



Victorian Commission for Gambling and Liquor Regulation

DECISION AND REASONS FOR DECISION

In the matter of an application under section 3.4.17(1)(b) of the *Gambling Regulation Act 2003* by Spar Holdings Pty Ltd for amendment of its venue operator's licence to vary the number of gaming machines at the approved premises the Sugar Gum Hotel, 2 Gourlay Road, Sydenham from 50 to 70 gaming machines.

Commission

Mr Bruce Thompson, Chairman

Mr Robert Kerr, Commissioner

Appearances

Ms Nicola Collingwood of Counsel for the Applicant
(instructed by Bazzani Scully Priddle Lawyers)

Ms Lynette Green on behalf of Melton City Council

Mr Justin Ghattas as Counsel Assisting the
Commission

Date of Hearing

28 May 2013

Date of Decision

5 July 2013

Decision

That the application be granted.

Signed

Mr Bruce Thompson

Chairman



REASONS FOR DECISION

INTRODUCTION

1. This is an application by Spar Holdings Pty Ltd (**the Applicant**) for amendment of its venue operator's licence to vary the number of electronic gaming machines (**EGMs**) operating at the Sugar Gum Hotel, 2 Gourlay Road, Sydenham (**the Hotel**), from 50 to 70.
2. The Applicant is a corporate entity owned by Melbourne Racing Club Investments Pty Ltd (**MRCI**), which is a wholly owned subsidiary of the Victorian Amateur Turf Club (**VATC**), incorporating the Melbourne Racing Club (**MRC**). MRC own several subsidiary companies, with MRCI operating several approved gaming venues throughout Victoria with EGM facilities.
3. The relevant municipal authority is the City of Melton (**Council**). Council opposed the Application and was represented by Ms Lynette Green, a Council officer, at the hearing of the Application.

THE LEGISLATION AND THE TASK BEFORE THE COMMISSION

4. Gambling on EGMs is a legal recreational and commercial activity in Victoria so long as it is done in accordance with the *Gambling Regulation Act 2003* (**the Act**). The Act recognises that, notwithstanding individual rights of self-determination, gaming on EGMs causes harm to some communities and some members of some communities.¹ For this reason the Act includes safeguards to ensure an appropriate balance is struck between a lawful and legitimate recreational activity for some and harm for others. In particular, the balance is maintained by requiring an applicant who wishes to increase the number of EGMs at a venue to satisfy the Commission of the "no net detriment test" and the other matters set out in section 3.4.20(1) of the Act.²
5. The no net detriment test requires the Victorian Commission for Gambling and Liquor Regulation (**the Commission**) to weigh the likely positive social and economic impacts of an application against the likely negative social and economic impacts. The test will be satisfied if, following the weighing of any likely impacts, the Commission is satisfied that the net

¹ See: s 1.1(2) of the Act.

² See: *Romsey Hotel Pty Ltd v Victorian Commission for Gambling Regulation* [2009] VCAT 2275, [247] (Bell J).



economic and social impacts of approval on the well-being of the relevant community will be either neutral or positive.³

6. Further, section 3.4.19 of the Act allows the Council to make a submission addressing the economic and social impact of the proposal on the wellbeing of the community and taking into account the impact of the proposal on surrounding municipal districts. The Commission is bound to take this submission into consideration when applying the no net detriment test. This recognises the special role of local government in representing the people of a community.⁴

THE SHIRE OF MELTON AND THE SUGAR GUM HOTEL

7. The Shire of Melton (**Melton**) is a metropolitan Local Government Area (**LGA**) located approximately 40 kilometres west of Melbourne and includes the major regional centres of Melton, Diggers Rest and Hillside. Melton occupies two Statistical Local Areas⁵ (**SLAs**), Melton and Melton East.
8. Melton is subject to a regional cap of 659 EGMs⁶. Currently there are seven gaming venues in the municipality operating a total of 487 EGMs. The Hotel is one of three venues approved for gaming within the Melton East SLA. Recently, the Commission approved an application for an increase of 6 EGMs at The Club – Caroline Springs, one of the two other gaming venues within the Melton East SLA. The Commission understands that, while approved, the increase in EGMs at The Club has not yet been implemented.
9. If this application is to be granted, and taking into account the additional 6 EGMs to be installed at The Club, an additional 20 EGMs at the Hotel will increase the number of EGMs operating in Melton up to 513.
10. Melton currently has an average of 5.71 EGMs per 1,000 adults which is 2% more than the metropolitan average and 2% less than the State average. Expenditure on EGMs in Melton for the 2011-12 financial year was approximately \$56,522,260, which equates to an average expenditure per adult of \$662, which is 4% more than the metropolitan average and 10% more than the State average. Gaming expenditure in Melton has increased by 18% in real

³ *Macedon Ranges Shire Council v Romsey Hotel Pty Ltd* (2008) 19 VR 422, 435 (**Romsey**).

⁴ *Romsey Hotel Pty Ltd v Victorian Commission for Gambling Regulation* [2009] VCAT 2275, [247] – [249].

⁵ The Statistical Local Area (SLA) is an Australian Standard Geographical Classification (ASGC) defined area which consists of one or more Collection Districts (CDs). SLAs are Local Government Areas (LGAs), or parts thereof. Where there is no incorporated body of local government, SLAs are defined to cover the unincorporated areas. SLAs cover, in aggregate, the whole of Australia without gaps or overlaps.

⁶ Pursuant to section 3.4A.5(3A)(b) of the Gambling Regulation Act 2003 the Victorian Commission for Gambling and Liquor Regulation determined, in accordance with the criteria specified in the Minister for Gaming's Order on 15 August 2012, the maximum permissible number of gaming machine entitlements under which gaming may be conducted in each region.



terms over the last five years, compared to a 17.2% decrease in metropolitan Victoria over the same period. However, population growth in Melton has been rapid, such that real gaming expenditure per adult in Melton has decreased in real terms by approximately 15% in the last five years.

11. The Melton East SLA is ranked 36th out of the 79 metropolitan SLAs on the SEIFA scale for disadvantage,⁷ indicating that the SLA in which the Hotel is located does not show significant signs of disadvantage.
12. When broken down into a Census Collection District level, 73% of collection districts within a 5km radius of the Hotel are in the third, fourth and fifth quintiles of disadvantage, indicating that most of the areas surrounding the Hotel do not exhibit particular signs of disadvantage.

THE MATERIAL BEFORE THE COMMISSION

Applicant submissions

13. The Applicant provided the Commission with material to establish the economic and social benefits that approval of the application would bring to the municipality:
 - a) Social and Economic Impact Report, prepared by Ms Colleen Peterson of Ratio Consulting Pty Ltd, dated January 2013 (**the January Ratio Report**);
 - b) Addendum to the Social and Economic Impact report, prepared by Ms Colleen Peterson of Ratio Consulting Pty Ltd, dated May 2013 (**the May Ratio Report** and collectively with the January Ratio Report, **the Ratio Reports**);
 - c) Gaming Expenditure Estimate Report prepared by Mr Michael Clyne of Progressive Venue Services (**the PVS Report**);
 - d) Witness Statement of Claude Monaco, Manager of the Sugar Gum Hotel, dated February 2013.
 - e) Witness Statement of Broderick Ernst George Arnhold, Treasurer of the Victorian Turf Club, dated February 2013;
 - f) Witness Statement of Simon Gerard Gardner, CEO of Melbourne Racing Club Investments Pty Ltd, dated February 2013, incorporating the letter of endorsement from Mr Leigh Barrett at Annexure 4;

⁷ Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS to assist in the assessment of the welfare of Australian communities. The SEIFA Index allows the ranking of regions/areas, providing a method of determining the level of social and economic well-being in each region.



Ms Colleen Peterson

14. The Applicant engaged Colleen Peterson, a Director of Ratio Consultants Pty Ltd (**Ratio**), to prepare a social and economic impact statement to accompany the Application. Ms Peterson gave evidence at the hearing of the application and was cross-examined. The Commission accepts that Ms Peterson is qualified to give an expert opinion on the likely social and economic impacts of EGMs.
15. As well as summarising the findings of her report, Ms Peterson also outlined the methodology she employed in reaching her conclusions on the social and economic impact of this Application in the LGA.
16. In terms of the social and economic profiles of the City of Melton, Ms Peterson told the Commission that the area immediately surrounding the Hotel shows few signs of disadvantage and little to no signs of significant disadvantage. Ms Peterson acknowledged that residents from the suburb of Melton, approximately five kilometres to the south-east of the Hotel, experience significant levels of disadvantage. However, in Ms Peterson's opinion the vulnerability of those residents is unlikely to increase as a result of this application as the increase is relatively minor with respect to the current level of EGMs in the municipality and those residents already have access to EGMs through other gaming venues closer to Melton.
17. As part of Ratio's assessment of social and economic impacts of the proposal, a patron survey of the gaming room was undertaken. The results of the survey show that the Hotel patrons are drawn from suburbs surrounding the Hotel – Melton, Brimbank, Diggers Rest and Hillside.
18. Ms Peterson told the Commission that the approval of the Application will result in a number of social and economic benefits for the residents of Melton and the surrounding areas, including:
 - A staged renovation to the Hotel which will improve the attractiveness, functionality and competitiveness of the venue which, in turn, benefits the Hotel's patrons;
 - The extension to the children's play area;
 - A slight economic benefit for the community derived from the anticipated increase in gaming expenditure;



- An increase in short term employment associated with the renovation works to be undertaken at the venue, as well as the expectation that additional employees at the Hotel will likely be sourced from the municipality;
- Better accessibility to EGMs during peak times for those who partake in gaming as a legitimate recreational activity.

19. In terms of disbenefits, Ms Peterson noted that, as with all applications that increase accessibility to gaming, the key concern is a risk of an increase in problem gambling. In Ms Peterson's opinion, approval of this application is unlikely to increase the rate of problem gambling within the City of Melton as:

- There is already access to EGMs within the municipality;
- 20 additional EGMs will only have an impact when there is peak utilisation of the EGMs currently operating at the venue (which does not occur very often);
- Gaming is one component of a larger food and entertainment offering at the Hotel;
- The anticipated increase in EGMs within the municipality is very modest and is unlikely to have a material impact on expenditure derived from problem gambling, especially considering the population growth that is evident in the municipality;
- The venue operator takes its responsible service of gaming obligations very seriously and is committed to minimising harm associated with problem gambling in its venue.

20. Ms Peterson described the location of the Hotel in relation to other aspects of Melton, with particular regard to nearby child-care facilities. Ms Peterson indicated that in her opinion the proximity of a child-care facility to a gaming venue, in and of itself, did not raise any particular concerns. Ms Peterson noted that there is little evidence to suggest an established link between proximity of child-care facilities to gaming venues and vulnerability to the impacts or incidence of problem gambling.

21. Ms Peterson reiterated that approval of this application would result in a net positive social and economic impact on the community.



Mr Michael Clyne

22. The Applicant provided the Commission with an expenditure report prepared by Mr Michael Clyne for Progressive Venue Services (**PVS**). Mr Clyne was engaged by PVS to critique and present the outputs of the Geotech Model which is used to estimate likely EGM expenditure in gaming venues. The Geotech Model is a retail gravity geo-spatial model which has previously been accepted as a guide by the Commission.
23. Mr Clyne is an independent gaming expenditure consultant who has appeared before the Commission to give evidence on many occasions. The Commission accepts that Mr Clyne is qualified to give an opinion on matters of gaming expenditure.
24. Mr Clyne told the Commission that the Geotech Model predicted that the annual expenditure on the 20 EGMs to be installed at the Hotel would be approximately \$2,602,579, of which 81% would be transferred from other gaming venues.
25. Mr Clyne told the Commission that due to the Hotel's close proximity to the City of Brimbank (**Brimbank**), the Geotech Model predicted that a significant amount of expenditure would be transferred from gaming venues within Brimbank into Melton. The Geotech model predicted that as much as \$1,506,847 would be transferred from gaming venues in Brimbank to the Hotel should this application be approved.
26. Additionally, in Mr Clyne's view, the transferred expenditure estimate predicted by the Geotech Model should be discounted to allow for the fact that the Hotel is situated in a growth corridor so that an increase in new expenditure would be brought to the region by virtue of significant population growth. Mr Clyne told the Commission that in his opinion, it would be appropriate to adopt a transferred expenditure percentage of 75%, rather than 81%.
27. When taking into account the adjustment to the transfer expenditure prediction, Mr Clyne concluded that an additional 20 EGMs at the Hotel would generate \$2,602,579 in the first 12 months of operation, of which \$1,951,934 would be transferred from other gaming venues in Melton and Brimbank and \$650,645 would be the net new gaming expenditure.
28. The Commission accepts Mr Clyne's estimate as a reasonable approximation, sufficient to inform its decision.



Mr Claudio Monaco

29. Mr Monaco is the Manager of the Hotel for which the EGM increase application has been made. Mr Monaco provided the Commission with a witness statement which he adopted, and gave evidence at the hearing of the application. Mr Monaco has considerable experience in the hospitality industry and has been in his current role for approximately seven years.
30. Mr Monaco told the Commission that the Applicant operates the Hotel, along with a suite of other hotel ventures around Victoria that fall within the same investment group. Mr Monaco outlined the current state of operation at the Hotel, particularly with reference to the local competitors and the relatively poor state of operation of the Hotel.
31. According to Mr Monaco, the Hotel is aiming to expand the business to allow for future renovations, as well as providing a diverse venue for patrons. Mr Monaco gave evidence that increasing the number of EGMs at the venue will enable greater choice of EGMs to patrons and add extra capacity for when the gaming room is operating at its peak.
32. The Commission questioned Mr Monaco as to the level of peak usage in the gaming room, which has relatively few instances of reaching the 70% threshold. Mr Monaco accepted the statistical conclusions reached by the expert reports, which indicated that peak utilisation occurred three times in total during a two week sample period. Nonetheless, Mr Monaco opined to the Commission that the gaming area generally has a good level of patronage.
33. Mr Monaco gave evidence as to instances where patrons have left the venue due to a lack of availability of particular EGM facilities to cater for their preferences. Mr Monaco provided examples of such instances and outlined how these impact the viability of the Hotel and its competitiveness in the municipality.
34. Mr Monaco outlined the commitment that the Hotel has to the community, and detailed that should the Application be approved, the Hotel will provide cash donations of \$40,000 annually for the benefit of the community. This donation will be made in addition to the current \$15,000 that the Hotel is currently committed to donating to community organisations.

Mr Broderick Ernst George Arnhold

35. Mr Arnhold is the Treasurer of the VATC and the Director of the Applicant, Spar Holdings Pty Ltd. Mr Arnhold provided the Commission with a witness statement as well as giving further oral evidence.



36. Mr Arnhold provided the Commission with a description of the processes that both the parent and subsidiary companies have in place to regulate the gaming activities at the venues operating within their corporate collective, such as the “code red” and “code yellow” incident reporting system and the processes that are in place from the perspective of both community protection and corporate governance of the MRC companies.

Mr Simon Gerard Gardner

37. Mr Gardner is the CEO of MRCI, the corporate entity that owns the Applicant company, Spar Holdings Pty Ltd. Mr Gardner provided the Commission with a witness statement.
38. Mr Gardner also gave further oral evidence as to the nature of the business at the Hotel, as well as the need for renovations to occur at the venue so as to ensure that the operation of the Hotel remains competitive and viable in the long term.
39. Mr Gardner provided the Commission with a background of the MRCI operations, with the diversification of business occurring since the reduced financial success that MRCI have experienced with respect to thoroughbred racing.
40. Mr Gardner detailed the proposed improvements and renovations that would be implemented at the Hotel should the Commission approve the Application. These changes included an expanded bistro and function spaces, multiple venue entry points, and outdoor dining facilities.
41. Mr Gardner reiterated the commitment that the Hotel has to the community, and supported the increase in donations as stated by, Mr Monaco.

Mr Leigh Barrett

42. Mr Barrett is an independent consultant who specializes in the provision of regulatory compliance services for gaming venues in Victoria. Mr Barrett provides venue operators with staff training and responsible service of gaming policy development. The Commission has previously accepted that Mr Barrett is qualified to give expert evidence on matters of gaming regulatory compliance. Mr Barrett gave evidence at the hearing of the application and was cross examined.
43. Mr Barrett told the Commission that he had been engaged to review the Hotel's responsible service of gaming compliance and measures for implementation to improve the regulatory compliance standards at the venue.



44. In Mr Barrett's opinion, the attitudes and practices of the staff at the Hotel, including the promotion of constant interaction by staff with patrons will help to minimise instances of problem gaming at the Hotel after the installation of the additional 20 EGMs.
45. Mr Barrett told the Commission that he had conducted a recent audit of the Hotel and, when compared with other hotels of a similar nature, this venue had an excellent compliance record. Mr Barrett's assessment included a review of the Hotel's gaming incident register, noting that two to three incidents were recorded per month on this register. Mr Barrett outlined the types of incidents that were recorded on the register, with most of the recorded incidents involving agitated or aggressive patrons, some of which were influenced by alcohol consumption.
46. Mr Barrett was questioned by the Commission as to whether the screens that the Hotel intends to install to shield the bistro from the gaming area on the proposed floor plan would be effective for both the prevention of entry into, and observation of, the gaming area by minors, as well as for supervision by gaming area staff. Mr Barrett was confident that these measures were appropriate for the venue and would allow for staff to supervise the gaming floor, combined with regular walks of the gaming room floor by staff so as to monitor the patron use of EGMs.

Council submissions

47. Council provided the Commission with material to discuss the economic and social detriments that approval of the application would bring to the municipality:
48. The Council provided the Commission with material in support of its opposition, including:
 - a) Correspondence from Bill Jaboor, CEO Brimbank City Council to Kelvin Tori, CEO City of Melton;
 - b) Economic and Social Impact submission, dated 3 May 2013;
 - c) Social and Economic Impact Assessment, prepared by Matthew Low of Capire, dated 6 May 2013.

Mr Matthew Low

49. Mr Low is a social planner and researcher employed by Capire Consulting Group (**Capire**). Mr Low undertook the Social and Economic Impact Assessment at the Hotel on behalf of Capire. Capire were engaged by the City of Melton to conduct the Assessment in respect of this Application.



50. Mr Low provided the Commission with testimony in relation to the findings of his report, with an explanation of the results and statistics as well as the methodology employed.
51. The Commission questioned Mr Low on various aspects of his findings, particularly the assumptions as to catchment areas that were used in the preparation of his Report. Mr Low outlined his findings in this particular instance, which highlighted areas of disadvantage within a 5km radius from the venue.
52. The Commission commented that this measurement was commonly used in rural areas when assessing the social and economic impact that an application would have on the community. The metropolitan measurement used is a 2.5km radius from the venue, which indicated that the area in the immediate vicinity of the Hotel was significantly more advantaged than those areas indicated in the wider 5km measurement.
53. In his report, Mr Low outlined the positive and negative impacts on the community of the proposed EGM increase at the Hotel. Mr Low's assessment of the impacts of approval can be summarised as follows:
 - Recreational opportunities will create a moderate benefit to the local community, taking into account the expected population growth and increased demand for EGMs as a legitimate recreational activity;
 - The Applicant has indicated that they will increase community contributions by \$40,000 per annum, which will create a moderate social benefit for the community. This is equivalent to 0.4% of EGM expenditure at the venue and 3.6% of problem gambling expenditure at the venue;
 - Seven full-time equivalent employment opportunities will be created at the venue, which will have a positive social and economic impact on the community. This may be offset by decreases in employment at alternative venues;
 - The number of EGMs in a venue can have a negative social and economic impact on the community by increasing the occurrence of problem gambling. The scale of a venue can increase the persistence and speed of betting behaviour. This is particularly significant in the context of problem gamblers;
 - A large proportion of new expenditure will be redistributed away from the local communities and back toward the south-east of Melbourne. This is reflective of the location of MRC members, and would have a negative social and economic impact on the local Melton and Brimbank communities.



Commission material

54. Additionally, the Commission considered an Economic and Social Impact Report dated May 2013 and two reports prepared by VCGLR staff, being a Pre-Hearing Inspection and Compliance Report, and the Size, Layout and Facilities Report, both undated.

LIKELY ECONOMIC IMPACT OF APPROVAL

55. There is often a large degree of overlap between economic and social impacts of applications to operate EGMs. The Commission considers it useful for the purpose of balancing community benefits and detriments that a thorough analysis and identification of the economic and social impact on the community be undertaken.
56. The Commission accepts that approval of this Application will result in an increase in gaming expenditure at the Hotel of approximately \$2,600,000 over the first 12 months. On all of the material presented to it, the Commission considers that a substantial portion of the additional expenditure to be derived from the additional EGMs will be transferred from other venues. However, the Commission notes that it is never possible to quantify with absolute certainty the exact amount of revenue that would be drawn from other venues.
57. Given that total expenditure in the venue is a function of both fresh and transferred expenditure, it follows that a lower transfer rate will lessen the increase in total gaming expenditure in the venue. Any uncertainty surrounding the net new expenditure forecast would thereby also be reduced.
58. In respect of this application with the available material and submissions by the parties before it, the Commission considers Mr Clyne's estimated transfer percentage of 75% to be not unreasonable when taking into account the accessibility to EGMs within Melton and its predicted above average growth. Accordingly, the Commission considers that it is likely that approval of this Application will result in an increase in the net new gaming expenditure at the venue of approximately \$650,000, accepting some inevitable uncertainty surrounding such a forecast.
59. Following the recent comments of the Victorian Civil and Administrative Tribunal⁸, the Commission notes that regardless of what analytic tools are employed, a large element of judgement is necessary in forecasting. The Geotech model used for forecasting in this and many other cases has, in the Commission's view, a sound commercial logic and history, including outside the gambling industry, even though its internal workings are not fully



available for inspection (for proprietary reasons). The Commission has also considered both in this and previous matters before it, the major inputs to the model, which it has determined gives some credibility to the forecasts. Obviously, no model can incorporate the very many real life variables that influence expenditure trends.

60. The Commission has regularly called for and received evidence of past forecasting accuracy of the Geotech model. The evidence tends to suggest that outcomes are more conservative than forecast (i.e. expenditure increases turn out to be lower than forecast). Moreover, the Commission believes it to be good practice to cross check the forecast of any particular methodology against another method, and in this case has considered a comparison of marginal new EGM expenditure against average existing EGM expenditure.
61. This approach by the Commission takes into account the understanding that expenditure adds simultaneously to economic benefits and social costs, and that the forecasting uncertainty is small in relation to total EGM expenditure in the municipality and small in relation to trend changes in total EGM expenditure.
62. The Commission notes that a significant portion of expenditure is expected to be drawn from gaming venues in Brimbank and that the Geotech Model's estimate of a net increase in expenditure within Melton itself is \$2,000,278. This increase in expenditure represents an increase of about 3.6% of the municipality's total gaming expenditure.
63. The Commission considers there to be a marginal economic benefit associated with this application through an increase in gaming expenditure within the municipality. The Commission considers gaming expenditure (excepting that associated with problem gambling) is legitimate consumption expenditure undertaken by a majority of users that are enjoying a recreational activity. The Commission notes that the Productivity Commission considers this associated consumer surplus to be the larger source of benefit from gaming.⁹
64. The Commission also notes that the economic benefit to Melton that is associated with the expenditure drawn from Brimbank gaming venues is offset by the loss in expenditure and economic stimulus that will be experienced by the community of Brimbank.
65. The Commission considers the capital works associated with the venue will bring moderate economic stimulus, both in the construction phase and the ongoing operation of the improved venue. Traditionally, employment impacts are viewed largely as transfers (e.g. by

⁸ In particular, the decisions of *Mount Dandenong Tourist Hotel Pty Ltd v Greater Shepparton CC* [2012] VCAT 1899 and *Francis Hotel Pty Ltd v Melbourne* [2012] VCAT 1896.

⁹ Australian Government Productivity Commission, "Productivity Commission Inquiry Report: Gambling", Volume 1, No. 50, 26 February 2010.



the Productivity Commission), but in this case of a rapidly growing municipality, new jobs offer a small benefit.

66. Accordingly, the Commission considers that there will be a marginal positive economic impact on the community if the Application were to be approved.

LIKELY SOCIAL IMPACT OF APPROVAL

67. Wherever accessibility to EGMs is increased, there is always a risk of an increase in problem gambling, which leads to other economic costs such as lost productivity, increased health and social service requirements and other social costs. Overall, the Commission accepts that there is a small potential for some social downside of the application through possible increased problem gambling expenditure. While noting the research about venue scale and problem gambling, the Commission considered that this particular proposed EGM increase was not demonstrated to carry a threshold risk.
68. It is not persuasive to compare (as in the Capire Report¹⁰) the increase in cash community contributions to total EGM revenue, (the marginal increase in venue profit would arguably be a more appropriate base). Nor can the Productivity Commission's (now somewhat dated) estimate of total EGM revenue attributable to problem gamblers be applied to any particular venue without regard to its history and circumstances.
69. Overall, the Commission is satisfied that the potential for an increase in problem gambling is minimal due to not unfavourable demographics of the local community and the responsible service of gaming policies of the Applicant, which has demonstrated a lack of problems at this venue.
70. The Commission considers that a redeveloped venue with improved accessibility will provide a social benefit to the community and that the proposed increase in community contributions of \$40,000 will have a positive social benefit.
71. After considering the social benefits of the proposal, balanced against the detriments, the Commission considers that, on the balance, the likely social impact of the proposal will be neutral.

CONCLUSION

72. The no net detriment test in section 3.4.20(1)(c) of the Act requires the Commission to weight the likely positive social and economic impacts of an application against the likely

¹⁰ Low M, "Social and Economic Impact Assessment: Sugar Gum Hotel, Hillside", Capire Consulting Group, 6 May 2013.



negative social and economic impacts. The test will be satisfied if, following the weighing of any likely impacts, the Commission is satisfied that the net economic and social impacts of approval on the wellbeing of the relevant community will be either neutral or positive.¹¹

73. After consideration of the material put forward by both the Applicant and the Council, and an inspection of the Hotel conducted by a VCGLR staff member, it is concluded that the social and economic impacts of the proposal are likely to be neutral or slightly positive. The issues raised by the Council were a reminder of the possible concerns, including the theoretical matters, but did not, in the Commission's view, have much traction in this case.
74. The Commission has reviewed the conditions put forth by the Applicant with respect to the completion of the building works, however does not consider it necessary to impose any of the conditions on this approval. This may be appropriate if significant weight was placed on these matters and there was some doubt about the *bona fides* of the Applicant. That is not the case in this Application.
75. On the material that has been put before it, the Commission is satisfied of the other matters in section 3.4.20(1). The Commission is also satisfied that the Applicant understands and will continue to act on its obligations to, so far as is reasonable, take measures to prevent problem gambling. Accordingly, the Commission is satisfied that it should exercise its discretion to approve the Application.

The preceding paragraphs are a true copy of the Reasons for Decision herein of Mr Bruce Thompson, Chairman and Mr Robert Kerr, Commissioner