

**Local Impact Assessment Class 1 Application
Cabbage Tree Hotel
Princes Highway
FAIRY MEADOW NSW 2519**

**Cabbage Tree Hotel (LIQH400122047)
December 2021**

EXECUTIVE SUMMARY

1. INTRODUCTION

This document is a Local Impact Assessment Class 1 to accompany a Threshold Increase Application made for the approval of a 'low range' gaming machine threshold increase by Brad Young (the "Applicant"). The increase is to apply to the hotel licence situated at Princes Highway, Fairy Meadow NSW (the "Venue") located in the SA2 Band 2 area of Balgownie – Fairy Meadow within the Wollongong City Council Local Government Area (the "LGA") and known as the "Cabbage Tree Hotel".

The Venue's gaming machine threshold is currently approved for 15. The Applicant as the licensee proposes to increase the threshold by a further ten (10) gaming machine entitlements/ permits for the threshold to be increased to 25. This LIA provides details of the Local Community.

2. RESPONSIBLE GAMBLING MEASURES

Chapter 3 of this Report details the mandatory responsible conduct of gambling measures put in place by the Applicant at the Venue.

3. LOCAL COMMUNITY

Chapter 4 of this Report details the characteristics of the area potentially affected by the approval of the Threshold Increase Application and a demographic description of the Local Community. Balgownie – Fairy Meadow SA2 has been identified as the Local Community.

4. POSITIVE CONTRIBUTION

Chapter 5 of this Report details the positive contribution resultant from approval of the Threshold Increase Application to the Local Community.

5. CONCLUSION

Given the satisfaction of the requirements of the Gaming Machines Act 2001 (the "Act") and the associated Gaming Machines Regulation 2019 (the "Regulation") through the conduct of gaming machine operation at the Venue in a responsible manner, along with the evidence of the substantial positive contribution through the Responsible Gambling Fund, it is the Applicant's belief that this LIA meets the requirements of the Legislation.

1. INTRODUCTION

This Report is a Class 1 Local Impact Assessment ("LIA") to accompany a Threshold Increase Application for a Band 2 SA2 Venue for a 'low range' increase of 10 gaming machine entitlements/permits for the Cabbage Tree Hotel, located at Princes Highway, Fairy Meadow NSW.

Methodology

- 1.1. In respect of LIAs relating to threshold increase applications, the LIA Guidelines provide that the Independent Liquor and Gaming Authority (the "Authority") can only approve a LIA where the LIA complies with the requirements of the Act and the Regulation and demonstrates that gambling activities will be conducted in a responsible manner.
- 1.2. The Guidelines further state that a Class 1 LIA must demonstrate that the proposed increase in gaming machines for the Venue will provide a positive contribution towards the Local Community in which the Venue is situated.

2. DETAILS OF THE VENUE

- 2.1. The Venue has been operated at its current location since May 1958 and is a favourite amongst locals in and around Fairy Meadow and the surrounding suburbs. The Venue provides the following facilities:
 - Public Bar
 - Gaming Room
 - Sports Bar
 - Lounge areas
 - Beer Garden
 - Outdoor deck areas
 - Sanitary and other back of house facilities.
- 2.2. The Venue has been operated by the current business owner since September 2008. The Venue is a focal point for the local community, providing a place to meet, relax and socialise for residents of the suburb and surrounding areas.
- 2.3. The Venue is located in the commercial precinct of Fairy Meadow and adjacent to other commercial/retail premises that operate in the suburb.
- 2.4. No hotel licences are located within a 1-kilometre radius of the Venue. The closest hotel licence is the Towradgi Hotel which is approximately 1.5 kilometres by road from the Venue. It is contended the Venue is not in a "cluster" of licensed hotel premises with gaming machines that would give rise to causing patron migration to and from the Venue.
- 2.5. The Venue's gaming machine threshold is currently approved for 15 gaming machine entitlements.
- 2.6. The intention of this application is for a further 10 gaming machine entitlements or poker machine permits to be procured and transferred to the Venue's licence to allow 25 gaming machines to be operated at the Venue.

2.7. The Venue's approved hours are as follows:

Lounge and dining area

- Monday to Saturday - 5:00am to 3.00 am; and
- Sunday - 10:00am to 10:00pm.

Other areas of the premises

- Monday to Saturday - 5.00 am to 12.00 midnight;
- Sunday - 10.00 am to 10.00 pm Sunday.

2.8. The gaming machine shutdown period applicable to the Venue is:

- Monday to Friday - 4.00 am to 10.00am;
- Saturday, Sunday and public holidays - 6.00 am to 9.00 am.

2.9. The floor space area of the Venue is approximately 1,524 square metres including the outdoor beer garden and deck areas which form part of the licensed premises. The floor space of the gaming room is approximately 172 square metres.

2.10. The Venue is not a new hotel as defined by the Act. Accordingly, clause 31 of the Regulation does not apply to this application.

2.11. The Venue has been operated by the current owners for the past 13 years. The Venue is an active sponsor of a number of sporting clubs in the local area, which includes:

- Dapto Cricket Club - \$1,500
- Wollongong Olympic Soccer Club - \$15,000
- Albion Park City Football Club - \$2,000
- Balgownie Cricket Club - \$7,000
- Illawarra Hunting Club - \$2,000.

3. RESPONSIBLE GAMBLING MEASURES

3.1. The provision of gaming machines is merely one aspect of the services and facilities that are provided at the Venue.

3.2. Gaming is provided in a designated gaming rooms within the Venue.

3.3. The gaming room complies with Clause 8 of the Regulation in that:

- (a) It is located in a "bar area" of the Venue (and is not located in an area in which a minor's area authorisation or minors functions authorisation is in force);
- (b) The gaming room is physically separated from the general bar area by permanent opaque walls;
- (c) Patrons are not compelled to pass through the gaming room in order to enter or leave the Venue or to gain access to another part of the Venue;

- (d) Entry is provided free of charge;
- (e) The gaming machines are situated so that they cannot be seen from any place outside the Venue;
- (f) All machines are suitably spaced to facilitate access;
- (g) The gaming room is monitored by a gaming room supervisor, as well as by electronic means (CCTV) at all times;
- (h) There is a door way or space that provides reasonable access to at least one operating bar and one toilet for each gender, without the need for patrons to go out onto the street or outside the Venue.

3.4. Other requirements of the Act and Regulation are complied with, in that:-

- (a) All staff involved in gaming duties hold a current and approved responsible conduct of gaming (RCG) competency card (or interim certificates). Copies of competency cards (or interim certificates) are kept by each staff member when working at the Venue and are available for inspection;
- (b) The Venue makes arrangements for the provision of gambling counselling;
- (c) The Venue participates in the Game Care Multi-Venue Self Exclusion Program;
- (d) Staff are trained in the requirements of the self-exclusion program and associated process;
- (e) All statutory signage is prominently displayed throughout the gaming room;
- (f) Pamphlets informing patrons of the dangers of problem gambling and of the availability of counselling and the self-exclusion scheme are displayed within the Hotel in a number of community languages;
- (g) The Venue's automatic telling machine (ATM) is located outside the gaming room. Patrons not permitted to make withdrawals on credit;
- (h) There are no advertising or promotions of the availability of gaming machines conducted at the Venue;
- (i) The Venue does not accept third party cheques or the cashing of cheques by patrons;
- (j) There is a limit of \$5,000 on cash payment for winnings;
- (k) Minors are not permitted entry to the gaming room;
- (l) Consumer information on the chance of winning maximum prizes and jackpots is made available in the gaming area;
- (m) The Venue does not publish any gaming machine advertising;
- (n) All gambling-related signs are situated within the Venue and are not visible from the exterior of the Hotel; and

(o) Inducements are not offered at the Venue for the use of the gaming machines.

- 3.5. When the gaming room is operated, the Venue engages a gaming room attendant who is present to provide supervision of this area. The presence of a gaming room attendant allows management to make early detection of any possible signs of problem gambling being experienced at the Venue.

4. LOCAL COMMUNITY

- 4.1. The Local Community is the Balgownie – Fairy Meadow SA2.

Demographics

- 4.2. The Balgownie – Fairy Meadow SA2 had a population of 21,196 as at the 2016 Census and an area of 12.3 square kilometres.

- 4.3. Other relevant demographic information is set out below:

- 49% of the population is male
- 51% of the population is female
- The median age is 40.

- 4.4. The ABS statistics for 2016 disclose that the Balgownie - Fairy Meadow SA2 has a higher education rate of residents that have university or tertiary institution education (28.4%) compared to that of NSW (16.2%).

- 4.5. The median weekly family income for the SA2 is \$1,722 compared to \$1,780 for NSW.

- 4.6. The most common occupations in the SA2 include Professionals at 24.8%, Technical & Trade Workers at 13.6%, Clerical/administrative Workers at 13.3%, and Community and Personal Service Workers at 12.4%.

- 4.7. The SEIFA scores in 2016 for Wollongong LGA are as follows:

INDICATOR	Wollongong LGA Score	Wollongong LGA Decile
IRSEAD	990	8
IRSED	989	6
IER	984	6
IEO	977	8

- 4.8. Using the gaming machine data report prepared and issued by Liquor & Gaming NSW for the period 1 January 2021 to 30 June 2021, the net profit for all gaming machines for hotels in the Wollongong LGA is \$23,396,685 with the average profit per machine being \$41,779.79 for that 6-month period.

- 4.9. The gaming performance data report for the Venue shows the total net profit for the 12-month period from 1 July 2020 to 31 June 2021 to be \$1,594,934.64, with the average profit per machine being \$106,328.98 for that 12-month period.

- 4.10. To compare the profits per machine within the Wollongong LGA when calculated on a similar time period, the average profit per machine on a 6-month period, the equalised amount for the Venue would be \$53,164.49.

5. POSITIVE CONTRIBUTION

- 5.1. Clause 33 of the Regulation requires this LIA to include details of the benefits that the Venue will provide to the local community if the application is approved.
- 5.2. A positive contribution shall be made by way of a financial contribution of \$797,467.32 if this application is approved. The proposed contribution will be made to the Secretary of the Responsible Gambling Fund pursuant to Section 36A of the Act.

Calculation of amount of financial contribution

- 5.3. The amount of the financial contribution was calculated in accordance with the formula set out in the Class 1 Local Impact Assessment Process Guidelines published by the Authority. That formula provides for a positive contribution being 15% of the average profit of the existing machines in the Hotel before tax, multiplied by the gaming machine threshold increase, multiplied by 5 years.
- 5.4. The average profits were calculated from 12 months of gaming performance data from 1 July 2020 to 30 June 2021.
- 5.5. In addition, the intention of the Venue is to continue to support local community and sporting groups through sponsorship deals. As previously advised, the Venue has sponsored a number of sporting clubs in the area, including the Dapto Cricket Club, Wollongong Olympic Soccer Club, Albion Park City Football Club, Balgownie Cricket Club and the Illawarra Hunting Club.
- 5.6. The positive contribution to be paid to the Responsible Gambling Fund will ultimately benefit the local community. The Venue will also review and implement new responsible gaming and harm minimisation strategies (if considered necessary) in order to negate any negative impacts on the local community.

6. CONCLUSION

- 6.1. This LIA, pursuant to Clause 33 of the Regulation, defines the Applicant's Local Community, details the positive contribution that the Applicant will provide to the Local Community if the Threshold Increase Application is approved, and details the harm minimisation and responsible gambling measures that are in place at the Venue.
- 6.2. The Applicant operates gaming machines at the Venue in compliance with mandated Legislative requirements. The Applicant implements the Game Care Multi-Venue Self Exclusion Program conducted in conjunction with AHA (NSW). There are 9 persons currently excluded from the Venue through this program.
- 6.3. The Applicant submits that this Class 1 LIA accompanying the low range application satisfies the requirements of Section 36(3) of the Act, applicable Regulations and Guidelines for the Authority to approve the application. This application demonstrates the purpose of Section 36(3)(b) that gambling activities in the Venue are currently conducted responsibly and will continue to be conducted responsibly if this application should be approved.
- 6.4. The proposed increase in the Venue's gaming threshold will provide a positive contribution towards the local community where the Venue is situated on the basis of

the applicant's proposed financial contribution to be paid in accordance with Section 36A of the Act.

- 6.5. It is therefore submitted that the tests as set out in the Guideline and Regulation are met and the applicant submits that the threshold increase application should be approved.