



Victorian Commission for Gambling and Liquor Regulation

REASONS FOR DECISION

In the matter of an application by Traralgon Bowls Club Inc under section 3.4.17(1)(b) of the *Gambling Regulation Act 2003* for amendment of its venue operator's licence to vary the number of gaming machines permitted at the approved premises, the Traralgon Bowls Club, located on the corner of Gwalia Street and Liddiard Road, Traralgon, Victoria, from fifty four (54) to fifty nine (59).

Commission: At a public meeting of the Commission

Date of Reasons: 22 August 2012

Decision: That the application be granted

Signed:

Mark Brennan

Chair

REASONS FOR DECISION

Application

1. By application dated 15 April 2012, and pursuant to section 3.4.17(1)(b) of the *Gambling Regulation Act 2003* (the **Act**), the Traralgon Bowls Club Inc (the **Applicant**) applied to the Victorian Commission for Gambling and Liquor Regulation (the **Commission**) for amendment of its gaming venue operator licence to vary the number of Electronic Gaming Machines (**EGMs**) at the Traralgon Bowls Club, located on the corner of Gwalia Street and Liddiard Road, Traralgon, Victoria, (the **premises**) from 54 to 59.
2. The Commission granted the application at a Public Meeting of the Commission held on **27 June 2012**. All Commissioners, excluding Mr Robert Kerr, were in attendance.
3. The Commission provides its Reasons for Decision in respect of the application below.

Materials

4. The Commission was provided with the following documentation by the Applicant in support of its application:
 - 4.1. Traralgon Bowls Club Social and Economic Impact Report, prepared by Urbis Pty Ltd, dated March 2012;
 - 4.2. Traralgon Bowls Club Gaming Expenditure Report, prepared by Michael Clyne, Gaming Industry Consultant, dated April 2012;
 - 4.3. Witness Statement of Austin Gapper, Chairman, Traralgon Bowls Club, dated 15 April 2012;
 - 4.4. Witness Statement of Nathan John Davis, General Manager, Traralgon Bowls Club, dated 15 April 2012; and
 - 4.5. Witness Statement of Jacqueline Anne Hutchison, Compliance Officer, Mercury Group Victoria Inc, dated 10 April 2012.

5. Additionally, the Commission has considered an Economic and Social Impact Report and Region Map (the **Commission report**) prepared by Commission staff, dated June 2012.

Municipal Council Submission

6. The relevant municipal council in respect of this application is the City of Latrobe.
7. The Commission received notification that the City of Latrobe did not intend to make a submission in regard to this application on 28 May 2012.

Relevant Legislation

8. Pursuant to section 3.4.17 of the Act, a venue operator may apply, in writing, to the Commission for amendment to the conditions of the venue operator's licence, including a variation to the number of EGMs permitted in the approved venue.
9. Section 3.4.19 provides that, on receiving notification by the Applicant of an application of this type (as required by the Act), the relevant municipal council may make a submission to the Commission:
 - 9.1. addressing the economic and social impact of the proposed amendment to the venue operator's licence on the well-being of the community in which the approved venue is located; and
 - 9.2. taking into account the impact of the proposed amendment on the surrounding municipal districts.
10. Determination of an application of this type is governed by section 3.4.20 of the Act which states that the Commission must not amend a venue operator's licence unless the Commission is satisfied that:
 - 10.1. amendment of the licence does not conflict with a Ministerial direction given under section 3.2.3 of the Act;
 - 10.2. the Rural limit or municipal limit for EGMs for the region or municipal district in which the venue is located will not be exceeded by the making of the amendment; and
 - 10.3. the net economic and social impact of the amendment will not be detrimental to the well-being of the community of the municipal district in which the approved venue is located.

11. After consideration of the matters set out above (and any other matters the Commission considers relevant), the Commission must decide whether or not to grant the application and must notify the venue operator of its decision.
12. The Commission must use reasonable endeavours to decide the application within 60 days of:
 - 12.1. receiving notification from the relevant municipal council that it does not intend to make a submission in respect of the application; or
 - 12.2. the making of a submission by the relevant municipal council.
13. Should the Commission be minded to grant the application, the amendment to the venue operator's licence takes effect:
 - 13.1. at the time the venue operator is given notice of the Commission's decision; or
 - 13.2. at any later time that is specified in the notice of the Commission's decision.

Ministerial Direction

14. The granting of this application would not conflict with any Ministerial Direction given pursuant to section 3.2.3 of the Act.

Regional Limit on Electronic Gaming Machines

15. The City of Latrobe is subject to a Regional cap of 522 EGMs.
16. Currently, there are 522 licensed gaming machines operating in the City of Latrobe and 522 gaming machine entitlements have been allocated in the City of Latrobe.
17. In August 2012, the distribution of EGMs within the City of Latrobe will be altered as a result of the 2010 Gaming Entitlement Auction (the **Auction**). At the Auction, the Applicant purchased an additional 5 EGM entitlements.
18. Twelve other venues operate EGMs within the City of Latrobe. After August 2012 there will be redistribution of EGMs throughout the City of Latrobe, however the granting of this application would not lead to an increase in the overall number of EGMs in the City of Latrobe.

Net Economic and Social Detriment

19. The Applicant seeks approval for an additional 5 EGMs to be permitted in the approved venue. This represents an increase in EGMs in the venue of less than 10%.
20. In assessing whether the granting of this application would result in a net economic and social detriment to the local community, the Commission took into account the factors discussed below.

Traralgon Bowls Club

21. The Applicant currently has 1,272 members, with membership subsidising entertainment, food and beverage to those members of the club.
22. The Applicant has a multi-purpose venue providing hospitality services including a bistro, two function rooms, a member's bar, a boardroom and a dedicated gaming room which currently has 54 EGMs installed. Further, the Applicant runs nine teams in the pennant lawn bowls sections, played on their four bowling greens adjacent to the venue.
23. The Applicant hosts bingo and social bowls events, functions for both members and non-members and offers facilities for the monthly and annual meetings of the local organisations including the Lions Club, Traralgon Fishing Club and the local football, baseball and netball clubs.
24. The Applicant estimates that it made cash donations and in kind contributions amounting to \$25,000 in the calendar year ending 2011. It currently sponsors the Traralgon Tyers United Football Club with a donation of \$15,000 this year and a further \$10,000 over the next 4 years.
25. The Applicant is committed to being a responsible gaming provider and has its own Responsible Gambling Code of Conduct. The Applicant also adopts and enforces the Australian Hotels Association (Victoria) Self-Exclusion Program. Further, Ms Hutchison stated that the Applicant meets the fullest aspirations of the Clubs VIC Responsible Gambling Initiatives and gave various examples of this, including the encouragement it gives to Club Directors to complete their training, and prominently featuring responsible service messages at the venue. In concluding her assessment the venue, Ms Hutchison believes it is exceeding its mandatory responsibilities in respect of delivering responsible gambling.

26. The Applicant seeks approval to increase the number of EGMs permitted in the venue to proceed with a refurbishment and renovate current facilities. It is envisaged that the refurbishment will ultimately attract more members over time, and increase the number of bowlers coming to Traralgon from other areas. Further, if the application is granted the Club hopes to redirect more resources to assisting other community organisations in Traralgon.

The City of Latrobe

27. The approved premises are situated in the town of Traralgon which lies within the Regional local government area of the City of Latrobe, located approximately 120 kilometres east of Melbourne.

28. The City of Latrobe has an adult population of 56,055 which is the fourth highest adult population of the 13 regional municipalities in Victoria and has a projected population growth rate of 0.4% over the next four years.

Economic and Social Impact Key Indicators

29. The Equivalised Household Income of the area immediately surrounding the approved premises is approximately 11% higher than the average for Regional Victoria. This indicates that the economic resources available to a standard household for the immediate surrounding area are 11% higher than the average standard household in Regional Victoria.

30. Traralgon has a slighter lower proportion of housing stress compared to the average in Regional Victoria. This indicates that the number of households in Traralgon with housing costs (rent or mortgage) greater than 30% of the household's total income is slightly lower than the average of Regional Victoria.

31. Traralgon is ranked 16th out of 41 on the scale of socio-economic disadvantage when compared to Regional Victoria generally under the SEIFA score.¹ The SEIFA score indicates a lower proportion (17% of the local government area) of people with relative socio-economic disadvantage in the area immediately surrounding the approved premises.

¹ SEIFA is a measure of relative socio-economic disadvantage produced by the Australia Bureau of Statistics. The index is created by combining a number of indicators of disadvantage including low educational attainment, high employment, proportion of the population in unskilled occupations and low equivalised household income levels

32. The unemployment rate for the Statistical Local of Area of City of Latrobe is 4.16%, which is lower than the average rate of unemployed for Regional Victoria, being 5.94%.

Gaming Specific Key Indicators

33. The City of Latrobe currently has 9.31 EGMs per thousand adults and is ranked three out of the 13 Regional municipalities in Victoria in terms of EGMs per thousand adults. If this application is approved it would not result in a change in the number of EGMs per thousand adults in City of Latrobe.
34. The City of Latrobe currently has an adult population per gaming venue of 4,312 which is approximately 25% less than the average in Regional Victoria and 49% less than the State average. As this is not a new premises, it is noted that approval of this application would have no effect on the adult population per gaming venue in City of Latrobe.
35. The City of Latrobe has the highest gaming expenditure per adult of the 13 Regional Municipalities in Victoria with an average expenditure of \$846 per adult per year (compared to the Regional average of \$641 and the State average of \$613). The Commission report estimates that approval of the application would result in a 0.35% increase in expenditure per adult.
36. Gaming expenditure in City of Latrobe has decreased by 11.52% in real terms (indexed to CPI) over the past five years. Gaming expenditure in Regional Victoria has decreased by 8.48% in real terms over the past five years. This indicates that gaming expenditure in the City of Latrobe has decreased at a slightly higher rate than that of Regional Victoria generally.

Gaming Expenditure

37. The Applicant submits that the total increased gaming expenditure for the additional 5 EGMs at the Traralgon Bowls Club at the conclusion of the first twelve months of trade post transition to the new industry structure in August 2012 would be approximately \$370,465.
38. The Applicant estimates that approximately 60% of the increased gaming expenditure will be transferred expenditure. Therefore, taking into account estimated transfer from the other venues, the applicant submits that

estimated new gaming expenditure for this venue as a result of the additional 5 EGMs is \$148,186.

39. The total gaming expenditure for City of Latrobe for the financial year ending 30 June 2011 was \$47,439,259.42. The impact of granting the application is therefore estimated by the Applicant to increase the total gaming expenditure for City of Latrobe by 0.31%.

Decision

40. The no net detriment test requires the Commission to weigh the likely positive economic and social impacts of an application against the likely negative economic and social 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 well-being of the relevant community will be either neutral or positive.²
41. The Act recognises that, notwithstanding individual rights of self-determination and gaming's recreational legitimacy, gaming on EGMs causes harm to some communities and some members of some communities.³ It is for this reason that the Act includes safeguards to ensure that an appropriate balance is struck between a lawful and legitimate recreational activity for some and harm for others.
42. The granting of this application will result in an additional 5 EGMs at this venue but will not result in an increase of EGMs in the City of Latrobe overall due to the redistribution of EGMs after the transition to the new industry structure in August 2012. However, the granting of the application will provide a financial benefit to the Applicant and the community.
43. The Applicant provides community support to its members and the Traralgon population generally. The increased revenue that will be provided by an increase in EGMs permitted at the venue will allow the Applicant to continue to provide those services, refurbish the venue and increase its community cash and in kind contributions.
44. The granting of this application will not increase the number of EGMs in the municipality of the City of Latrobe. The Commission accepts that the additional EGMs at this venue are estimated to marginally increase the

² *Macedon Ranges Shire Council v Romsey Hotel Pty Ltd* (2008) 19 VR 422, 435.

³ See section 1.1(2) of the Act.

total gaming expenditure in South Gippsland however, that increase is minimal and is outweighed by the benefit to community. Therefore, the Commission is satisfied that the granting of this application would not result in a net economic and social detriment to the City of Latrobe community.

45. Accordingly, the Commission has determined to grant the Applicant's application to amend its venue operator's licence to vary the number of EGMs at the Traralgon Bowls Club from 54 to 59.

Mark Brennan
Chair
(on behalf of the Commission)