broker). The CIA also identifies the Tennant Creek Pre-School, Tennant Creek Childcare Centre and the Tennant Creek Primary school as being within 100 metres of the Venue. The venue operates from noon weekdays. As primary schools finish at 14:30 any risk to school children would be negligible if more machines were at the Venue.
21. There are three other licensed gaming premises within the LCA. Sporties Club has 16 machines, Goldfields Hotel has 10 machines and the Tennant Creek Hotel has 10 machines. Licensing NT records show that between 2012 and 2015 15 gaming machines in the LCA and surround district were de-commissioned. The Tennant Creek Bowls Club closed in 2012 with four gaming machines shut down. Threeways Roadhouse, approximately 30 kilometres north of the LCA, ceased operating its six gaming machines and the Barkly Homestead shut down its five gaming machines during this period.

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

22. The 2014 report 'Gambling Harm in the Northern Territory: An Atlas of Venue Catchments', prepared for the Community Benefit Committee in May 2014, does not contain information for the Tennant Creek venues, therefore there is no information on the level of problem gamblers in the LCA.
23. The CIA sets out the Club's policies and procedures for the delivery of responsible gaming services and states that the Premises' management ensures strict compliance to the Code of Practice for Responsible Gambling. The policies in place at the Premises are compliant with the current code of practise in the Northern Territory and there is no indication that an increase in the number of gaming machines at the venue would require any amendment or addition to the policies or existing procedures relating to the management and monitoring of gaming machine activity.

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

24. The Premises currently employs 29 staff. Should the application for 20 additional gaming machines be successful the CIA indicates the Premises expects to employ two additional staff.
25. The Club does not have foundation sporting clubs common in many Northern Territory community clubs. It has a focus on contributing to local organisations including sport and recreational organisations, charitable organisations and fundraising. In the 12 months to 31 December 2014 it contributed a total of \$199,234 (\$150,200 in cash and \$49,234 in-kind) in community contributions. It is projected this number would rise to \$368,280 if an additional 20 gaming machines were allocated in 2016.
26. The CIA states that tourists are an important part of the Tennant Creek economy and are an important part of the Club's market. The number of visitor nights declined in 2014, however regional expenditure increased showing tourists are staying for a shorter period but spending more.

**Written submissions in response to the application.**

27. As required by section 41B of the Act, notification of the application was advertised in the Tennant and District Times on Friday 22 January 2016. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification. No submissions were received in response to this application. However, Amity had submitted a blanket response to the increase in gaming machines in the Northern Territory. The response is not an objection but a series of harm minimisation strategies for consideration by the Director-General should applications for additional machines be granted.
28. The authors of the CIA conducted community consultation to inform the CIA via a telephone survey targeting community organisations and their representatives. There were 29 community organisations contacted by telephone. Two were disconnected and 19 were unavailable for comment. Of the eight that completed the survey six were against the increase, one was neutral and one was supportive. The authors also invited its members to comment on the application. The 23 people who chose to comment supported the application.
29. On 25 January 2016 the Licensee's Public Officer emailed his immediate resignation from the position stating, "I am unable to countenance the Club applying to expand its gaming machine interests". A new Public Officer has since been appointed.
30. Whilst the concerns expressed by those organisations that did provide a negative response in the telephone survey together with the resignation of the public officer should be noted and taken into account, given their generalised nature they cannot be afforded much weight when it comes to making a determination on this matter.
31. Further, as noted at point 23, the 2014 report '*Gambling Harm in the Northern Territory: An Atlas of Venue Catchments*' contains no information on the level of problem gamblers in the LCA. As such no information or evidence can be cited to either support or counter the views of those respondents who opposed the application.

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

32. Statistical information held by Licensing NT indicates that for the majority of venues with gaming machines in the Northern Territory for the 2014/15 financial year, the average gross monthly profit was \$5,763 per machine. In the 2014 calendar year the Club's average gross monthly profit was \$4,706 per machine.

33. The CIA provides Profit and Loss figures for 2015 which show 33% of the Club's revenue came from gaming machine usage. The CIA also indicates that the Club is in a strong financial position and is not overly reliant on gaming machine revenue. Should the application be approved, the cost to the Club to install an additional 20 gaming machines is estimated at approximately \$500,000 which comprises of the application fee and the costs of purchasing the new gaming machines.

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

34. The trading hours for the Premises are Monday and Tuesday 12:00 to 23:59 pm, Wednesday 12:00 to 01:00 the following day, Thursday 12:00 pm to 23:59, Friday 12:00 to 02:00 the following day, Saturday 10:00 to 02:00 the following day and Sunday 10:00 to 22:00. The Club does not trade on Good Friday or Christmas Day.
35. The trading hours for the Premises are consistent with the authorised trading hours for similar sporting based community clubs holding a club liquor licence.

#### **Such other matters the Director-General considers relevant**

36. The Gaming and Liquor Amendment Bill of 2015 amended the Act to remove the previously imposed cap on authorisations of gaming machines in licensed hotels, taverns and clubs in the Northern Territory. As well as removing the overall cap, the amendments also provided for an increase in the number of gaming machines in clubs, lifting the maximum number to 55 gaming machines, up from the previous limit of 45 gaming machines. This has not had an effect on this application as the additional machines requested would take the Club's total to 45 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.
37. Information provided in the CIA shows that the Australian Bureau of Statistics rates the LCA the Club is located in as being 'severely disadvantaged socio-economically. This is due in part to unemployment being 1.2% higher than the Northern Territory average of 5.4%. The Productivity Commission's Inquiry Report (2010) states that almost 8% of the Indigenous population in the Northern Territory are pathological gamblers compared to 2% of the non-Indigenous population. The Indigenous population in the LCA is 51.1%, almost double the Northern Territory average.
38. In this instance the Applicant has presented a detailed CIA with supporting evidence indicating that this application meets the requirements of the Act in relation to an increase in the authorised number of gaming machines situated at the Club. The fact that no written submissions were received in response to the advertisement and the lack of response by relevant organisations to the survey conducted by the authors of the CIA tends to indicate that the general community does not have any significant issues with the Club increasing the number of gaming machines. It should also be taken into account that the Premises has not come to the attention of Licensing NT in respect of any gambling related issues or complaints.
39. 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 venue under consideration.

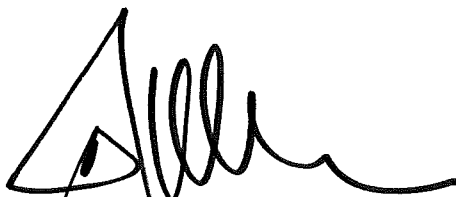
40. The CIA shows a relatively small proportion of the non-government agencies who responded via the community representative survey conducted by the authors of the CIA have concerns with the application believing the increase in gaming machines will have a negative effect on the community. Whilst the concerns expressed by those organisations that did provide a negative response in the telephone survey together with the resignation of the public officer should be noted and taken into account, given their generalised nature they cannot be afforded much weight when it comes to making a determination on this matter.
41. Whilst the comments of organisations opposed to the increase are properly made and no doubt indicative of the views of the organisations represented, of the respondents who oppose the additional gaming machines none raised concerns regarding the Premises itself as opposed to the issues associated with problem gambling in the general sense. In addition and as evidenced by the content of the CIA, the management of the Premises intends to incorporate strategies aimed at reducing gaming-related harm if the application is approved.

### Decision

42. 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 Tennant Creek Memorial Club Inc. and authorise the increase of the number of gaming machines located at the Club from the current limit of 25 gaming machines to 45 gaming machines.
43. The additional approved 20 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 Club of the details pertaining to the additional 20 gaming machines once purchased.

### Review of Decision

44. 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. For the purpose of this decision the affected only person is the Applicant.



Malcolm Richardson  
A/Deputy Director-General (Operations)

1st September 2016