

## A/ Deputy Director-General (Operations)

### Decision Notice

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<b>Matter:</b>	Application for Increase in Gaming Machines
<b>Premises:</b>	Darwin Golf Club McMillans Road Marrara NT 0812
<b>Applicant:</b>	Darwin Golf Club Inc.
<b>Nominee:</b>	Mr Geoffrey Peard
<b>Submissions:</b>	Amity Community Services Incorporated
<b>Legislation:</b>	Section 41 <i>Gaming Machine Act</i>
<b>Decision of:</b>	A/Deputy Director-General (Operations)
<b>Date of Decision:</b>	23 August 2016

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### Background

1. On 27 May 2016, Mr Geoffrey Peard, Nominee of the Darwin Golf Club ("the Applicant") applied for an increase in the number of gaming machines authorised for use at Darwin 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.
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 81401431), which is defined under section 3 of the Act as a club liquor licence.
6. The Applicant currently holds Gaming Machine Licence No. GM103 and is seeking to increase the number of gaming machines from its current level of 13 to a proposed new number of 45 gaming machines.
7. The application was accompanied by the prescribed application fee for the 32 additional gaming machines applied for. No levy was due as the Applicant is not exceeding the previous maximum limit of 45 machines.

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 13 to a proposed new number of 45 gaming machines, an increase of 32 gaming machines. The current maximum allowable for this Applicant is 55 machines.
12. The Applicant currently holds Gaming Machine Licence No. GM103.
13. 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.
14. As such, the Applicant is able to apply for an increase of 32 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. Information contained within the CIA indicates that the current gaming area and bar occupies 54 sqm of the total floor space. The Applicant also seeks an increase in the overall footprint of the premises including the bar and gaming area to 144 sqm, almost three times the size. It is expected with all renovations planned if approved the gaming and bar area will be 20% of the premises.

### Suitability of Premises – primary activity

17. The CIA states that there is a mix of facilities at the venue including a bar, Chinese restaurant which is independently leased, lounge area, outdoor dining, gaming machines as well as KENO and TAB. The venue also has a full golf course and holds functions at the premises from time to time.
18. The CIA provides information regarding the venue's financial performance. In 2014 the venue's net profit was \$257K increasing to \$371K in 2015 and has recorded profits for the past six years. As at the end of 2015 gaming represented 6%. It is submitted the increase of machines will return an increase to 9%.
19. On the basis of the financial analysis provided, it appears that gaming has not previously been a significant contributor to the venue's revenue. Given the Applicant is seeking to treble the number of gaming machines at the premises it must be accepted they expect to grow and drive gaming revenues. It is therefore somewhat conjecture what net effect this will have on revenues. Whilst it cannot be said the primary activity of the premises is that of its gaming machines, they clearly intend for them to play an increasingly important role in the operation and growth the club. To suggest otherwise would be contrary to such an increase.

### 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 includes the following areas, Anula, Malak, Marrara, Moil and Wulagi.

21. Information obtained from the 2011 Census Data shows the LCA area has a population of about 11,807 with 8,494 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 Darwin LGA with most people living within the Darwin LCA when compared with the Darwin LGA and the Northern Territory. The suburbs of Moil and Wulagi have a higher residential area.
22. The LCA has a wide spread of age demographics with a slightly higher proportion of residents aged 0-17 coupled with the age groups of 30-39 and 40-49 indicating families in the area. This accords with the Applicants approach of the family market being part of their community engagement. The gender split is 50/50 and a lower instance of 18-29 age bracket when compared to the greater Darwin area.
28. 10.1% of LCA's residents were identified as being Indigenous (Aboriginal and/or Torres Strait Islander) which is more than the Greater Darwin area LGA of 8.1 % and slightly lower than the Northern Territory wide figure of 25.7%. The areas of Malak and Marrara have a higher proportion of Indigenous residents than the LCA of at 10.7% and 8.5% respectively.
29. The proportion of indigenous residents in the LCA is approximately 50% lower than that of the overall Northern Territory. Research shows that the Indigenous population are more likely to be pathological gamblers compared to non-Indigenous people (refer The Productivity Commission Inquiry Report 2010). The LCA's slightly lower Indigenous profile could lower the risk associated with problem gambling in the catchment area.
30. 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. The education profile of the LCA is consistent with the age demographics of the LCA coupled with the majority of workers employed in management and professional area (31%), Clerical and sales (38%) followed by tradespeople at 16%, production and transport 6%, labourers 9% and 2% not stated.
31. Weekly house hold incomes for the LCA is evenly spread across four main income streams with only 6% of the population earning \$2,000+ gross per week in income. The following are the gross weekly incomes: \$1- \$399 (17%), \$400 - \$799 (17%), \$800 - \$1,249 (21%) and \$1,240 - \$1,999 (19%).
32. 22% of the LCA residents reported as being non-Australian, the majority of these being from Asia, the United Kingdom and New Zealand. However 11% of the population did not state their country of origin.
33. 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 relative social advantage, being slightly below that of the Darwin LGA area. The areas of Malak and Marrara being the least advantaged in the LCA with a higher unemployment rate.



34. 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.
35. The overall SEIFA score for the LCA was 1,022 slightly below that of Greater Darwin which was 1,044, and below Litchfield LCA which was 1,032.
36. The area also has an unemployment rate of 4.0%, which is lower than the NT rate of 4.3% but higher than the LGA rate of 3.1%. It is acknowledged that unemployment rates can vary over time due to a range of economic factors.
37. Within the LCA there are six other gaming venues in the area, those being the Hibiscus Tavern, Airport Hotel, St Mary's Football Sporting and Social Club, PINT Club, Plaza Karama Tavern and the Darwin North RSL Services Club. It is noted that last premises mentioned is presently under administration as appointed by the Director-General. Many of these venues have or are in the process of applying for additional gaming machines. It is also noted just outside of the LCA that are other gaming venues a short distance such as the Casuarina All Sports Club with recently had approval to increase their gaming machines to 55.
38. It is evident that the accessibility to gaming machines by people residing in the LCA will remain increase in the event this or the other applications are 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.
39. Another consideration to take into account is that whilst the gaming machine density would increase, the patron source for this venue and others is not restricted to just residents of the LCA. This applicant distinguishes many others in that they are a golf club and course; therefore their patron base is extended past their LCA and may stretch across all of Darwin. Visitors to club also will be from intra and interstate. The venue is easily able to access tourists and visitors who travel for sporting holidays and the like. Considerations around problem gambling risk management and responsible gambling strategies implemented by the venue must also be taken into account.
40. 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 this case, it is submitted by the CIA there is one sensitive site being the Northlakes Shopping Centre approximately 200 metres away.
41. In the wider LCA, within 400 metres of the venue there is a mix of housing and a shopping centre. In the wider LCA there are schools, churches and sporting venues, no aged care facility and no organisation that specialises in gambling issues.

42. It should be noted that the venue has existed on this site for many years without causing any apparent harm to the businesses or locality. The Stuart Highway is nearby and provides the main arterial link from Katherine and to Darwin; however the club and parking areas are not within sight of the highway.
43. The club is required to contribute gaming revenue back into the club to improve facilities and also to the wider community. With the increase of gaming contributions this is expected to continue.
44. The club ran ten charity golf days in 2015 raising over \$136K for charity and have made numerous donations to other organisations. These have been listed in the CIA.
45. 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**

46. 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.
47. Due to a low response rate of 68 from a catchment of 741 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.
48. 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.
48. 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 and they submit they record all incidents however there are none of note.
49. 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.
50. 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**

53. The CIA states the venue currently employs ten staff, all local residents with three permanent and seven casual. The restaurant is leased and the club is using a company to maintain the golf course. They anticipate in the event this application is approved they will need to employ additional personnel.
54. The CIA reports 23 organisations were contacted to ascertain their views on the potential impact of the application within the LCA. Eight organisations responded and their responses are provided below. These organisations included Darwin Aboriginal & Islander Women's Shelter, the Chamber of Commerce, Anula Primary School, Breakthrough Psychology, St Vincent de Paul Society, Karama Child Care Centre, Darwin International Church and Sommerville Community Services.
55. Invariably each comment suggested there would be a negative impact in the event additional gaming machines are approved. Upon reviewing these responses, I note that a common theme among the respondents is that gaming machines target vulnerable groups.
56. A patron survey was undertaken by the venue with seven patrons providing written responses most provided a name. All comments were supportive of the application. This is very small representation of the total number of members and therefore what weight may be placed on the submissions is able to be challenged.
63. 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

**Written submissions in response to the application**

64. As required by section 41B of the Act, notification of the application was advertised in the Northern Territory News on 27 May 2016. Pursuant to the Act, a written submission may be made to the Director-General within 30 days of the notification.
65. 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.
66. 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.
67. 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.
68. 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.

69. 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.
70. 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.
71. 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.
72. 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**

73. 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 Darwin Golf Club records that the average gross monthly profit per machine is \$1,154, which is significantly down on the Northern Territory average of \$6,467 per machine.
74. In the event this application is approved, the Applicant will be trebling their gaming machines at the cost of approximately \$800K (32 machines).
75. The financial analysis provided with the 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**

76. The trading hours for the premises are, Monday to Friday, 10:00 to 23:30hrs, Saturday 10:00 to 01:00hrs the following day and Sunday between 10:00 and 22:00 hrs.

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

77. The premises advise it is their intention to renovate and extend the licensed area. At the time of this report a formal application for the necessary material alterations has not been made and will need to be approved prior to the purchasing of any machines.



78. The Applicant advises the focus of the venue will not change and that it will continue to provide a wide range of services and focussing on the golf and member services.

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

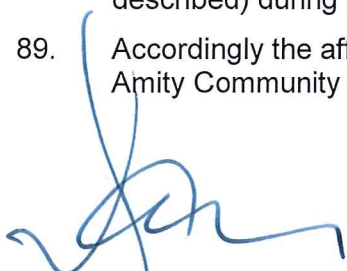
79. The Gaming and Liquor Amendment Bill of 2015 amended the Act to effectively lift the previously imposed cap on authorisations of gaming machines in licensed hotels, taverns and clubs in the Northern Territory. As well as lifting the overall cap, the amendments also provided for an increase of the 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.
80. 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.
81. The comprehensive CIA prepared for the purpose of this application has been analysed in considerable detail and no issues arise which would preclude the approval of this application.
82. 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.
83. 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.
84. The Applicant has evidenced their previous adherence to gaming laws and regulation, suggesting an adherence to the requirements.
85. There has been no adverse comments or reports received from Licensing NT departmental personnel in relation to the operation of these premises.

**Decision**

86. 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 Darwin Golf Club Inc and authorise the increase of the number of gaming machines located at the Darwin Golf Club from the current limit of 13 gaming machines to 45 machines. This will not take the Applicant over the statutory limit of 55 machines for a club liquor licensee.
87. The additional approved 32 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

88. 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.
89. Accordingly the affected persons in relation to this matter are Darwin Golf Club Inc. and Amity Community Services Incorporated.



**Mark Wood**  
**A/Deputy Director-General (Operations)**

23 August 2016