



A/ Deputy Director-General (Operations)

Decision Notice

Matter:	Application for Increase in Gaming Machines
Premises:	Humpty Doo & Rural Area Golf Club 565 Pioneer Drive Humpty Doo NT 0836
Applicant:	Humpty Doo & Rural Area Golf Club Inc.
Nominee:	Ms Christine Wakefield
Submissions:	Amity Community Services Incorporated
Legislation:	Section 41 <i>Gaming Machine Act</i>
Decision of:	A/Deputy Director-General (Operations)
Date of Decision:	9 September 2016

Background

1. On 21 June 2016, Mr Rick Shultze and Mr Christopher Wilkins, Authorised Executive Officers made an application on behalf of Humpty Doo & Rural Area Golf Club Inc ("the Applicant") to increase the number of gaming machines authorised for use at the Humpty Doo & Rural Area Golf 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 – 55 gaming machines in this case.
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 81416621), which is defined under section 3 of the Act as a club liquor licence.
6. The Applicant currently holds Gaming Machine Licence No. GM234 and is seeking to increase the number of gaming machines from its current level of 10 to a proposed new number of 30 gaming machines.
7. The application was accompanied by the prescribed application fee for the 20 additional gaming machines applied for. No levy is payable as the club is not exceeding the previous maximum limit of 45 gaming machines.

A/Deputy Director-General (Operations) Decision Notice

8. The application was also accompanied by the required Community Impact Analysis ("CIA") prepared by DWS Hospitality Specialists.

Consideration and Reasons

9. 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.*
10. 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

11. The Applicant seeks to increase the number of gaming machines from its current level of 10 to a proposed new number of 30 gaming machines, an increase of 20 gaming machines.
12. The Applicant currently holds Gaming Machine Licence No. GM234.
13. Regulation 3 of the Regulations sets the maximum number of gaming machines for a Category 2 licensed premises 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 2 licensed premise pursuant to 2(2)(b) of the Regulations.
14. As such, the Applicant is able to apply for an increase of 20 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

15. 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

16. The CIA states that the current bar occupies 15% of floor space, Dining (inside) 44 %, licensed veranda 34% and gaming 7%. In the event the application for an additional twenty gaming machines is approved, along with the proposed modifications, the bar would occupy 15%, Dining (inside) 27%, licensed veranda 34% and gaming 14%. If the proposed renovations go ahead as planned, this will not increase the licensed footprint of the venue.

Suitability of Premises – primary activity

17. The CIA states that there is a mix of facilities at the venue including two bars, a restaurant, lounge area, outdoor dining, gaming machines, as well as Keno. An 9 hole golf course is located outside along with a driving range and children's playground. Functions are also held within the clubhouse. The club has been in existence since 1986 and has approximately 1100 members spread over seven membership types.
18. The CIA provides information regarding the venue's financial performance. In 2012 the venue's net profit was \$144 900, 2013 - \$184 600 and 2014 - \$75 100. The club has experienced growth since 2012 with an increase of expenses across all categories of expenses. This is attributed to capital improvements made to the club to benefit the members. Gaming has remained relatively stable over the past three years with revenue in the 13-14% bracket. Liquor has also remained a stable revenue at 55%, with golf revenue fluctuating between 22 – 25%. Other revenues have risen from 22% to 29%. It would appear that revenue is spread equally across the three major sources of revenue, with gaming representing the smaller percentage of total revenue.
19. So far as the financial position of the Club is concerned, the CIA concludes that the Club is well managed and revenues are growing across the licensed area. The Club continues to support golfing activities as required by the constitution, including maintenance of the 9 hole golf course.

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 development of the CIA is the sole area of Humpty Doo.
21. Information obtained from the 2011 Census Data shows the LCA area has a population of about 7800, with 5545 being adults. This information is almost 5 years old but it can be reasonably considered that the LCA is an established area and that the total population and adult ratio would not alter significantly in the past 5 years. The LCA is more densely populated than the Litchfield LGA but much lower than the Darwin or Palmerston areas.
22. The LCA has a population density of 50 people per square kilometre, compared to the Darwin LGA of 651 and the NT which is 0.2.
23. 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 indicates that the LCA is an area of medium to high social advantage.
24. 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.
25. The overall SEIFA score for the LCA was 1043 and above the score for the Litchfield LGA of 1032 slightly below that of Greater Darwin which was 1044.
26. The area also has an unemployment rate of 2.7%, which is lower than the NT rate of 4.3% and slightly lower than the LGA rate of 2.9%. It is acknowledged that unemployment rates can vary over time due to a range of economic factors.
27. The CIA indicates that within the LCA there are two other gaming venues in the area, namely the Humpty Doo Tavern with 20 gaming machines and the Humpty Doo Hotel/Motel with 10 gaming machines. At the present time there are 40 gaming machines in the LCA with the Humpty Doo Tavern holding 50%, Humpty Doo Hotel/Motel 25% and the applicant 25%. In the event the application is approved, the total gaming machines in the LCA would increase to 60, the applicant holding 50% of the total in the LCA.
28. 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 has not identified any site within a four kilometre radius, apart from the applicant.
29. Given the rural nature of the LCA and wide geographic spread of sensitive sites in the LCA and LGA, it is unlikely that any additional gaming machines will impact the local community area.
30. It should be noted that the venue has existed on this site for many years without causing any apparent harm to the locality. The Arnhem Highway is nearby and provides the main arterial link to Palmerston and Darwin to the west and to Jabiru and Kakadu National Park to the east, but the clubhouse and parking areas are not in direct sight of the highway. The club is required to contribute gaming revenue back into the club to improve facilities and also to the wider community and with an increase of gaming machines and projected revenue and memberships increases, it is reasonable that this

A/Deputy Director-General (Operations) Decision Notice

contribution to the community and club will increase over time. Therefore it could be argued that an additional 20 gaming machines will have little direct impact on the community but could indirectly assist through higher contributions to the club and other donations or assistance to groups offered by the club.

31. 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

32. The CIA states that according to 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, that 84% of residents within the Northern Territory present as non-problem gamblers, with the remaining being of either low, moderate or high risk.
33. Due to a low response rate (62 out of a catchment of 1432), the CIA states that specific figures relating to the venue subject of this application are not available. Whilst this does not assist in the assessment of this application, I note that in a number of previous CIA's submitted to the Director-General seeking authorisation to increase the number of gaming machines at venues, that the CIA's provided state that caution is suggested in relying on figures provided due to the low level of respondents. As such I do not see that the lack of data in relation specifically to this venue can be considered negatively.
34. In terms of the risk of problem gambling at the Club, the CIA reports that 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.
35. Further information was sought from the Applicant in relation to the venue's Responsible Gambling Incident Register. Staff has advised that they have one person on a self-exclusion and that all gambling related incidents are recorded, however, the Club generally does not have many gambling related issues. The lack of entries could raise concerns that incidents are not being properly recorded, alternatively it may simply be that there are no incidents to record as 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.
36. The policies in place at the venue 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 venue would require any amendment or addition to those policies or existing procedures relating to the management and monitoring of gaming.
37. 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.
38. 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.

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

A/Deputy Director-General (Operations) Decision Notice

39. The CIA states that the venue currently employs 24 local staff (one permanent and 23 casual). The CIA indicates that additional hours may be available to staff if this application is successful but does not outline in any detail what they might be.
40. The CIA reports that 30 community organisations were contacted to ascertain their views on the potential impact of this application within the LCA. Eight organisations responded and their responses are listed below.
41. The community organisations that did not respond are listed in the CIA.
42. 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.
43. 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

44. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on 5 August 2016. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification.
45. No submissions were received as a result of the public advertising. Despite this I am aware of a general submission that has been received from Amity Community Services Inc ("Amity"), for other applications.
46. 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.
47. 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.
48. 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 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. 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.
49. 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.
50. 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

A/Deputy Director-General (Operations) Decision Notice

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.

51. 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.

Gross monthly profit of existing gaming machines operated on the premises

52. Statistical information held by Licensing NT shows that clubs with gaming machines in the Northern Territory averaged, for the 2014/15 financial year, a gross monthly profit of about \$5950 per machine. Hotels/taverns gross monthly profit at the same time was \$6467 per machine. The Humpty Doo & Rural Area Golf Club's gaming machines performed far worse than the industry average with a gross monthly profit at \$2270 per gaming machine.
53. The Financial Analysis provided within the CIA indicates that the venue is performing strongly and presents a strong case for being able to proceed with the installation and operation of the additional machines sought.

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

54. The trading hours for the venue are, Sunday 09:00 hours – 23:59 hours, Monday to Saturday 10:00 hours – 23.59 hours. On a Sunday morning between 09:00 hours and 10:00 hours, liquor can only be sold to members playing a round of golf. No trading Good Friday and Christmas Day.
55. 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

56. The Applicant advises that the focus of the venue will not change and that it will continue to provide a wide range of services which include; golf, gaming machines, Keno, restaurant, bar and other forms of social entertainment for its patrons.

Other matters the Director-General considers relevant

57. The Gaming and Liquor Legislation Amendment Act 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.

A/Deputy Director-General (Operations) Decision Notice

58. 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.
59. The comprehensive CIA prepared for the purpose of this application is analysed in considerable detail above and appears not to have raised any issues specific to why the Humpty Doo & Rural Area Golf Club would not be eligible for additional gaming machines.
60. 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.
61. 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.
62. The Applicant has evidenced their previous adherence to gaming laws and regulation, suggesting an adherence to the requirements.
63. There has been no adverse comments or reports received from Licensing NT departmental personnel in relation to the operation of these premises.

Decision

64. 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 Humpty Doo & Rural Area Golf Club Inc and authorise the increase of the number of gaming machines located at the Humpty Doo & Rural Area Golf Club from the current limit of ten (10) gaming machines to thirty (30) gaming machines. This will not take the Applicant over the statutory limit of fifty five (55) machines for a club liquor licensee.
65. The approved additional twenty (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 Applicant of the details pertaining to the additional twenty (20) gaming machines.

Review of Decision

66. 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.
67. Accordingly the affected persons in relation to this matter are Humpty Doo & Rural Area Golf Club Incorporated and Amity Community Services Incorporated.



Malcolm Richardson
A/Deputy Director-General (Operations)

9 September 2016