

Director-General of Licensing

Decision Notice

Matter:	Application for Increase in Gaming Machines
Premises:	Darwin RSL Services and Social Club Inc. 27 Cavenagh Street DARWIN NT 0800
Nominee:	Mr John Riordan
Submissions:	Nil
Legislation:	Section 41 <i>Gaming Machine Act</i>
Decision of:	Director-General of Licensing
Date of Decision:	21 June 2016

Background

1. On 2 December 2015, Mr John Riordan, Nominee of Darwin RSL Services and Social Club Inc., made application on behalf of the Darwin RSL Incorporated ("the Applicant") to increase the number of gaming machines authorised for use at the Darwin RSL Services and Social Club Inc. ("the venue") 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 – 55 gaming machines in this case.
3. 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.
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 (number 81401558), which is defined under section 3 of the Act as a club liquor licence.
6. The Applicant currently holds Gaming Machine Licence No. GM122 and is seeking to increase the number of gaming machines from its current level of 30 to a proposed new number of 55 gaming machines.
7. The application was accompanied by the prescribed application fee and the prescribed levy for the 25 additional gaming machines applied for.
8. The application was also accompanied by the required Community Impact Analysis ("CIA") prepared by DWS Hospitality Specialists.

9. The Club's application was advertised in the NT News on 2 March 2016. The objection period closed on 31 March 2016.

Consideration and Reasons

10. 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.*
11. 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

12. The Applicant seeks to increase the number of gaming machines from its current level of 30 to a proposed new number of 55 gaming machines, an increase of 25 gaming machines.
13. The Applicant currently holds Gaming Machine Licence No. GM122 and is authorised to operate 30 gaming machines, well below the statutory maximum of 55 gaming machines for a venue holding a club liquor licence.
14. 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 2 licensed premise pursuant to 2(2)(a) of the Regulations.
15. As such, the Applicant is able to apply for an increase of 25 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

16. 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

17. The CIA states that the current gaming area occupies 14% of the venue's total floor plan, if the application for an additional 25 gaming machines is approved the gaming area will be extended and will occupy 18% of the venue's floor plan. This involves making material alterations to the premises that will see the venue's gaming area extended to accommodate the additional gaming machines.

Suitability of Premises – primary activity

18. The CIA states that there is a mix of facilities at the venue including bars, restaurant, cafe, gaming machines, as well as Keno and TAB. The main objective of the Club is to support the RSL, sick and elderly people, current service personnel and other charitable organisations.
19. The CIA provides information regarding the venue's financial performance. In 2012, it is reported that 45% of the venue's revenue was derived from gaming machine activity, in 2013 it was 49% and by 2014 it was 51%. Between 2013 and 2014 there was a 43.4% increase in gross profit from the Club's gaming machine operations, which can most probably be attributed to the introduction of note acceptors and a substantial increase in Club membership.
20. The CIA predicts that gaming will account for about 55% of their revenue by 2020; however, this prediction could be understated as recent financial information shows that the Club's gaming operations are continuing to show substantial growth and could easily exceed these projections.

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

21. The Local Community Area ("LCA") agreed to with Licensing NT for use in the development of the CIA includes the following suburbs, Stuart Park, Fannie Bay, The Gardens, Darwin City and Larrakeyah.
22. Information obtained from the 2011 Census Data shows the area has a population of about 14 800, with 86% being adults. However, this information is almost five years old and there has been considerable growth in the area, particularly the inner city, during this period and it believed the population would now be closer to 17 000 people.

23. The inner city Darwin precinct is comprised of a high proportion of affluent young professionals who rent. This group is an attractive demographic for clubs and hotels, as they are likely to have high disposable incomes and explore regular dining and entertainment options. Suburbs such as Fannie Bay and Larrakeyah are some of the Territory's wealthiest, with high rates of home ownership and disposable incomes.
24. The LCA has a high population density with 1 409 people per square kilometre, compared to the Darwin LGA of 654 and the NT which is 0.2, which is consistent to that of other state and territory capital city CBDs.
25. Statistical information obtained from this data shows that the LCA has a higher proportion of people with higher level qualifications such as bachelor degrees, graduate qualifications or post graduate degrees when compared to the Northern Territory benchmark. There are also a higher proportion of people employed in the managerial and professional categories compared to the broader benchmarks.
26. Household incomes for the LCA are higher than the other Territory benchmarks.
27. 28% of the LCA's residents reported as being non-Australian, the majority of these being from the United Kingdom and Asia.
28. 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 high social advantage.
29. 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 one to ten with one indicating that an area is in the bottom 10% of areas or in other words, the most disadvantaged and ten indicating that the area is in the top 10% of areas thus being the most advantaged.
30. The overall SEIFA score for the LCA was 1 081 higher than Greater Darwin which was 1 044, indicating that the LCA is in an area of relative social advantage.
31. Of the suburbs incorporated within the LCA, the decile scores range between one and ten, with the majority of the LCA being in the nine to ten range, thus being an area of high social advantage. The area also has very low unemployment; it is currently at just over 2%, which is lower than the Darwin LGA of 3.1% and the NT of 4.1%. This indicates that the vast majority of the population within the LCA has a high advantage in terms of access to material and social resources, and ability to participate in society in comparison to the overall population of the Northern Territory.

The CIA indicates that within the LCA there are 16 other gaming venues in the area, these being Top End Hotel, Buff Club, Darwin Bowls & Social Club, Darwin Sailing Club (recently surrendered its machines), Darwin Trailer Boat Club, Ducks Nuts, Globies Tavern, Monsoons, Quality Frontier Hotel, Shenanigans Irish Pub, Squires Tavern, The Cavenagh, The Deck Bar, The Fox Ale House (licence currently suspended), The Darwin Hotel and Skycity Casino. Many of these venues have or are in the process of applying for additional machines and should these applications be approved, the gaming machine density would increase significantly.

32. It is evident that the accessibility to gaming machines by those people residing in the LCA will increase, should this and other similar applications be approved. However, the SEIFA decile scores which identify that the LCA area is generally 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 majority of residents living in the LCA does not mirror the profile of those most at-risk of experiencing harm from gambling.

33. Another consideration to take into account is that whilst the gaming machine density would increase should this and other similar applications be approved, the patron source for this venue and others in this area is not restricted to just residents of the LCA. The LCA does attract a large number of tourists and visitors, which means that the actual gaming machine density may in fact be lower than current and projected figures if these additional persons were taken into account in gaming machine density calculations. Considerations around problem gambling risk management and responsible gambling strategies implemented by the venue must also be taken into account.
34. 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 identified a number of 'at risk sites' which included one counselling practice (Positive Kids), one shopping area (Smith Street Mall), one short term lender (OK Money), and three community organisations (Centrelink, Community Visitor Program and Chung Wah Society Inc.) all within 200 metres of the Club.
35. Within the 400 metres of the site there is a mix of health, counselling and emergency services, two shopping precincts, one church, and several community organisations. There is not any organisation or individual within the LCA that specialise in gambling issues.
36. It should be noted that the venue has co-existed with all these sites for many years without causing any apparent harm to the businesses or locality. The venue is also located within the central business, cultural and entertainment district alongside numerous other gaming venues; therefore it could be argued that an additional 25 machines will have little impact on the above-mentioned sites.
37. 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

38. 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.
39. Due to a low response rate (40 out of a catchment of 498), 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 that I have reviewed in relation to applications 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.
40. The CIA also sets out the policy and procedures underpinning the responsible delivery of gaming services relevant to the venue 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 venue. These are also requirements that must be met to ensure the venue complies with gaming machine audits conducted by Licensing NT officers on a regular basis.

41. Further information was sought from the Applicant in relation to the venue's Responsible Gambling Incident Register. Staff have advised that they have four people on self-exclusions and that all gambling related incidents are recorded, however, the Club states that it generally does not have many gambling related incidents. The Club also has appropriately trained staff on duty at all times to deal with gaming related matters.
42. 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.

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

43. The CIA states that the venue currently employs 26 staff and that they anticipate that if this application is granted that they will need to employ an additional five staff to ensure the safe, efficient and responsible administration of gaming facilities.
44. The CIA also presents a large amount of data pertaining to tourism with these statistics showing that Darwin City is a core tourism destination and accounts for almost 80% of visitor numbers to the Northern Territory.
45. The CIA reports that 23 key entities were contacted to ascertain their views on the potential impact of this application within the LCA. Only eight responses were received and of these six believed it would have a negative impact on the community, one was neutral and another supported the Club's application. The common theme among the objectors was that gambling would have a negative effect on the community; these comments were made as general statements rather than specifically towards concerns against the Club the subject of this application.
46. While the concerns expressed by those organisations that did complete the Community Representative Feedback Survey should be noted and taken into account they cannot in my view given their generalised nature, be afforded much weight when it comes to making a determination on this application.
47. Only four people responded to the Patron Survey and all supported the venue's application for additional gaming machines.

Written submissions in response to the application

48. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on 2 March 2016. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification.
49. No submissions were received relating to this application.
50. Amity submitted a well-researched and evidence-based position paper suggesting the Northern Territory is not underserved with gaming machines at present and an increase in the number of gaming machines will have an overall negative health, social and economic impact on the community and the Northern Territory as a whole. Amity's submission did not make any reference to the Club's application; it was a general statement opposing the introduction of additional gaming machines into the Northern Territory. It was also not lodged within the specified timeframes for objections/submissions to the Club's application.

Gross monthly profit of existing gaming machines operated on the premises

51. 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 \$5 950 per machine. The Club's gaming machines performed above the industry average with a gross monthly profit of almost \$6 380 per machine.
52. As explored earlier in this decision, on the basis of the financial analysis provided and Licensing NT data just over 50% of the venue's revenue is derived from gaming machine activity.
53. Should the application be approved, the cost to the Applicant of installing 25 additional gaming machines will be in the order of \$730K, this includes the fee and the cost of 25 additional machines, but does not include renovation expenses.
54. 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

55. The trading hours for the venue are, Monday to Thursday 10:00 to 23:30 hours, Friday to Saturday 10:00 to 02:00 hours (the following day) and Sunday 10:00 to 22:30 hours.

Size, layout and facilities of the premises

56. As discussed earlier in this report, the CIA includes information about floor space distribution percentages and it appears, from the information available, that some material alterations will have to be made to the venue to accommodate the additional machines requested.
57. The Applicant advises that the objectives of the Club will not change if the application is approved, the objectives being to support the Returned Service League, care and assist for the sick and elderly, ensure the preservation of the memory and record of those who suffered and died for their nation, support current military personnel and support other charities within the community.

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 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 appears not to have raised any issues specific to why the Club would not be eligible for additional gaming machines.

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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 venue under consideration.
62. The CIA suggests the majority of non-government agencies who responded via the Community Representative survey objected to the application as they have concerns that any increases in gaming machine numbers will have a negative effect on the community.
63. Whilst all of these comments are properly made and no doubt indicative of the views of the organisations represented, most 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 the Applicant's 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 approve the application lodged by the Darwin RSL Services and Social Club Inc. and authorise the increase of the number of gaming machines located at the Club. from the current limit of 30 gaming machines to the maximum allowable for the holder of a club liquor licence, namely a maximum of 55 gaming machines.
66. The additional approved 25 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 25 gaming machines once 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. Any application for review of this decision must be lodged within 28 days of the date of this decision. For the purposes of this decision the affected person is the Applicant.



Cindy Bravos
Director-General of Licensing

21 June 2016