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MOUNT PRITCHARD DISTRICT & COMMUNITY CLUB (TRADING AS MOUNTIES)

CLASS 2 LOCAL IMPACT ASSESSMENT OF ADDITIONAL GAMING MACHINES

JULY 2011

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EXECUTIVE SUMMARY

1. Application is made by Mount Pritchard District and Community Club ("Mounties" or "the Club") to increase its EGM threshold by 60 in respect to the venue at Meadow Road, Mount Pritchard. The Club proposes to relocate 60 EGM entitlements from its satellite venue at Harbord Diggers and Manly Bowling Club to Mounties. Those 60 entitlements were initially moved away from Mounties because of the imposition of the 450-machine venue cap in 2005; with the lifting of the venue cap Mounties seeks to have those entitlements returned. Mounties currently has 561 EGM entitlements.
2. Mounties is situated within the Fairfield Local Government Area ("FLGA"). Liverpool Local Government Area ("LLGA") is also within five kilometres of the Club's premises. These two LGAs form the main basis of impact analysis in this application, however the Club is well aware of the heterogeneous, diverse nature of people and groups that form its "community". Within a one-kilometre radius of the Club there is a total of nine schools and places of worship; two licensed premises; and three community/sporting facilities (please refer to Map 1).
3. Even though gaming machines ("EGMs") represent a vital source of the Club's revenue and service mix, they do not dominate the Club's activities. Other than gaming, the Club also offers food and beverage, community meeting space, live entertainment, and sporting facilities. In addition, the Club also provides a wide range of other community facilities, such as fitness centre, holiday accommodation, and physiotherapy services, making Mounties more resembling a general community centre than a typical club venue. Furthermore, the size of the Club's EGM-playing area forms only a small percentage of the Club's interior floor space, and there is sufficient room to accommodate the proposed additional EGMs.
4. The Club undertook a rigorous door entry survey of its patrons (N = 1,455) in December 2010 to establish a robust socio-demographic profile for the Authority's consideration. Main findings of the survey included:
 - 4.1. Females aged 25-34 and 35-44 comprise the largest groups of patrons.
 - 4.2. Over 88% of respondents reported that they reside within the Fairfield/Liverpool LGAs.
 - 4.3. Over 65% of respondents reported to speak English; the most frequent language-other-than-English reported were (in order of representation) Vietnamese, Arabic, Chinese (Mandarin, Cantonese, and other dialects), Spanish, and Italian.
 - 4.4. Over 36% of respondents were engaged in full-time employment, with 19.6% currently unemployed and 22.3% retired. (Retired individuals who engage in part-time work are classified as "part time".)
5. For the door survey, the Club has gone above and beyond legislative requirements by seeking out information about patrons' EGM-playing frequency (both at the Club and at other venues), and their visitation purposes. EGM-playing frequency is an important consideration to the LIA because, as found by the PC Report (2010), regular (i.e. weekly) EGM playing is a major risk factor towards problem gambling, which represents the source of most of the detrimental effects relating to increasing the number of EGMs in a community. Indeed, it was found that despite their proximity to the venue, 27.3% of FLGA- and 21.1% of LLGA-based patrons reported that they do not play EGMs at the Club at all. This, together with the finding that more than 62% of respondents reporting that they visited the Club for purposes other than EGM play, suggest that Mounties is a community venue and its activities are not solely driven by gaming.
 - 5.1. Furthermore, it was found that 95.9% of non-EGM playing patrons also do not play at other venues. Likewise, more than 97% of non-regular EGM players at the Club also do not play regularly at other venues. These data suggest that the proposed additional machines are unlikely to raise risks for these casual players, considering that these individuals chose to refrain from regular EGM play despite the ubiquitousness of venues in the FLGA/LLGA area. It is difficult to fathom how increasing machine numbers at one venue (among many) would automatically heighten risk for these people.
 - 5.2. On the other hand, more than half of the regular EGM players at the Club (56.3%) do not play EGMs regularly at other venues. This group of patrons bear more important implications to the LIA, due to the role of regular EGM playing as a major risk factor towards problem gambling. Those patrons who only play regularly at the Club may find Mounties more appealing to them for certain reasons.
 - 5.3. It would be premature, however, to suggest that any increase in EGM numbers will automatically increase potential detrimental effects. This is because, at any given time of the Club's trading hours,

there is a surplus of unutilised machines that can be used by patrons of any gaming background, regardless whether the application is approved. As shown in Section 3.3, it was found that at more than 76% of the time, more than 25% of the Club's total installation – that is more than 140 machines – are not played by anyone. In other words, given that there is already sufficient selection of vacant EGMs available to anyone, it is difficult to see how additional machines would automatically induce increased play or heightened risk in a uniform manner. On the other hand this application provides scope for increased revenue by allowing the Club to provide better service to recreational EGM players, as to be explained below.

5.4. Based on the above contention, the Club is likely to source additional revenues during busy times, when the Club's EGM installation is heavily (but as shown in Figure 3-1, never fully) occupied. During high occupancy times, which comprise of no more than 25% of the Club's average trading hours, recreational EGM players may be deterred from playing because of perceived deterioration in service quality, crowdedness, etc. The additional machines will help address this situation by providing those recreational players more choices during those high-occupancy hours, thus helping to improve the Club's revenue and provide an opportunity for the Club to provide community benefit from the revenue. Recreational EGM players, as identified by the PC Report (2010), are not likely to develop maladaptive pattern of play, and indeed derive benefit from playing EGMs¹. On the other hand, regular players, by virtue of their regular playing frequency, are more likely to overlook the perceived service deterioration, and continue to seek out vacant machines during busy times (which there are, as seen in Figure 3-1), regardless whether new machines are installed or not. These observations support the Club's contention that this application can provide the scope necessary to provide more community benefit, by helping non-regular gamblers to enjoy their recreational EGM-playing, without unduly introducing detriments.

5.5. Furthermore, the Club's local area has numerous other gaming establishments (as shown in Map 1). The net increase in detriments associated with this application is expected to be limited because those new EGMs at Mounties may simply draw people with existing potential risks from other venues, rather than creating "brand new" problem cases. As shown in Section 4, Mounties has strict self-exclusion policies developed in conjunction with *BetSafe*, and goes above and beyond minimum legislative requirements in providing responsible gambling. The Club is very well equipped to monitor and address individuals with existing /risks that flow from other venues.

5.6. The Club is mindful of the Authority's view that "a benefit to the applicant does not equate to benefit to community", and the potential concern that if the proposed benefit is situated on the Club's premises it may encourage people with potential risks to visit the Club. The primary proposed benefit to flow from this application – the Fairfield Youth and Community Centre ("FYCC"), in partnership with Fairfield City Council – is situated entirely external to the Club, thus is unlikely to draw patrons to Mounties' premises.

6. The Club projects that an additional **2,852.16** machine hours (i.e. the number of additional machines used per hour) would be played per week resulting from this proposal. This serves as a proxy for the expected increase in patronage as required in the Regulations. Using this figure, and the Club's hourly EGM turnover data (collected over a three-month period), it is projected that the net yearly gaming revenue resulting from this application is **\$3,300,796.17**, after accounting for wages, on-costs, taxes, and maintenance. This projected revenue is the primary source of the community benefit to which the Club is committed, as to be discussed later in the executive summary and further in Section 6.2.

7. The Club has implemented important responsible gambling and harm minimisation measures, above and beyond legislated minimum standards. This is most notable in the Club's role in helping establishing and providing ongoing support of *BetSafe*, the premier consulting service in responsible conduct of EGM playing as identified by the PC Report (1999). Those measures include more stringent self-exclusion programs (minimum 12 months rather than the legislated three months); availability of expert advice on whether self-excluded individuals are fit to withdraw from the program upon expiry of the 12-month period; availability of 24-hour problem gambling counselling services and crisis intervention; and regular training of Club staff in assisting patrons with potential gambling problems.

7.1. Aside from its alliance with *BetSafe*, the Club has also instituted other additional responsible gambling measures, such as declining to cash any cheques from patrons; requiring all staff (including senior

¹ PC Report (2010) p. 5.8.

management and the Board of Directors) to undergo Responsible Service of Alcohol (RSA) and Responsible Conduct of Gambling (RCG) trainings; and car park surveillance to ensure that no children or dependents are locked in cars while the driver is at the Club.

8. In order to gauge the community's needs and concerns towards this application, the Club has undertaken a comprehensive community consultation process, using a range of methodologies that go well above and beyond that stipulated by OLGR's guidelines. Those methodologies including street surveys, written submission invitation, and a stakeholder roundtable meeting. This consultation revealed two major themes: need to address potential gambling-related detriments, and pressing issue of community youths.

- 8.1. The street consultation was presented in a way that is likely to attract people who would have issues with gambling, by directly asking respondents "would you like to have a say about poker machines in your local area?" 54% of participants stated that they do not think additional EGMs would pose a problem, 35% stated that they do, and 11% unsure. Of those who believed that extra EGMs would pose a problem, many specified that some of the additional revenue should be spent on programs addressing problem gambling. This sentiment is echoed in the stakeholder roundtable, and an informal network was established from that meeting and working towards addressing this issue. The Club has responded by pledging to donate \$45,000 of its projected additional EGM revenue to counselling services relating to gambling, if the application is approved (to be detailed below).

- 8.2. Fairfield LGA has a strong youth population and relatively low level of education. These characteristics are reflected in the street survey responses, specifying youth and education/ activities as primary areas where additional resources are required. The street survey found that youth and junior sport received the most support when respondents were asked on areas to which more funding is required (over 27%). This emphasis on youth was again raised in the stakeholder roundtable, with the Street University, a successful youth organisation operating in Liverpool, being mentioned as a viable model in dealing with many of the local youth issues. The Club has responded by partnering with Fairfield City Council in the FYCC project, to be discussed further below.

9. This application undertook a thorough evaluation of the social and economic impact of the proposal. The Club fully recognises the Authority's position that local impact may not necessarily manifest in quantified results, and that diverse elements, including some unquantifiable aspects, should form part of the assessment.

- 9.1. In terms of negative impacts, the PC Report (2010) found that problem gambling – a minority group of gamblers who experience significant harm – represent the main source of detriments from this application. This sentiment is reflected in the community consultation process. Despite extensive enquiries by the Productivity Commission, as well as a growing academic literature into the area, there remains a lack of definitive studies investigating the incremental impact of additional EGMs in an environment already with liberalised access to machines. This is a vital question in considering the overall impact of the application, since the relevant statutory test in approving the LIA is whether "the proposed increase in the gaming machine threshold for the relevant venue will have an overall positive impact on the local community where the venue is situated"².

- 9.2. Problem gambling is generally defined as the situation when a person's gambling behaviour gives rise to harmful effects, including losing control over their gambling and continuing to gamble obsessively, even as losses mount up. The PC Report (2010) contended that although problem gambling prevalence rates have "probably" fallen, the rate of problem gambling among EGM players is not found to have declined.

- 9.3. Having said that, the PC Report (2010) is national in scope, and this being a *local* impact assessment means that the existing state of EGM availability in the Club's local area must be taken into account. This is especially true considering that, during the community consultation process, street survey respondents questioned the degree to which this proposal would cause negative impacts, given that EGM supply is already ubiquitous in the Club's local area. This sentiment corroborates the data shown in Section 3.3.1, whereby at most of the Club's trading hours, a large number of machines remain vacant, meaning that patrons of any socioeconomic or gaming behavioural background already have access to vacant machines, regardless whether this application is approved. Conversely, this application enables recreational players – people who derive benefit from EGM play

² The Act, Section 36(3)(d)(i).

without incurring risks – to enjoy better service environment, and provide revenue for the Club to commit to the benefit this application proposes. The PC Report (2010) also contended that while there is probably a link between EGM accessibility and detrimental effects, this link becomes weaker once a threshold of existing accessibility is reached³. Clearly the Productivity Commission does not support the notion that every additional EGM introduces a uniform level of harm, and no uniform process should be applied to every local impact assessment. We do not dispute that increased EGM density will lead to some detriment; however it is inconceivable that every additional EGM will introduce a uniform level of harm, regardless of local circumstances.

- 9.4. Quantifying problem gambling costs is extremely difficult, primarily because this requires estimating the share of EGM revenue incurred by gamblers suffering from problems, which is a highly contentious issue. The PC Report (2010) estimated a range of percentages that problem gamblers may account for total EGM revenue, the maximum of which is a theoretical and highly unlikely worst-case scenario. On the other hand, we do not contest that additional machines will increase problem gambling risks to some degree, therefore to say that problem gamblers contribute to 0% of the additional revenue would be equally unlikely. Considering the ubiquitous supply of vacant machines at the Club, the high likelihood that much of the heightened risks arising from this application will be flow-ons from other local venues rather than “brand new” problem cases, and the Club’s strict responsible conduct of gambling procedures, we argue that only a limited proportion of additional revenue would be incurred by people suffering from problems, which is estimated at 15%. Consequently, the quantified cost of this application is estimated to be approximately **\$1,059,970.65**, resulting from an additional 50.47 PGs (Please refer to Section 6.1.2 for full methodology.)
- 9.5. A number of unquantifiable negative effects, as identified by the PC Report (1999), were also discussed. It is concluded that while some of those effects may apply to this application, the relationship between having additional EGMs and the extent of these costs is unclear, because many of these unquantifiable costs will still apply regardless whether new machines are installed. It is conservatively estimated that the amount of unquantifiable detriment would be commensurate with the amount of additional revenue derived from the extra EGMs.
10. The Club is strongly committed to address concerns arising from the community consultation. As discussed earlier, two of the most pressing issues relating to the LIA are gambling-related problems and youth activities. As a result, the Club will commit \$45,000 of the additional CDSE arising from this application towards problem gambling treatment and counselling services, particularly those with a multicultural focus with multilingual resources. This donation will be provided in addition to the Club’s existing financial support for *BetSafe*, so that no existing donations to gambling counselling services will be compromised by this arrangement. The Club is projected to incur an additional \$90,997 in CDSE donations in the first year of the EGMs’ operation, and the remaining amount after the gambling counselling service donation will flow back to other community contributions.
11. For the major benefit arising from this application, the Club will commit the first year’s additional EGM net revenue – projected to be \$3,300,796.17 – to the Fairfield Youth and Community Centre (“FYCC”) in a joint project with the Fairfield City Council. This benefit will be broken into several components. First, the Club will contribute a total of \$2,500,000 to the design, construction and initial operation of the FYCC; with the remaining \$800,796 being placed in a trust fund, managed under the Club’s accounts, and the interests drawn from this fund will be disbursed for the FYCC’s operation. This amounts to approximately \$48,720 per annum based on current fixed term interest rates.
 - 11.1. Fairfield City Council Council, in conjunction with its Youth Advisory Committee, identified a strong need to address youth unemployment and youth-focussed information; and the Council found significant support from local youth organisations for the project. This support for a sustainable youth centre echoes our community consultation’s finding. The Council’s Youth Advisory Committee identified that the centre should offer various structured and unstructured activities, work with local youth organisations, and provide access to information of services for youth to access, all in a recreational environment.
 - 11.2. Under the current proposal, Fairfield City Council will be responsible for the design, construction and selection of operators for the FYCC. The Council will retain ownership and intellectual rights of the FYCC. In turn, Mounties will contribute to financing the project over

³ PC Report (2010) p. 14.1.

several stages, and contribute significant funds toward the centre's ongoing operation, if the LIA is approved. The project is overseen by a steering committee comprising of the Club, the Council, and its Youth Advisory Committee. The Club is entering into a Deed of Agreement with the Council which stipulates the financing arrangement if the LIA is granted; and Mounties had already committed \$200,000 to the project in good faith. If the LIA is approved, construction of the FYCC will begin in August 2011, and ready for launch in June 2012. At this stage an architect has been appointed and building approval is being sought.

- 11.3. Mounties is currently not in a financial position to provide contribution of such scale without additional EGM revenue. This LIA provides a significant opportunity for a project that is identified by both Fairfield City Council and the Fairfield community as vital towards addressing a significant and growing need.
- 11.4. Finally, if the LIA is approved, the Club will incur an additional \$90,997 in CDSE contributions to community organisations. Of this amount, at least \$45,000 will fund further gambling counselling services recognised in consultation, with a specific focus on multilingual services. This proposal directly acknowledges concerns over gambling-related problems arising from the community consultation process. The remaining CDSE will flow back to the Club's continuing support for community projects and organisations. Mounties supplied more than \$2.8 million in CDSE in the past year, with 85% of this amount expended on local community organisations, and the Club has a strong history in providing financial support above and beyond its obligated levels.
12. In sum, the quantified benefit arising from this application totals to **\$2,639,717**. For the purpose of the LIA only the initial \$2.5 million contribution to the FYCC and the annual interest generated by the \$800,796 held in trust (i.e. \$48,720), alongside CDSE payments, are counted as quantified benefits (but not the \$800,796 trust fund itself). The Club's proposal represents a direct acknowledgement of the community's and Fairfield City Council's stated needs and concerns. The Club acknowledges the Authority's stance that a "financial benefit to the applicant does not equate to an economic benefit to the local community"; Mounties' pledge to support FYCC, which is entirely off-site from the Club's premises, demonstrates its genuine desire for this application to generate a genuine and direct benefit to the community.
13. This application will generate a quantifiable net benefit. The quantified community benefit is over \$2.6 million and the quantified cost is about \$1.6 million. The Club, however, acknowledges that an impact assessment is not necessarily a quantified result and that other unquantifiable detriments may arise from this application. However, it remains important to consider that at a local level, whether or not additional machines will automatically generate substantial detrimental effects is questionable. Given that EGM access in the local area is already ubiquitous, and that the Club constantly has large number of unused EGMs that gamblers of any background can play, it is likely that any unquantifiable detriments of EGMs would already affect people in the local area regardless whether the application is approved. On the other hand, the likely revenue source of the additional EGMs will come from recreational EGM players, who (as the PC Report (2010) identified) derive pleasure from their play⁴. The Club's surrounding area has many other gaming venues, meaning that some of the increase in risk resulting from this application may simply be "flow-ons" from those venues, rather than "brand new" cases of detriment, thus resulting in no net increase in problem gambling risk in the local community. Finally, considering the existing stringent harm-minimisation and responsible-gambling measures the Club has in place, and the Club's commitment to further fund gambling treatment and counselling via the CDSE process, any unquantified detriments arising from this application would be dealt with strongly.
14. It is therefore concluded that this application will generate a net positive community benefit, and should be approved.

⁴ PC Report (2010) p. 5.8.

1 Introduction

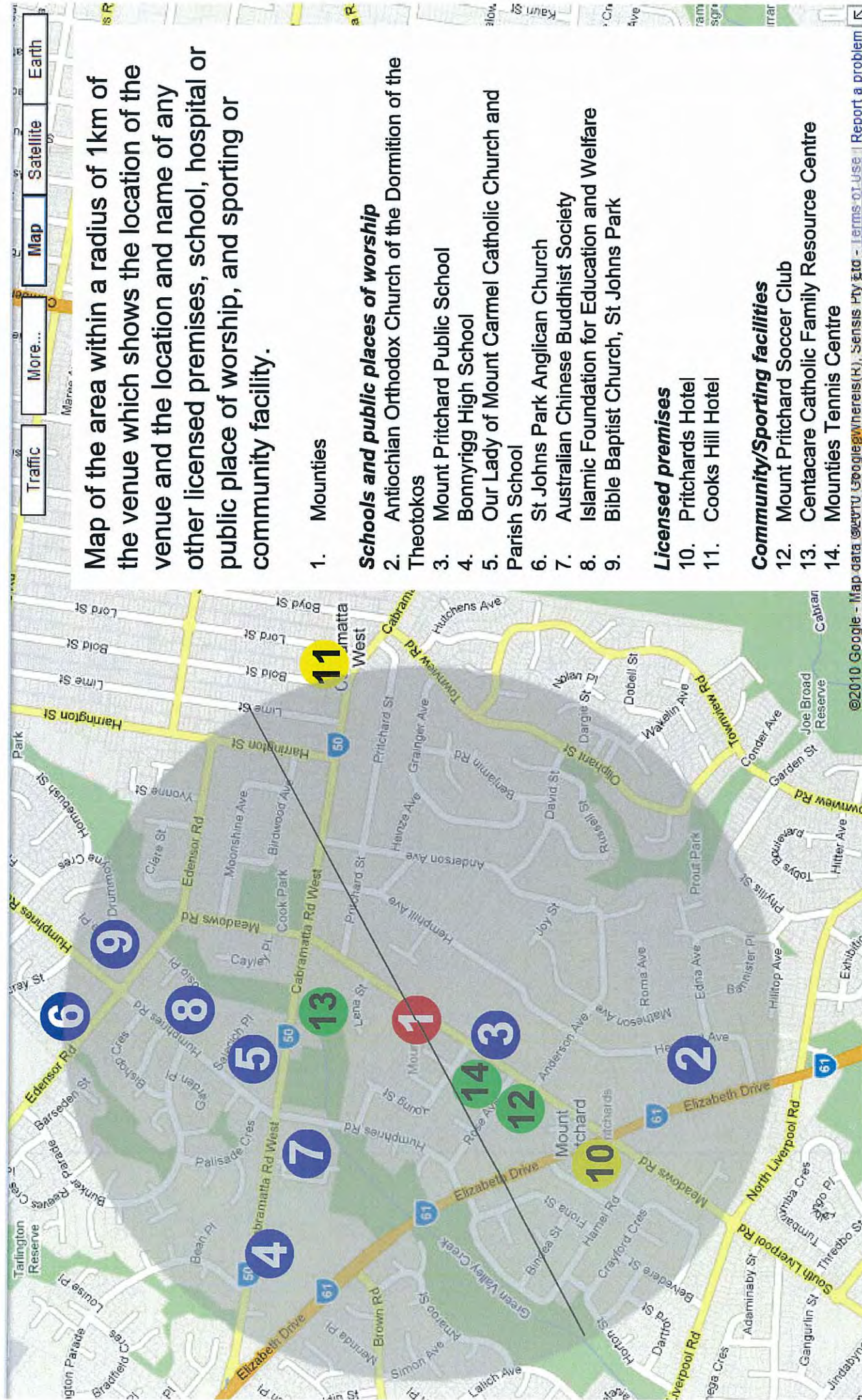
Mounties Group owns and operates a number of venues in the Sydney metropolitan area, including Mount Pritchard District and Community Club (trading as *Mounties*), Harbord Diggers, Fairfield Bowling Club, and Manly Bowling Club. Mounties Group is applying to increase the gaming machine ("EGM") threshold at its Mount Pritchard premises (hereafter "**the Club**") by 60, by relocating EGM entitlements that the Group owns at Harbord Diggers and Manly Bowling Club. Those machines were originally moved from Mounties to Harbord Diggers in 2005 when maximum number of EGMs allowed in individual venues was capped at 450, in 2005. This Class 2 Local Impact Assessment ("**LIA**") accompanies the threshold increase application pursuant to the NSW *Gaming Machines Act* (2001) (NSW) ("**the Act**")⁵. A copy of this application and the accompanying LIA is available for public inspection at no cost at the Club's premises at 101 Meadows Road, Mount Pritchard at its operating hours as set out below.

2 General information pertaining to the Club

Club's name	Mount Pritchard District and Community Club (trading as <i>Mounties</i>)
Club address	101 Meadows Road, Mount Pritchard
License number	231135
Current gaming machine threshold	561 Number of machines sought: 60 (from satellite premises at Harbord Diggers and Manly Bowling Club.)
Local government areas within 5km of the Club	City of Fairfield, City of Liverpool
Name, address and contact details of business owner	Mr Greg Pickering Chief Executive Officer, Mounties Group Limited Locked Bag 1, Wetherill Park BC, NSW 2164 Telephone: 02 9822 3544 Facsimile: 02 9610 9472

Table 2-1: General information pertaining to the Club pursuant to the Regulation (2010) Section 39.1.

⁵ The Act 35.4(c).



Map of the area within a radius of 1km of the venue which shows the location of the venue and the location and name of any other licensed premises, school, hospital or public place of worship, and sporting or community facility.

1. Mounties

Schools and public places of worship

2. Antiochian Orthodox Church of the Dormition of the Theotokos
3. Mount Pritchard Public School
4. Bonnyrigg High School
5. Our Lady of Mount Carmel Catholic Church and Parish School
6. St Johns Park Anglican Church
7. Australian Chinese Buddhist Society
8. Islamic Foundation for Education and Welfare
9. Bible Baptist Church, St Johns Park

Licensed premises

10. Pritchards Hotel
11. Cooks Hill Hotel

Community/Sporting facilities

12. Mount Pritchard Soccer Club
13. Centacare Catholic Family Resource Centre
14. Mounties Tennis Centre

3 Specific information pertaining to the Club

Pursuant to the Regulation (2010) Section 39.2, specific information pertaining to the Club is as follows:

- Trading hours: Sundays-Thursdays 9am – 3am; Fridays-Saturdays 9am-5am.
- Main facilities provided by the venue and the activities conducted at the venue:
 - Gaming
 - Food and beverage
 - TAB
 - Community meeting space
 - Live Entertainment
 - Sporting facilities
- Ancillary facilities and activities provided by the venue:

Facility type	Description
Travel Agent	Internal office space
Gift Shop	Shopfront space in Humphries Road Foyer
Membership Services	Shopfront space in Humphries Road Foyer
Holiday Accommodation	Accommodation resorts at Sussex Inlet, Perisher Valley and Coolongatta
Child Minding	50 child facility - part of the M1 fitness centre precinct
Hair Salon	10 seat salon - part of the M1 fitness centre precinct
Physiotherapy Services	2 bed therapy office - part of the M1 fitness centre precinct
Courtesy Bus Service	5 bus shuttle service for members only to take them from home to club and return
Arcade Amusement Centre	Video game centre located on the 1st floor of the main club
Street University	Ex-mechanical workshop located at Liverpool fitted out to provide activities and skill training for street youths in the Liverpool/Fairfield area.
Rental Properties	13 residential housing units
M1 Mounties gymnasium	Personal training

3.1 Floor plan and details of area set aside for EGMs

A detailed floor plan of the Club's EGM-playing area is provided in Appendix F. The EGM floor space is approximately 2,290 square metres, situated on the ground level of the Club. This area comprises 13.05% of the Club's total interior floor space. This shows that although EGMs are a vital component of the Club's revenue base and service mix, they comprise only a small portion of the Club's internal floor space.

If this application is approved, the additional EGMs will not significantly alter the Club's service mix, and will not compromise the Club's provision of non-gaming related facilities. There is sufficient internal floor space in the Club's current EGM area to allow the additional machines and still ensure that all EGMs are suitably spaced to facilitate ease of access by patrons and staff.

3.2 Player patron profile (door survey, membership, playing data)

In order to better understand the Club's patronage, the Club conducted a patron entry survey in October 2009. This survey collected information on patrons' age, gender, occupation, and ethnic background. The Club made extra effort to supplement the information required by the Regulation, by also surveying patrons'

membership status, EGM-playing pattern at the Club and at other venues, and Club usage behaviour. EGM-playing behaviour data provides important indication towards increased problem gambling, which is the main source of social and economic cost of increased EGMs⁶; and understanding patrons' Club usage behaviour is important because the Club provides a vast number of community activities, as evidenced in the list of ancillary activities above, therefore patrons' Club usage behaviour other than playing EGMs illustrates the importance of the Club to the community.

3.2.1 *Patron door entry survey*

The door survey was conducted over a continuous one-week period between 14 and 21 December 2010 (inclusive). The Club placed staff members at each of its three entrances (Meadows Road, Humphries Road, M1 Gymnasium) at all of the Club's opening hours. Staff members were instructed to approach every fifth patron who enters the Club to complete a short, voluntary, anonymous survey. Respondents who indicated that they have already completed the survey during the week were not asked to participate again.

The survey was completed by a total of 4,173 individuals. 426 of whom indicated that they have already completed the survey, thus making them ineligible to take the survey again. Of those remaining, 2,292 (61.2%) declined to be surveyed. This leaves a "valid sample" of 1,455 patrons (38.8%), based on whom data analysis was performed.

Of the 1,455 people that formed the valid sample, 77.1% were members, 8.0% were non-members (visitors) (14.8% did not reveal their membership status). The gender/age of the respondents are summarised in Table 3-1 below:

Age	Male	Female	Missing	Total
18-24	7.2%	3.7%	0.0%	10.9%
25-34	7.0%	6.2%	0.1%	13.3%
35-44	8.0%	10.4%	0.1%	18.6%
45-54	6.9%	10.9%	0.3%	18.1%
55-64	6.4%	8.5%	0.3%	15.2%
65+	8.4%	9.6%	1.0%	18.9%
Missing	1.0%	0.8%	3.1%	4.9%
Total	45.0%	50.1%	4.9%	100.0%

Table 3-1: Age/gender distribution of door survey participants.

The distribution of respondents' place of residence has significant implication towards assessing the impact of this application. The PC Report (1999)⁷ found that 71% of problem gamblers travel less than five kilometres from their residence to play EGMs. This means most of the potential negative impact of problem gambling pertaining to a particular venue is felt by individuals who reside within this radius from that venue. Earlier in this report it was identified that both the Fairfield and Liverpool LGAs (hereafter "FLGA" and "LLGA" respectively) are situated within five kilometres of the Club's premises. Even though not all areas of the two LGAs are within the five-kilometre radius discussed in the PC Report (1999), in the interest of providing a thorough assessment it is prudent to examine the socio-demographic characteristics of patrons from all areas of those LGAs, and compare them to characteristics of patrons coming from outside FLGA/LLGA. It is important to note that this distinction is not intended to establish the Club's "community" from which an assessment is made. The Club is fully aware of the diversity of people in its community, and acknowledges that the "community" is by no means homogenous.

The distribution of language background, employment status, and occupation of patrons from within and outside FLGA/LLGA are summarised in Table 3-2 below.

	FLGA/ LLGA	Outside FLGA/ LLGA	Missing	Total
LANGUAGE BACKGROUND				
English	58.8%	5.6%	0.8%	65.2%
Vietnamese	10.5%	0.7%	0.2%	11.4%
Arabic	8.1%	0.3%	0.1%	8.5%

⁶ PC Report (1999), Summary, p. 17.

⁷ PC Report (1999), p. 15.21, Table 15.6.

Chinese	5.9%	0.5%	0.3%	6.7%
Spanish	3.8%	0.1%	0.0%	3.9%
Italian	3.3%	0.1%	0.0%	3.4%
Greek	2.1%	0.1%	0.0%	2.1%
Serbian	1.4%	0.0%	0.0%	1.4%
Hindi	1.1%	0.0%	0.1%	1.2%
Assyrian	1.2%	0.0%	0.0%	1.2%
Filipino	0.8%	0.1%	0.0%	1.0%
Cambodian	0.6%	0.2%	0.1%	0.9%
Laos	0.7%	0.0%	0.0%	0.7%
Others (no single language group exceeds 0.5%)	3.9%	0.3%	0.1%	4.3%
EMPLOYMENT STATUS				
Full-time	31.8%	4.1%	0.4%	36.4%
Part-time	17.3%	1.0%	0.1%	18.3%
Retired	20.5%	1.3%	0.5%	22.3%
Unemployed	18.5%	0.8%	0.3%	19.6%
OCCUPATION (Among those currently employed, N = 795)				
Tradespeople	19.0%	1.8%	0.1%	20.9%
Healthcare	6.0%	0.9%	0.0%	6.9%
Education	5.3%	1.1%	0.0%	6.4%
Transportation	5.2%	0.6%	0.3%	6.0%
Hospitality	5.9%	0.1%	0.0%	6.0%
Retail/sales	5.5%	0.3%	0.0%	5.8%
Admin	4.8%	0.9%	0.0%	5.7%
Other professional	4.4%	0.9%	0.0%	5.3%
Self-employed	3.6%	0.9%	0.0%	4.5%
Accounting/finance	4.2%	0.4%	0.0%	4.5%
Others	20.3%	2.1%	0.9%	23.3%
(None of the other occupations exceeded 4.4% of the total employed number.)				

Table 3-2: Distribution of patrons' language background, employment status, and occupation, separate for patrons from within and outside of FLGA/LLGA. The percentages for "language background" add up to more than 100% as some participants reported that they speak more than one language.

As shown earlier in Section 3, Mounties provides a wide range of facilities to its patrons, beyond gaming and catering/beverage. The Club also asked patrons to indicate their purpose of visitation during the door survey, and the findings are presented in Table 3-3 below. During the survey period, more than 62% of patrons indicated that they were not visiting the Club to play EGMs, suggesting that a large majority of the Club's clientele visit the Club for other services offered, particularly the gym facilities.

Activity	Number	Percentage	Activity	Number	Percentage
Dining/Food	603	41.44%	Indoor sports	71	4.88%
Bar/Beverage	438	30.10%	Bingo/Raffle	60	4.12%
Poker machines	547	37.59%	swimming	47	3.23%
Gym	319	21.92%	Children's activity	35	2.41%
Show/Entertainment	119	8.18%	Party	34	2.34%
TAB/Keno	151	10.38%	(all others 2.0% or less)		

Table 3-3: Patrons' visitation purposes. Please note that the total number adds up to more than 100% because some patrons indicate more than one specific activity.

In addition to information required in the Regulation, the Club also sought to examine the geographical distribution of its "regular" and "non-regular" EGM players, and to find out whether each respective group's gaming behaviour is replicated in other EGM venues in the community (that is, do patrons only play regularly at the Club, or do they do so elsewhere as well?) "Regular players" are those patrons who reported that they play EGMs at least once a week, whereas "non-regular players" are those who reported EGM-playing of less

than once a week⁸. This delineation is based on findings from the PC Report (2010) that regular EGM players are those “most exposed to [problem gambling] risks”⁹, and are more likely to experience detriments including losing control, financial problems, and negative emotional feelings¹⁰. Given that problem gambling represents the majority of the detrimental effects relating to EGM increase in a community (for more details of problem gambling see Section 6.1.1), it is prudent to examine the characteristics of regular EGM players (at the Club and at other venues in the community).

	EGM playing at the Club				EGM playing at other venues			
	Regular players	Non-regular players	Non-players	Missing	Regular players	Non-regular players	Non-players	Missing
	FAIRFIELD LGA				Percentage of total sample: 1673 51.4%			
Mount Pritchard	9.4%	5.5%	3.3%	0.5%	1.1%	7.1%	5.9%	4.5%
Bonnyrigg	5.5%	2.8%	2.9%	0.1%	1.8%	2.9%	3.5%	3.1%
Cabramatta	4.5%	3.9%	2.5%	0.5%	1.3%	3.3%	3.4%	3.5%
Canley Heights	3.6%	2.5%	1.5%	0.1%	0.4%	2.0%	1.8%	3.6%
Bonnyrigg Heights	2.8%	1.0%	2.9%	0.1%	0.6%	1.1%	3.1%	1.9%
Edensor Park	2.6%	1.6%	2.3%	0.1%	0.8%	1.6%	2.6%	1.6%
Fairfield West	2.5%	2.8%	2.5%	0.0%	0.9%	1.9%	2.6%	2.4%
Cabramatta West	2.0%	1.4%	1.5%	0.1%	0.5%	1.6%	1.8%	1.1%
Greenfield Park	1.5%	1.4%	1.0%	0.3%	0.4%	1.3%	1.1%	1.4%
Bossley Park	1.5%	0.5%	0.4%	0.0%	0.8%	1.1%	0.5%	0.0%
Abbotsbury	1.4%	1.0%	1.5%	0.1%	0.4%	0.9%	2.0%	0.8%
St Johns Park	1.3%	1.4%	1.8%	0.0%	0.9%	1.1%	2.1%	0.3%
Wakeley	1.1%	1.3%	0.9%	0.0%	0.1%	0.9%	1.0%	1.3%
Wetherill Park	0.8%	0.3%	0.1%	0.0%	0.5%	0.3%	0.4%	0.0%
Canley Vale	0.4%	0.4%	0.4%	0.0%	0.1%	0.6%	0.4%	0.0%
FLGA Others	1.3%	1.3%	2.0%	0.0%	0.6%	1.8%	1.9%	0.3%
TOTAL	42.0%	28.8%	27.3%	2.0%	11.0%	29.4%	34.0%	25.6%
	LIVERPOOL LGA				Percentage of total sample: 1117 34.3%			
Ashcroft	6.0%	2.7%	1.4%	0.4%	1.8%	1.6%	2.5%	4.5%
Heckenberg	5.3%	3.7%	3.1%	0.2%	2.7%	3.3%	4.5%	1.8%
Busby	4.5%	3.3%	1.4%	0.2%	1.2%	3.5%	2.3%	2.5%
Miller	4.3%	0.6%	0.2%	0.0%	0.8%	1.6%	0.6%	2.1%
Liverpool	4.1%	3.5%	1.8%	0.2%	1.0%	4.7%	2.7%	1.2%
Cecil Hills	3.7%	4.1%	2.7%	0.2%	0.0%	3.1%	3.3%	4.3%
Green Valley	2.9%	2.3%	2.7%	0.0%	1.8%	2.3%	3.5%	0.2%
Sadleir	2.7%	1.8%	0.8%	0.0%	0.8%	2.7%	1.4%	0.4%
Hinchinbrook	2.5%	1.6%	1.6%	0.0%	1.2%	1.8%	2.5%	0.2%
Cartwright	2.1%	1.4%	0.4%	0.0%	0.8%	1.0%	0.8%	1.2%
Lurnea	1.8%	1.0%	0.4%	0.0%	0.2%	2.1%	1.0%	0.0%
Prestons	1.0%	1.2%	0.8%	0.0%	0.4%	1.0%	1.4%	0.2%
Hoxton Park	0.8%	0.2%	0.2%	0.0%	0.2%	0.2%	0.6%	0.2%
Casula	0.6%	1.6%	1.4%	0.0%	0.6%	1.0%	2.1%	0.0%
Chipping Norton	0.6%	0.8%	0.2%	0.0%	0.4%	1.0%	0.2%	0.0%
LLGA others	1.8%	2.9%	1.8%	0.0%	1.4%	3.3%	1.6%	0.2%
TOTAL	44.8%	32.9%	21.1%	1.2%	15.6%	34.3%	31.0%	19.1%

Table 3-4: Residential distribution of patrons from FLGA and LLGA, by their gaming behaviour at (1) the Club and (2) venues other than the Club. Percentages are calculated based on total number of respondents from each LGA. No single suburb under “FLGA others” or “LLGA others” comprised more than 0.4% of respondents in each respective LGA.

⁸ PC Report (2010), p. 4.12, Figure 4.2; Centre for Gambling Research (2004), 2003 Victorian Longitudinal Community Attitudes Survey, Prepared for Gambling Research Panel.

⁹ PC Report (2010), p. 15.

¹⁰ PC Report (2010), p. 4.12; pp. 4.24-4.27.

From Table 3-4, it can be seen that even though EGMs form an important part of the Club's service mix, a significant portion of patrons from both FLGA and LLGA do not play gaming machines at all (27.3% and 21.1% respectively). In fact, as shown in Table 3-5 below, over 80% of the Club's regular EGM players also play EGMs at other venues. On the other hand, almost 96% of patrons who do not play machines at the Club also do not play at other venues. Over 97% of non-regular EGM-playing patrons either do not play machines regularly at other venues, or do not play them at all outside the Club.

		EGM playing at other venues			
		Regular players	Non-regular players	Non-players	Total
EGM playing at Club	Regular players	43.7%	36.7%	19.6%	357
	Non-regular players	2.5%	81.4%	16.1%	317
	Non-players	0.0%	4.1%	95.9%	315

Table 3-5: The Club's regular, non-regular and non-EGM players' playing behaviour at other venues, among patrons based in FLGA/LLGA. (8 patrons declined to reveal their EGM-playing behaviour at other venues. Percentage is based on total number of patrons under each "EGM playing at Club" category.)

The above data illustrates that the proposed additional EGMs are not likely to significantly elevate problem gambling risk factors among non-regular EGM players. The overwhelming majority of non-gaming patrons (95.9%) reported that they do not play EGMs at other venues. This means they are unlikely to be drawn to gaming machines at all, given that their gaming behaviour does not change regardless whether they visit Mounties or one of the many gaming establishments already existing in the FLGA/LLGA area. Similarly, the survey showed that Mounties' non-regular EGM players are likely to be non-regular or non-players at other venues, meaning that despite the plethora of machine and venue choices across the Club's local area, they have remained non-regular, casual EGM players. Thus it is hard to conceive that the mere presence of additional machines at Mounties could automatically induce these people to start playing EGMs regularly.

Of more relevance to this application are the regular players. As stated earlier, regular (weekly) EGM playing is a major risk factor towards problem gambling, as identified by the Productivity Commission's two reports. As shown in the data, a substantial portion of the Club's regular EGM players do not play EGMs at other venues regularly (56.3%). A number of factors can explain this outcome, the most conservative of which in relations to this application is that gaming facilities at the Club may hold unique appeals to these people. These appeals could have come from the EGMs themselves or the Club's general environment. If the Club does hold specific appeals to these people, then they may suffer detriments from this application.

The Club is mindful that if additional revenue is spent on improving the Club's offerings to patrons, those who exclusively play EGMs at the Club may be drawn to increase their EGM play at the Club. Furthermore, the Club recognises the Authority's position that benefits to the applicant does not equate to economic benefit to the local community¹¹. As to be detailed in Section 6.2 below, the projected additional net revenue from this proposal will be expended on a joint initiative with the Fairfield City Council that is based externally to Mounties' premises; thus the main benefit flowing from this application is not one that will bring more patrons to the Club.

Additionally, it would be premature and questionable to suggest that any additional machines would automatically increase problem gambling risks for the Club's existing regular EGM players. Presently, at the vast majority of the Club's trading hours, there are a large number of EGMs that are not utilised and are available for anyone to play, regardless whether the application is approved. By virtue of their regular play behaviour, regular EGM players will be highly involved in searching for those vacant machines, even if no additional machines are installed; whereas for people who only play EGMs recreationally, whom the PC Report (2010) found to derive enjoyment from EGM-playing¹², they may be more easily dissuaded from playing because they have a lower tolerance for perceived crowdedness and service deterioration during busy times. The proposed additional machines offer scopes to enhance revenue by addressing this perceived over-crowdedness experienced by recreational players, without unduly increasing risks for regular EGM players, because regular players' behaviour is likely to remain the same even without any additional machines installed. This is an important consideration which will be discussed further in Section 3.3 below.

3.3 Details of expected increase in patronage as a result of the additional EGMs

¹¹ The Authority (2009), *Guideline for Applicants – Class 2 Local Impact Assessment (LIA)*.

¹² PC Report (2010) p. 5.8.

Despite the significance of EGMs to the Club's revenue, gaming is only a part of Mounties' service offerings. As detailed in Section 3 above, Mounties offers its community a wide range of non-gaming services, some of which are not typical of standard registered clubs, such as gym facilities, travel agents, and holiday accommodation (not at the Club's premises). Based on the door survey discussed above, over half of the Club's patrons are not regular EGM players, indicating that most of Mounties' patrons visit the Club for purposes other than gaming.

Nevertheless, it remains plausible that the proposed additional EGMs will lead to some increase in gaming activities. In this section, we will attempt to estimate the increase in patronage resulting from this application. We will demonstrate that the increased gaming activities are likely to come from non-regular EGM players, whose nature of EGM playing is recreational and their increased play is unlikely to cause detriment to the Club's community.

3.3.1 *Step 1: estimating EGM revenue increase*

A simple way of estimating the increased EGM patronage resulting from the application would be to determine the Club's gaming occupancy (i.e. Percentage of the total installation of EGMs used for a certain representative period, say three months), and then multiplying this figure by the number of additional machines sought. This, however, is an exceedingly simplistic representation and does not take into account the dynamic EGM-usage pattern experienced by the Club¹³. Specifically, a typical trading day at the Club, or indeed most gaming venues in our experience, is characterised by several conditions relating to their EGM usage. When EGM usage is **LOW**, demand for the Club's EGMs is substantially below total supply and many machines remain unutilised. When usage is **OPTIMAL**, supply and demand for the Club's EGMs is well balanced where optimal service, comfortable atmosphere, and sufficient machines can be adequately provided. Finally when usage is **HIGH**, most of the machines are occupied, such that the casual, recreational players are likely to perceive deterioration in service quality, atmosphere, and overcrowding. Those recreational players, who are unlikely to suffer from gambling-related harm and indeed gain benefit from their play¹⁴, would be deterred from playing; whereas regular EGM players are likely to actively seek out vacant machines and be undeterred by the crowdedness. The provision of additional EGMs aims to improve recreational players' access to machines during those high-usage periods.

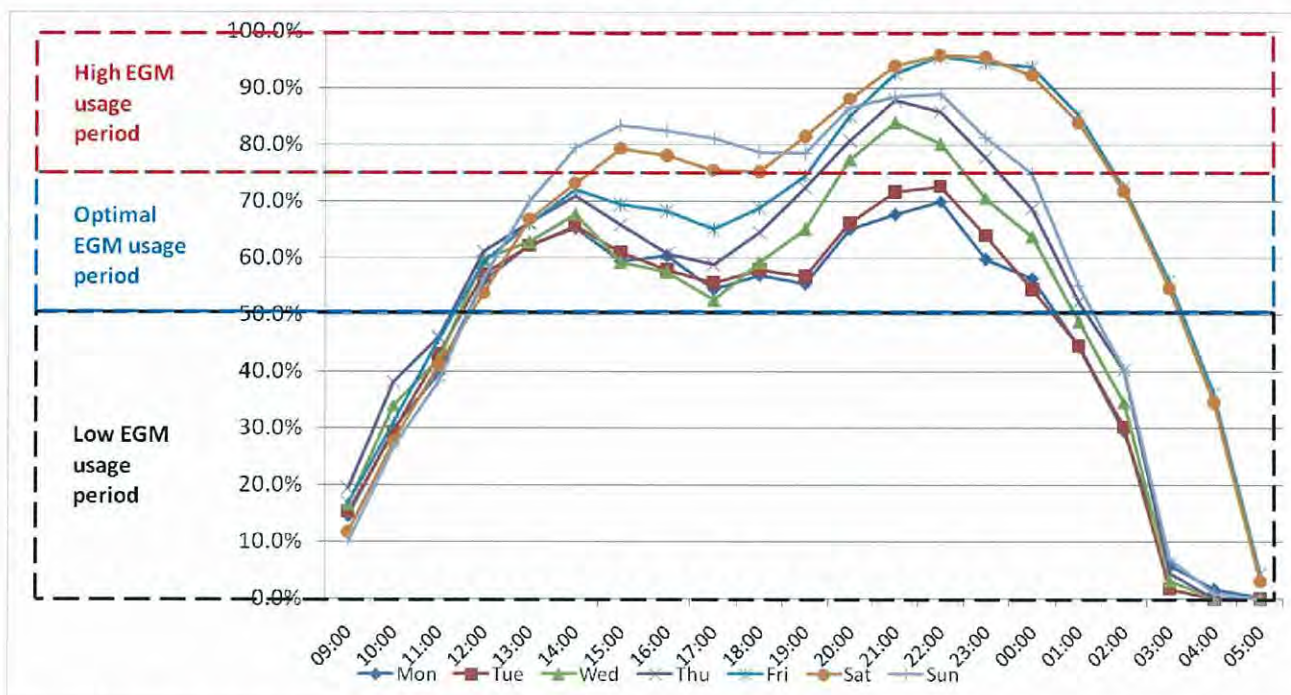


Figure 3-1: Average occupancy level of the Club's EGM installation, showing times when the installation is at low, optimal and high usage. (data range: August – October 2010 inclusive.)

¹³ See Lovelock, Christopher H., Paul G. Patterson & Rhett Walker (1998), *Services Marketing Australia & New Zealand*, Prentice Hall Australia Pty Ltd., pp. 334-336 for a discussion relating to general service organisations.

¹⁴ PC Report (2010) p. 5.8.

Figure 3-1 presents the average percentage occupancy of EGMs in play at the Club, by time and trading day, over a three-month period (January to March 2010 inclusive). As can be seen, the Club's EGM usage can be characterised by low, optimal and high EGM usage as described above. Presently, the Club's EGM installation is usually below "high" usage capacity – at almost 77% of the time, more than 25% of machines were not utilised.

Usage intensity period	Number of hours	Percentage of total trading hour
Low	48	32.7%
Optimal	65	44.2%
High	34	23.1%

Table 3-6: Number of hours, and percentage of total number of trading hours (147), that the Club's EGM installation experiences each of the three usage intensity periods.

During low-to-optimal EGM usage periods, a substantial number of EGMs (at least 25% of 561 = 140) were vacant, which means gaming players already have a wide-ranging choice of vacant machines, regardless whether any new machines were installed. In other words, additional EGMs will have relatively limited impact on generating net marginal revenues during low occupancy periods. On the other hand, during high EGM usage periods, there are still some vacant machines available (as the Club's average occupancy never reaches 100%), but recreational gamblers are likely to perceive service deterioration and crowdedness, which may deter them from playing. Conversely, regular players are more highly involved in their gaming machine play, and therefore would be less likely to be deterred by the perceived decline in service quality and continue to seek out vacant machines. As a result, additional EGM supply at those times can improve machine accessibility to recreational gamblers, who derive benefit from their play and are unlikely to develop problems¹⁵, without exposing regular players to significant additional risk. This trading level comprises of about 24% of the Club's weekly trading hours and represents the times when the Club is likely to gain most of its revenue increase resulting from the proposed additional machines.

Overall, EGM supply at the Club generally always exceeds demand. At most of the Club's trading hours, majority of the Club's EGMs remain available to players of all behavioural profiles regardless whether more machines are installed. However, at its peak trading period on Mondays and weekend nights, the Club's EGM installation reaches over 80% occupancy, which means casual players are likely to be deterred from playing, whereas highly-involved regular gamers would seek out vacant machines regardless. This situation provides the impetus for this application to improve the Club's revenue by improving choice and service for recreational players (who derive benefit from playing), without incurring additional detrimental effects upon regular players.

3.3.2 Step 2: Estimating increased number of EGM players

The Club's average EGM occupancy and corresponding turnover information provide an appropriate platform to project the additional revenue resulting from this proposal. The projection methodology is best illustrated by the following example: on Tuesdays and Wednesdays, the Club's existing EGM occupancy is always well below EGM supply (i.e. low EGM usage), meaning that there already exists ample choices of vacant machines; as a result the proposed additional EGMs are not expected to elicit increase in EGM revenue or patronage, since patrons already have many machines to choose from. On the other hand, during periods of optimal to high EGM usage (e.g. weekend evenings), the proposed additional machines would be utilised to various degrees, by addressing service levels and crowdedness that would have otherwise deterred recreational EGM players from playing.

It is difficult to predict with certainty the degree to which the new machines would be used during those times, however since the average occupancy never reached 100% presently even at the busiest times, it is unlikely that every one of those additional EGMs would be utilised. As a result it is forecast that, during high EGM usage periods, the additional machines would be used to the extent where current occupancy levels are reached. For instance, suppose that 448 machines are currently in use at a particular hour (i.e. 80% of the Club's total installation), installing the 60 additional machines would put the usage percentage at 72% ($448 \div [561+60] = 72\%$). If it is forecast that the original occupancy rate of 80% is to be restored, then 497 ($[561+60] \times 80\% = 496.8$), or an additional 48 ($497-448 = 48$), machines would be used during that particular hour. Applying this method to other high-EGM usage periods would provide a prudent estimate of the number of additional machines used at each hour. Additionally, it is acknowledged that even during optimal EGM usage periods, some of those new machines may be utilised, but likely to be less so than the extra usage seen

¹⁵ PC Report (2010) p. 5.8.

during high usage periods. To capture these dynamics, it is assumed that, during times when EGM occupancy is at or above 62.5% (midpoint between the lower- and upper-bounds of the theoretical "optimal" occupancy level), the additional EGMs would be utilised to the extent where the present occupancy level would be restored.

Day	Current average hourly EGM occupancy	Projected increase in average hourly EGM use
Monday	255.33	9.86
Tuesday	258.78	11.63
Wednesday	278.04	17.23
Thursday	300.20	21.26
Friday	361.68	30.09
Saturday	368.44	32.82
Sunday	323.18	28.57
AVERAGE	306.52	21.64
Average additional weekly machine-hours:		2,852.16

Table 3-7: Projected increase in average hourly EGM usage for each trading day, expressed as "machine hours" (i.e. number of additional machines used per hour).

Overall, it is projected that an additional 2,852.16 machine hours (i.e. the number of additional machines used per hour) would be played per week resulting from this proposal. It is not surprising that Friday and Saturday are projected to attract the highest number of additional gaming patrons: based on Figure 3-1, those days see the Club's gaming installation utilised at highest capacity. It is at those days, particularly in the evening (after 19:00), that the new machines are likely to contribute to marginal revenue. At other trading times, the Club already has a wide array of EGMs from which players of all background and profile can choose to play, regardless whether the additional machines are present.

Please note that this methodology is limited because EGM occupancy data does not record the number of people playing a particular machine at a certain time. A machine may be recorded as being "in use" for that time, but it may have been played by one or more individuals. On the other hand, it is also possible that a single individual plays on more than one EGM over a particular hour: it is possible for the hourly occupancy to be artificially increased by, say, five, by virtue of the same patron playing five different machines during that hour, even though the real number of patrons for that hour was only one. Given that the nature of these two possible errors mirror each other, we can plausibly use EGM occupancy as an appropriate proxy for anticipated increase in gaming patronage.

3.4 Projected increase in revenue resulting from this application

Following on from the increased patronage projection, a forecast can be made on the likely gaming revenue resulting from the proposed additional EGMs. As explained in Section 3.3.2 above, we anticipate that the proposed additional machines would only generate increased patronage at times when existing EGM usage is high. In the same vein, the additional machines are only expected to generate additional income at those same hours. Given the vast number of unutilised EGMs during periods of low machine usage, it is difficult to fathom that the presence of the additional EGMs would induce patrons to increase their gaming spend when they already have sufficient supply of vacant machines to use.

The methodology for determining additional EGM income is as follows: trading hours with high EGM occupancy were first identified as shown in Section 3.3.1 above. Then a *per-EGM turnover* figure is derived for each of those hours, by dividing the gaming turnover by the number of machines in play during those hours. Using the methodology shown in Section 3.3.2, the per-EGM turnover is then multiplied by the projected increase in usage during each high-EGM occupancy hour. The resulting figure is then annualised (since the data sample only covers three months) to produce a projected yearly increase in gaming turnover. A summary of the projected increase in average turnover for each trading day is presented in Table 3-8 below.

Day	Average additional turnover
Monday	\$92,969.06
Tuesday	\$102,160.45

Wednesday	\$154,420.88
Thursday	\$191,011.29
Friday	\$335,629.13
Saturday	\$355,425.23
Sunday	\$276,637.88
Average additional turnover per week	\$1,508,253.92
Return-to-Club ratio (i.e. 100% - return-to-player ratio)	9.01%
Average additional profit per week	\$135,893.68
Average additional raw profit per year (52 weeks)	\$7,066,471.25

Table 3-8: Projected increase in average daily EGM turnover for each trading day, and annualised yearly turnover and raw profit results.

It is important to keep in mind that "turnover" is not the actual amount spent by gaming patrons, but is a figure that incorporates winnings that the patron receives during each play session. For example, a patron may insert \$20 into a machine, wins \$100, then gradually loses \$120 over the course of play. This patron's turnover would have been recorded as \$220, but in actual fact his/her loss is \$20. Therefore "turnover" is not an appropriate reflection of gaming revenue, which has to be estimated from gaming turnover. This is achieved by first determining the Club's gaming *return-to-player ratio*, which is calculated by dividing the Club's gaming revenue by its total turnover over a particular period (for example yearly). This figure is only an approximation because each EGM does not always return this proportion of turnover to the player in every play session, due to random fluctuations of machines' outcome. Consequently, sufficiently large samples of turnover and net gaming receipt need to be used to calculate this return-to-player ratio reliably. For the present analysis, this ratio was found to be 90.99%¹⁶, which means the Club retains approximately 9.01% of total turnover as its gaming revenue.

As shown in Table 3-8 above, the average additional weekly turnover resulting from this application is \$1,508,253.92. Multiplying this figure by the return-to-Club ratio of 9.01% gives an estimated additional weekly revenue of \$135,893.68. This figure is then annualised (i.e. multiplied by 52) to produce an estimated raw yearly gaming revenue of \$7,066,471.25. This figure represents the "raw" additional revenue projected to derive from this application. It does not account for the expenses associated with the additional EGMs, including wages, on-costs, and maintenance. After those costs were taken into account the projected annual net revenue of the additional EGMs is **\$3,300,796.17**.

This projected additional revenue is the major source of the community benefit to spring from this application. This community benefit is generated after an extensive community consultation process and in collaboration with Fairfield City Council, and its nature will be discussed further in Section 6.2 below.

4 Details of harm minimisation and responsible gambling measures

The Regulation¹⁷ requires this application to outline "details of appropriate harm minimisation and responsible gambling measures (in addition to those already required by law) that are in place at the venue". In order to provide a responsible gambling environment, the Club goes above and beyond requirements stipulated by the relevant legislation. The most significant of the Club's measures is its alliance with *BetSafe*, an expert consultancy service of responsible conduct of gambling and support for problem gamblers, which the Club was instrumental in establishing. *Betsafe* were commended in the PC Report (1999) as representing "the most thorough and coherent approach of its kind". Accordingly clubs owned by Mounties Group are all members of *BetSafe's* Responsible Gambling Program. Services offered by *BetSafe* for the Club are listed in the next section, with other measures additional to legislative requirements listed in the sections following.

4.1 *BetSafe's Responsible Gambling Program*

- The Club clearly displays and makes available the *Betsafe* "Problem Gambling" brochures which are translated into Greek, Italian, Chinese, Vietnamese, Arabic, Korean and Maltese.

¹⁶ Data based on the Club's gaming records for the 2009 calendar year, not including multi-terminal machines ("one dollar machines") as they represent a different class of machines from those of the current application.

¹⁷ The Regulation Section 39.2(f).

- The Club has adopted the *Betsafe* self-exclusion scheme, which in addition to being fully compliant to the Act (Section 49) and the Regulation (Section 53), offers more robust protection for self-excluded members. A copy of the written undertaking which self-exclusion participants sign is attached in Appendix D. Participants of the scheme are prohibited from gambling at any of Mounties Group's four premises. Once self-excluded, a member cannot withdraw from the program within 12 months, and even then can only do so after rigorous assessment by *BetSafe* to ensure that the person has made progress in managing their gambling problems. This procedure goes above and beyond legislated requirements (3 months) by virtue of the longer exclusion period, and the availability of expert advice from *BetSafe* on a self-excluded patron's progress.
- The Club also has a "third party" complaint policy in place, whereby if a third party makes a complaint to the Club about another patron's gambling behaviour (e.g. family members), it is referred to *Betsafe* who then assesses the situation and provides assistance if required.
- *Betsafe's* self-exclusion procedure can also be extended to other venues outside of the Mounties Group.
- *BetSafe's* Responsible Gambling Program enables the Club to offer 24-hour patron assistance and counselling with professional addiction counsellors. This service is also extended to all Club staff at no cost.
- All staff members are thoroughly trained in assisting patrons with potential gambling problems and processing self-exclusions. If a patron is identified as having potential problems, staff will ensure that the patron is made fully aware of *Betsafe*, G-Line, other possible providers near the patron's residence, and (if applicable) the Self-Exclusion Scheme. Brochures from *Betsafe* detailing information on available counsellors and the "G-Line" service are also conspicuously displayed and readily available in the Club. The Club will refer individuals concerned about their gambling to these notices and will forward a copy of all relevant documentation to the *Betsafe* service.
- *Betsafe* also provides a crisis intervention service for patrons who may threaten self-harm.
- *Betsafe* undertakes regular audits to ensure the Club complies with both legislative and extra responsible gambling measures as a *Betsafe* member, and communicates new developments in Responsible Conduct of Gambling to the Club's staff.

4.2 Other responsible gambling measures beyond those mandated by legislation

- The Club has adopted the ClubsNSW *Registered Clubs Responsible Conduct of Gambling Code of Practice – Best Practice Guidelines*, and has lodged a *Responsible Gambling Affidavit* with the (former) Liquor Administration Board ("LAB").
- The Club declines all requests to cash cheques from patrons. This goes beyond the requirements set out in Sections 29-31 of the Regulation (which allows cashing of cheques that are made out to the venue; below \$400; for one single person per day; and not previously dishonoured.)
- The Club employs approximately 300 staff, of whom 90 perform gaming-related duties. All staff members, including senior management, obtained Responsible Service of Alcohol (RSA) and Responsible Conduct of Gambling (RCG) certificates approved by the OLGR as conditions of their employment.
- The Club's current promotion programme is presented in Appendix I. All the Club's relevant advertising and promotions comply with the Act.
- The Club has a car park that provides parking for members and guests. Several procedures are used to ensure that children are not left unattended in cars whilst the drivers are attending the Club, including signage informing patrons not to leave children unattended; video surveillance of the car park; regular patrolling by licensed security personnel during weekend evenings; and the implementation of emergency procedures to remove children left locked in cars, reporting children at risk, and disciplining members responsible.

4.3 Problem Gambling Counselling

Other problem gambling counselling services in the western and south-western Sydney area include¹⁸:

- Arab Council Australia (Bankstown)
- Mission Australia – South-West Sydney Services (Campbelltown)
- Sydney South West Area Health Service (Liverpool, Bankstown)
- University of Sydney Gambling Treatment Clinic (Campbelltown)
- Lifeline Western Sydney (Parramatta Mission)
- Centacare Parramatta (Blacktown)
- St Vincent de Paul (Baulkham Hills)
- Sydney West Area Health Service (Mount Druitt)
- Sydney Women's Counselling Centre (Parramatta)
- Vietnamese Community Australia (Cabramatta)
- Auburn Asian Welfare Centre (Auburn)
- Multicultural Problem Gambling Centre (North Parramatta)

Gamblers Anonymous meetings¹⁹:

- Mondays: Liverpool, Penrith, Wentworthville
- Tuesdays: Mount Druitt
- Wednesdays: Fairfield, Narellan, Toongabbie
- Thursdays: Campbelltown

4.4 Conclusion

The Club is strongly committed to providing a responsible gambling environment, evidenced by its adoption of additional measures provided by *Betsafe* above and beyond those mandated by legislation. Other than measures directly relating to problem gambling, the Club has also established measures to combat related problems such as children being left in carpark, and maintaining adequate levels of qualified staff to assist with potential gambling problems.

5 Community consultation

5.1 Methodologies – above and beyond legislative requirements

In preparing this application, the Club is acutely aware of the Authority's position on the determination of socio-economic impact on local communities, especially the need to recognise the heterogeneity of people and groups that make up the Club's community, and that local impact goes beyond pure monetary terms. Mounties has a track record of making significant contributions to the local communities, both in terms of above-requirement contributions under the CDSE (Community Development and Support Expenditure) scheme and in its active assistance of local initiatives. One such initiative is the Fairfield Youth and Community Centre, a joint initiative between the Club and the Fairfield City Council, which aims at addressing community concern over the lack of youth activities. This project is well into its development phase and will provide support and safe environment for individual youth and local youth-oriented organisations. (For more details please refer to Section 6.2.1 below.)

In view of the Authority's position on assessing community impact, a number of strategies were utilised to try to engage as many community members as possible. As Mounties' community and membership extends into the neighbouring LLGA, it was imperative that this area in the consultation.

The consultation focussed on three main areas:

- Whether people thought additional EGMs would create a problem
- What, if anything, Mounties could do about that problem
- How Mounties could use the additional revenue obtained to provide a benefit to the community

5.1.1 Shopping centre surveys

A total of 332 shoppers were surveyed in 3 centres across FLGA and LLGA:

¹⁸ Sources: OLGR (http://www.olgr.nsw.gov.au/gaming_rgf_counselling_support_services.asp) and BetSafe (http://www.betsafe.com.au/help_for_gamblers/gambling_counselling_services/#NSW)

¹⁹ Source: Gamblers Anonymous website, <http://www.gansw.org.au/NSW%20Meetings.htm>

- Liverpool Westfield (Monday 19th July 9.30am – 2pm, Thursday 22nd July 6 – 9pm);
- Bonnyrigg Plaza on Friday 6 August from 10.30am – 2.30pm
- Cabramatta Mall during the September Moon Festival (Sunday 19th) from 10am – 3pm. The surveys at Cabramatta were conducted by Vietnamese and Chinese speakers.

Passers-by were first asked if they would like to answer a few questions. When this did not elicit a high response the introductory questions was changed to “would you like to comment on what happens in your local area?” While the response rate increased, a higher response rate still was sought, and the introductory question was changed to “would you like to have your say about poker machines in your area?” Even though an introduction that specifically mentions gaming machines is likely to draw people who are opposed to gambling and EGMs, around 2 in 3 people approached declined to participate, with many people commenting that “I don’t care”, or “no, not interested”. The survey was designed to be brief, yet still provide an opportunity for those who wanted to say more to do so. A copy of the survey is attached (Appendix E1).

Of those approached, 31% (332) participated in the survey. The figures contained in the following report are based only on those who provided answers to all questions, and do not include those who said “don’t care” or “no thanks” and didn’t complete the survey.

The number of surveys collected, from whom, appears below.

Place	Responses	Refusals
Liverpool (Monday)	50	Refusal rate not counted (includes those asked the more general introductory questions)
Liverpool (Thursday)	81	347
Bonnyrigg Plaza	104	193
Cabramatta	97	184
TOTAL :	332	724

Table 5-1: Responses received, by shopping centres.

Local government area	Number	Percent
Fairfield	207	62
Liverpool	105	32
Other	20	6
Total:	332	100

Table 5-2: Residential suburb of respondents.

Sex	Number
Female	180
Male	152

Table 5-3: Gender distribution of respondents.

Age	Number	Percent
<30	65	20
30-60	177	53
60+	90	27

Table 5-4: Age distribution of respondents.

5.1.2 Key stakeholder meeting

An invitation was extended to 33 local community groups, Liverpool and Fairfield City Councils, representatives from both Police Local Area Commands, ClubsNSW and *BetSafe* to attend a round table meeting to discuss the proposal and any concerns they might have. The community groups invited included key recipients of CDSE funding from Mounties, including cultural groups and those providing services for problem gamblers and their families. A copy of the invitation list is attached (Appendix E2).

The week before the meeting was due to take place, follow up telephone calls were made to all who hadn’t responded to the invitation to remind them of the meeting and determine whether they would be attending. Phone calls were then followed up by another email invitation reminder. Four community groups attended, together with the Crime Prevention Officer and Licensing Officer from Cabramatta Local Area Command, Senior Policy Advisor from Fairfield City Council, *BetSafe* and ClubsNSW.

In order to obtain input from key ethnic groups in the area, letters were sent, in Vietnamese, to four key Vietnamese community organisations as representatives of the largest language group in the area (Appendix E3) seeking their input about the proposal. One response was received from Vietnamese Community in Australia NSW Chapter Inc.

5.1.3 Submissions

An advertisement was placed in the Fairfield Advance and Liverpool Leader local newspapers on Wednesday 21 July and Wednesday 28 July stating that Mounties were seeking to increase the number of EGMs at their Mount Pritchard club and seeking submissions from the community. As well as the advertisement in the Public Notice listings, a 'pointer' was included in Mounties major weekly advertisement in the entertainment sections of the papers. All community groups who receive CDSE funding from Mounties were issued with individual email invitations to provide a submission on the proposal.

Seven written submissions were received in addition to the one mentioned above from the Vietnamese Community in Australia. A list of submissions is attached at Appendix E4.

5.2 Findings

From all the consultations it is clear that Mounties is well known and has a high standing within the local community. Even many of those who were opposed to an increase in EGMs made comments such as "*I know Mounties does a lot, but I don't think they need any more machines*" or "*Mounties are a good club, but enough is enough*". One submission went so far as to say "*we support Mounties in anything they do*".

Only 12 of the 332 surveyed said they were not aware of the club, with most people (80%) attending the club at least occasionally.

Frequency	Number	Percentage
Never	64	20
Occasionally	224	67
Often	44	13
Total :	332	100

Table 5-5: "How often do you visit Mounties Club?"

As mentioned, the introduction to attract people to the survey specifically mentioned EGMs. This was done with the understanding that it would most likely attract those who would be opposed to gambling. It was designed to "err on the side of caution" by ensuring that people with strong opinions did not miss out due to a lack of knowledge of the subject matter of the surveys. The effectiveness was shown in an analysis of whether people were likely to play EGMs, with more than half (57%) saying they never play EGMs.

Frequency	Number	Percentage
Never	188	57
Occasionally	124	37
Often	20	6
Total:	332	100

Table 5-6: "How often do you play poker machines?"

5.2.1 Level of opposition/support

Despite an introduction specifically targeting EGMs, of those people surveyed in shopping centres more than half (54%) still said they didn't think would be a problem with Mounties increasing the number of EGMs at the Club. Just over one third (35%) thought additional EGMs would cause a problem, with the remainder (11%) unsure.

Most identified the effects of problem gambling on those around the gambler, particularly family breakdown and the inability to meet financial commitments including housing as issues to be addressed. At the stakeholder meeting police representatives also stated that domestic violence is also caused by problem gambling, particularly when gamblers lose more than they can afford.

Of the 46% who were unsure or thought there would be a problem with increased gambling, 25% stated that having additional money to spend within the community would provide a greater overall benefit, and said that would make them change their opinion.

Do you think extra EGMs would cause a problem?	Number	Would having more money to spend in the community change your mind?		
		Yes	No	Don't know
Don't know	37	7	2	28
Yes	116	31	61	24
No	179			

Table 5-7: "Do you think increased poker machines at Mounties would cause a problem in the area? If yes, would having more money to spend in the community change your opposition?"

5.2.2 Problem gambling

As Mounties proposal is about increasing EGMs, all participants were given an opportunity to specifically address the issue of problem gambling. The surveys included a question "do you think an increase in the number of poker machines would raise any problems in the community", and the issue was specifically canvassed in the stakeholder meeting.

Of the 35% in the surveys who said there would be a problem, many specified that some of the additional revenue should be spent on programs to address problem gambling. This opinion was expressed throughout all parts of the consultation, including the stakeholder meeting and submissions.

The stakeholders meeting discussed at length the issue of problem gambling in the context of the local community. Fairfield LGA is very culturally diverse, with a large percentage of the population speaking a language other than English, mainly Vietnamese, but also Arabic, Assyrian, Cantonese and Spanish. Around one third of the population report that they speak English either not very well or not at all²⁰.

The participants in the meeting all dealt directly with problem gambling or the outcomes thereof. While generally stating that there would be a benefit to the community in having additional financial resources to address community issues, none were supportive of gambling per se. All also specified that additional support should be provided to support those peripherally affected by problem gambling.

One participant stated:

I don't believe gambling is OK. Jesus would say "you will always have the poor". Essentially we will always have the problem [gambling]. I'm not going to argue over 50 machines. With \$10,000 or \$1m from that I can affect more lives positively than the pokies will affect negatively.

The organisations present at the meeting also agreed that it would be beneficial if they could be supported to work together to undertake research into the issue of gambling in the area, and to provide innovative programs not only to address the gambling, but also to support families of problem gamblers. An informal network has already been established by the groups present as a result of that meeting.

In their submission, The Vietnamese Community in Australia stated that the Vietnamese community is particularly vulnerable to problem gambling. They recommended that:

The Board of Directors of Mounties favourably considers a greater and more direct contribution of funds to the most affected communities, including the Vietnamese community, to address the problem gambling issues.

In discussions and in their written submission, Fairfield City Council expressed concern about the apparently small number of members who have self-excluded from gambling at the Club (stated as 209 by Fairfield City Council). Given BetSafe's advice at the meeting that the rate of problem gambling within a club is generally between 5-10% of members, Council feels that this leaves a large number of people who may have gambling problems which are not being addressed. As their gambling policy specifically targets harm minimisation, as well as research and education they expressed an interest in being part of a local network examining the issue of problem gambling and innovative responses thereto.

A significant proportion of participants across the consultation methodologies stated that they did not think the additional EGMs would make much, if any, difference to what was already occurring in the community, despite concerns about gambling as a problem. Comments were received that:

²⁰ Australian Bureau of Statistics (2006), "2006 Census QuickStats: Fairfield (C) (Local Government Area)", viewed 7 August 2010.

"They've already got 550 machines, another 50 is not going to make any difference";

"People are already gambling. More or less machines won't change that";

"I don't like poker machines at all, but you have to accept that they're already there and you're not going to change that. If they can spend more money in the community, then I'd support it."

However, while some, such as The Salvation Army, supported the idea of additional resources going into addressing problem gambling, they stressed that this did not alter their opposition to any increase in the number of EGMs. The Salvation Army stated that if there was to be an increase in EGM numbers they would prefer it to be from an internal transfer within the LGA.

5.2.3 Community benefit

Mounties draws its membership and patronage primarily from two LGAs – Fairfield (where it is located), and Liverpool. Fairfield is the most culturally diverse LGA in Sydney, with a high percentage of Vietnamese speakers. To respond to this, the consultation methodologies specifically targeted ethnic community groups, particularly Vietnamese groups, to try to ensure that as broad a cross section of community representatives were heard. Appendix E2 shows the community groups invited to the stakeholder meeting. A written submission was received from Vietnamese Community in Australia NSW Chapter Inc in response to an invitation sent out in Vietnamese. The survey was conducted at the Moon Festival in Cabramatta to target Vietnamese and Chinese speakers. Those conducting the survey were from the local Vietnamese community and spoke both Vietnamese and Chinese.

The participants in shopping centre consultations came from a variety of linguistic backgrounds as shown in the following table.

Language	Number	Percent
English	179	54
Vietnamese	64	19
Chinese	20	6
Arabic	19	6
Hindi	10	3
Other	40	12
Total	332	100

Table 5-8: Distribution of linguistic backgrounds of shopping centre consultation respondents.

Fairfield LGA has relatively high levels of unemployment and low levels of education, combined with the third largest youth population in NSW, with 33,000 people aged 13-24 years, and 30,500 0-12 year olds. This is reflected in the responses that specified youth and education as being primary areas where they would like to see any additional monies spent.

Something for kids to do. Get them off the streets.

Entertainment for youth, get them busy & not bored - crime prevention. Keep them away from "beer activity"

A youth centre. Somewhere they can go and do things. Homework support.

Education and training

Not everybody who participated in the survey identified where they would like additional resources to go. A total of 204 responses were provided to this question. The figures below add to more than 100% as some people provided more than one response.

Issue	Number	Percent
Youth	53	26
Sport	43	21
General (charity, community, community groups)	36	18
Education (schools, homework support, special ed, adult education, training)	24	12

Aged	19	9
Health	18	8
Children	17	8
Other (infrastructure, jobs, refugees, housing)	27	13

Table 5-9: How respondents of shopping centre consultation would like to see additional money spent.

In half the responses identifying "sport" it was combined with youth or children, and the desire to give young people something to do. Sport as a standalone response was identified by 10% of respondents.

A number of those who identified youth issues specifically said that somewhere for young people to go was needed.

A club house of some sort, somewhere for them to go that gives them something to do. Gets them off the streets

This was also raised in the stakeholder meeting. It was agreed that a youth centre, where young people can gather, supervised and provided with sporting, educational and training activities, would be ideal for the south-western Sydney area. The service providers present felt that if they, and other local providers, could be supported to work together on a viable youth program there would be an overall beneficial outcome for the community.

5.3 Summary and conclusion

Mounties undertook an extensive community consultation process across two LGAs. The methodology was designed to access as many people, from as many backgrounds, as possible in recognition of the heterogeneous nature of the Club's local community. The three-pronged methodology (street consultation, round-table discussion, and invitation to submission) identified some concern within the community about problem gambling, and a desire for Mounties to address both gambling itself and issues arising from problem gambling. Additionally, the issue of youth consistently surfaced during both the public consultation and roundtable discussions, and the need to establish and support initiatives that provide youth activities and education was a recurring theme throughout the consultation.

Just over half of survey participants did not foresee any problems with the additional EGMs. While just over one-third of survey participants stated that the proposal would create problems in the community, one quarter of those stated that if as a result of additional EGMs more money was spent within the community, the overall impact would be beneficial.

6 Evaluation of the social and economic impacts of this application

Pursuant to the Act²¹, we will now demonstrate that this application will generate an overall positive impact to its local community. We stress that the Club recognises the Authority's position that a "local impact" is not necessarily a quantified result, and that numerous diverse elements, some of which qualitative, will form part of the impact assessment. To reflect this recognition, the positive and negative impacts of the application will include both *quantitative* (that is, quantifiable) and *qualitative* (that is, not quantifiable) elements.

6.1 Negative social and economic impacts of the application

As identified by the PC Report (2010), gambling is enjoyable and harmless for most Australians, with about 69% of NSW adults participating in gambling, representing a decline from 80% in 1999²². Nevertheless, the report stated that gambling's associated risks and harms must be addressed in policy decisions²³. The PC Report (2010) identified that "problem gambling" – a minority group of gamblers suffering from a cluster of significant harm – remains a central issue in gambling-related policy-making²⁴. This sentiment is reflected during the community consultation process. As stated in Section 5.2.2, survey respondents who believed that additional EGMs would cause problems also believe that some of the additional revenue should be spent on problem gambling programs; and this opinion was expressed throughout the consultation process including

²¹ The Act, Section 36.3(d).

²² PC Report (2010) p. 2.6, Table 2.2.

²³ PC Report (2010) p. 11.

²⁴ PC Report (2010) p. 4.2.

the stakeholder roundtable and the written submissions. Therefore problem gambling should be viewed as the primary source of detriments in this LIA.

Despite extensive enquiries made by the Productivity Commission in their two reports (1999 and 2010) and a sophisticated array of academic literature on the impact of gambling, there remains a lack of discussion on the *incremental* impact of additional EGMs in an environment already with liberalised access to machines. This is a vital question in considering the overall impact of the application, since the relevant statutory test in approving the LIA is that "the proposed increase in the gaming machine threshold for the relevant venue will have an overall positive impact on the local community where the venue is situated"²⁵. In other words, the proposed machines are the focus of the assessment, which makes the question of incremental impact of crucial importance. A more thorough treatment on the (relatively limited) literature regarding such impacts is presented in Appendix G below.

Whilst the PC Report (2010) states that policy interests should centre upon the cost of harm rather than prevalence, the report has also acknowledged difficulties associated with arriving at definite figures. Besides, the Authority's guidelines have clearly stated that the LIA is not a quantified result, but rather a combination of quantitative and qualitative assessment. This application will attempt to quantify economic detriments resulting from the proposed additional EGMs using methodologies accepted by the Productivity Commission, as well as comprehensively evaluating other unquantifiable potential detriments.

6.1.1 What is problem gambling?

Problem gambling is an abstracted and heavily-contested construct²⁶, and despite general acceptance of the existence of "problem gamblers" ("PGs"), the actual numbers are often disputed, which bears testament to the imprecision of instruments used to identify them²⁷. Due to restriction on length and relevance, we do not intend to provide a comprehensive review of problem gambling concepts, but rather offer a general outline of the key issues regarding problem gambling, particularly in relation to EGM play in NSW.

Generally, problem gambling has been defined as the situation when a person's gambling behaviour gives rise to harmful effects²⁸. Those gamblers show a lack of control over their gambling and continue to gamble obsessively, even as losses mount up²⁹.

Despite issues relating to the precision of screening instruments, problem gambling is generally defined as a single category, rather than a spectrum; this means depending on the screening instrument used, a person is either defined as a PG or is not, although it is possible to identify individuals with varying levels of risks³⁰. This was the underlying approach for the *Canadian Problem Gambling Index* ("CPGI"), the preferred problem gambling screen used in Australia³¹. Using various survey results, the PC Report (2010) found that approximately 0.5-1.0% of Australian adults can be classified as suffering "significant problems" with gambling, with an additional 1.4-2.1% of adults experiencing moderate risks that would render them vulnerable to problem gambling³². Compared to the 1999 PC Report, problem gambling prevalence rates have "probably" fallen, although this finding was not definitive of Australia as a whole; additionally, PC Report (2010) claimed that the rate of problem gambling among EGM players has not declined³³.

6.1.2 Estimating the increased incidence and cost of problem gambling

6.1.2.1 Background

As explained above, the Productivity Commission and gambling literature clearly show that negative impacts of this application largely stem from potential increase in PGs, and impacts on their families and the community. An increase in problem gambling prevalence in this or any community is a valid concern

²⁵ The Act, Section 36(3)(d)(i).

²⁶ PC Report (2010) p. 5.1.

²⁷ PC Report (2010) p. 5.4.

²⁸ Australian Institute for Gambling Research (1997), *Definition and Incidence of Problem Gambling, Including the Socio-Economic Distribution of Gamblers*, Melbourne: Victorian Casino and Gaming Authority; Symond, P. (2000), "The Impact of Responsible Service of Gaming Legislation," *CMAA Annual Conference*, March 13, Rosehill Gardens, Sydney, New South Wales

²⁹ Burns, A.C., Gillet, P.J., Rubinstein, M. & Gentry, J.W. (1990), "An Exploratory Study of Lottery Playing, Gambling Addiction and Links to Compulsive Consumption," *Advances in Consumer Research*, 17, 298-305.

³⁰ PC Report (2010) p. 4.3.

³¹ PC Report (2010) p. 5.5.

³² PC Report (2010) p. 5.1.

³³ PC Report (2010) p. 5.1.

considering that the Productivity Commission found that problem gambling was related to the degree of accessibility of EGMs³⁴. Whilst the community consultation raised some concerns about increase in problem gambling, participants also questioned the degree to which this proposal would cause negative impacts, given that EGM supply is already ubiquitous in the Club's local region. Effectively, the community recognises that there is already ample supply for people to engage in EGM play, including those with potential problems. Also as shown in Section 3.3.1, at all of the Club's trading hours there are vacant EGMs available for anybody, even patrons with potential problems, to play at the Club. The community consultation appears to reflect a greater concern for the Club to take action against problem gambling as a whole, as well as addressing other associated social problems in the local community.

There are no studies that have clearly defined the incremental impact of EGMs in a community already with existing machines. The most relevant type of studies in judging such impacts are *longitudinal* studies – that is, studies involving data that is collected over at least two discrete points in time, with the same methodology and samples. Such studies allow real comparisons to be made in relation to the incremental effect that increased EGMs may create. Data from *static* or *cross-sectional* studies – that is, data collected at a single point in time – are not designed to infer incremental impacts. The question of incremental impact of additional EGMs had not received rigorous academic attention until recently³⁵, none of which used the longitudinal approach, and did not yield consensus on the issue. A summary and discussion of those studies is presented in Appendix G.

In its 2010 report, the Productivity Commission contended that while there is probably a link between EGM accessibility and detrimental effects, this link becomes weaker once a threshold of existing accessibility is reached³⁶. Clearly the Productivity Commission does not support the notion that every additional EGM introduces a uniform level of harm, and no uniform process should be applied to every local impact assessment. The PC Report (2010), in discussing accessibility of EGMs, has declined to make finding or recommendation regarding the relationship between machine numbers and detriments, instead focussing on mandatory shutdown hours³⁷. We do not dispute that increased EGM density will lead to some increase in detriments; however this increase is likely to be diminishing at a given level of EGMs. Further, considering that the Club has a supply of unutilised machines at most operating hours, any suggestion that every additional EGM would cause uniform degree of harm need to be scrutinised. As previously explained in Section 3.3, the proposed additional machines provide scope for the Club to increase revenue by alleviating perception of busyness and service deterioration for recreational players during peak hours of operation, while existing regular gamblers would be equally likely to seek out vacant machines regardless whether any additional machines were installed. Thus we base our assessment of detriments on the PC Report's (2010) contention.

6.1.2.2 Methodology

Despite the limitations relating to using data from the PC Reports, the lack of solid local problem gambling prevalence statistics makes it necessary to utilise some of the PC's findings in estimating the likely number of additional PGs arising from this application. A crude method involves determining the projected increase in EGM revenue resulting from this application, multiplying it by a national estimate of proportion of EGM revenue accounted for by PGs, and then dividing by the national estimate of per-PG expenditure. This can be expressed by the following formula:

$$\frac{R \times P}{PGE} = PGN, \text{ where}$$

R = Projected revenue from the additional EGMs for the application
 P = Proportion of revenue accounted for by PGs (national estimate)
 PGE = Expenditure accrued per PG (national estimate = \$21,000³⁸)
 PGN = Estimated PG numbers for the application

This formula is not without its difficulties, due to issues relating to accurately estimating the likely proportion of EGM expenditure from the proposed machines is to be derived from PGs. The Productivity Commission, in its two reports, attempted to estimate this parameter based on national-level data. The 1999 report estimated that PGs accounted for 42.3% of total EGM expenditure; this parameter was estimated to be between 22 and 60% in the 2010 report³⁹. However, the indiscriminate application of the maximum parameter of 60% will represent a gross overestimate of problem gambling impacts. This is true considering the lack of consensus in

³⁴ PC Report (2010) p. 14.1.

³⁵ As listed in PC Report (2010) Appendix I.

³⁶ PC Report (2010) p. 14.1.

³⁷ PC Report (2010) Section 14.

³⁸ PC Report (2010) p. 5.33.

³⁹ PC Report (2010) p. 16.

gambling literature regarding the incremental impact of additional EGMs, and the fact that the Club has vacant machines at all times (thus anyone with potential problems can already play regardless whether more machines are installed). Consequently, we will produce a range of PG estimates, calculating PG numbers at regular intervals from 0% of revenue. The 60% parameter is an unlikely worst case scenario, whilst the estimate of 0% will represent that the application will not increase PGs at all, which is equally unlikely. The number of PGs will fall at some point in this range. The incidence of increased PGs, and their associated expenditure, will be taken as the main quantifiable source of negative impact resulting from this application.

The PC had not included all relevant problem gambling costs in their assessment as those costs deemed unsubstantial or having no sufficient basis to adequately quantify were omitted in their report⁴⁰. The potential impacts of these “unquantifiable” costs will be discussed in Section 6.1.3 below.

6.1.2.3PG number estimation

As stated earlier, one obstacle in making this estimation is the difficulty associated with determining the share of EGM revenue accounted for by PGs. The PC Report (2010) stated this figure to be up to 60%; however 60% is a very unlikely worst-case scenario, considering the following key points:

- The Club, at all operating hours, have vacant machines that can be utilised by anyone, even if the application is not approved. Any individual, regardless of background, PG risk, or play behaviour, can play those machines as it currently stands. On the other hand, those machines allow recreational EGM players to engage in their leisurely play (as recognised by the PC Report, 2010) by addressing crowdedness and reduced service capacity during peak hours of operation. It is therefore implausible that any increase in EGMs would automatically lead to new cases of PGs, and certainly not to the extent suggested if the maximum 60% national parameter were used.
- The Club is situated in an area already with ample supply of EGMs. It is highly likely that other EGM venues in the community will share the EGM installation profile of the Club. That is, at all operating hours there will be surplus, unutilised machines for anyone to use; and additional EGMs offer scope for revenue increase by alleviating perceived overcrowding at busy times among recreational players who are unlikely to develop gambling problems. Regardless of the Club's community's socioeconomic profile, it cannot automatically be argued that every additional machine will cause a uniform number of new PGs in the area. As stated in the PC Report (2010), the direction of causality between increasing machines and PGs is often unclear. The PC Report pointed out that a population that already contains PGs are typified by higher expenditure, which encourages greater supply of EGMs in that area; as such restricting EGM access to that area may merely shift location of demand or greater utilisation of existing machines, without reducing harm⁴¹.
- The vast number of gaming venues in the Club's surrounding area has another implication: that some of the additional problem/at-risk gamblers resulting from this application may simply be transferring from other venues in the community, rather than being “brand new” PGs. Mounties is a sizeable entertainment venue which delivers its services in a professional, comfortable and safe environment, which many other venues would struggle to emulate. It is plausible that the additional EGMs would attract patrons from other venues, some of whom may have existing problem gambling risks; thus the net number of “brand new” PGs may be limited.
- As discussed in Section 4 above, the Club goes above and beyond the legislated minimum requirements in ensuring responsible gambling behaviour. The Club is instrumental in the establishment of *BetSafe*, the leading responsible gambling consultancy as recognised by the PC Report (1999). Therefore any individual showing signs of problem gambling risk are identified quickly and a comprehensive range of measures are in place to ensure those individuals do not develop any further harm. Again, the provision of strong problem gambling monitoring and intervention offered by Mounties is not easily emulated by other gaming venues in the community, therefore offering a safer, more responsible gaming environment for patrons than other venues, further reducing the detrimental effect of this application.

Despite these important considerations, we do not contest that additional EGMs will induce some increases in PGs at the venue, some of whom will come from other venues within the Club's local area. Indeed, to state

⁴⁰ PC Report (1999) p. 9.10.

⁴¹ PC Report (2010) pp. 14.6-14.7.

that PGs account for 0% of the additional expenditure would be equally implausible. The share of gaming expenditure accounted for by PGs will obviously fall somewhere in the range between the two extremes. Given the robust nature of the Club's responsible gambling nature and the likelihood that many of the additional potential PGs would be simply transferring from other local venues, we believe that the share will be in the moderate range of about 15%. This range is justified once consideration is given to a range of recent research showing that, in areas already with ubiquitous EGM access, further increases in machines will have diminishing effects on the local community (please refer to Appendix G).

Table 6-1 below shows the estimated number of PGs likely to arise should the current application be approved. The estimate is presented as a range based on the percentage of revenue likely to be derived from PGs. Based on these assumptions it is estimated that **50.47 PGs** will result from the current application. These PGs will account for **\$1,059,970.65** of gaming revenue, representing the quantified negative impact of this application.

Projected annual revenue of additional EGMs:		\$ 7,066,471.00
PG expenditure share	Total expenditure attributed to PGs	Estimated number of PGs
0%	\$0.00	0.00
5%	\$353,323.55	16.82
10%	\$706,647.10	33.65
15%	\$1,059,970.65	50.47
20%	\$1,413,294.20	67.30
25%	\$1,766,617.75	84.12
30%	\$2,119,941.30	100.95

Table 6-1: Estimating the number of PGs likely to result from the current application, based on a range of estimated PG expenditure share.

6.1.3 Other unquantifiable negative impacts (non-problem gambling)

The Authority's guidelines for Class 2 LIA applicants clearly stated that such an assessment is not only a quantified result⁴². It is therefore important to evaluate a number of unquantifiable negative impacts, in addition to the quantified PG gaming loss as discussed earlier. The PC Report (1999) identified a number of such factors, which were excluded from their national estimation of PG costs because they were unsubstantial in nature, and to preserve a conservative estimation⁴³. These factors, in relation to the Club's local community, are evaluated in turn.

- Non-regular gamblers experiencing problems due to an increase in EGM numbers - There are likely to be occasions where non-regular gamblers gamble more than they intended. This could be likened to people impulsively spending excessively on other forms of recreation such as shopping or hobbies. This is not a significant marginal cost considering the current supply of EGMs in the Club's community, which will still exist regardless whether extra machines are installed at the Club.
- PG's reduced future earning capacity that could result from being declared bankrupt - This cost could be applicable to the proposed EGM increase to the extent that the proposed EGMs solely increase the incidence of problem gambling behaviour.
- Impacts on physical health and medical expenses associated with conditions like depression - This cost could be applicable to the proposed EGM increase to the extent that the proposed EGMs solely increase the incidence of problem gambling behaviour.
- Costs that may carry over into later years from "one off" events - This cost could be applicable to the proposed EGM increase to the extent that the proposed EGMs solely increase problem gambling behaviour.

⁴² The Authority (2009), *Guideline for Applicants – Class 2 Local Impact Assessment (LIA)*.

⁴³ PC Report (1999) p. 9.10.

- Emotional distress for families and parents of moderate PGs – The Club has strong measures above and beyond legislative requirements in providing responsible conduct of gambling, therefore any individual (or their families) who feel they have potential problems can readily seek self-exclusion and/or counselling assistance.
- Indirect costs, e.g. sale of property and long term effects on children resulting from divorce and separation - This cost could be applicable to the proposed EGM increase to the extent that the proposed EGMs solely increase problem gambling behaviour.
- Those who are only rarely or sometimes depressed - This will be very difficult to evaluate. However, given its rare/occasional nature, it would be reasonable that this would not be a significant impact due to the rare/occasional nature. This cost could be applicable to the proposed EGM increase to the extent that the proposed EGMs solely increase PGs.
- Actual suicides caused by gambling - This cost could be applicable to the EGM increase to the extent that the proposed EGMs solely increase problem gambling behaviour.

In sum, while some of these unquantifiable costs may apply to this application, the relationship between having additional EGMs and the extent of these costs is unclear. Many of these unquantifiable costs are likely to still apply regardless whether new machines are installed, because the Club already has many under-utilised EGMs at all of its operating hours. In other words, it is questionable how much of these unquantifiable detriments will actually be borne out of the proposed additional EGMs. In addition the Club's local community has many other gaming venues with strong supply of EGMs, meaning that many of these potential detriments are likely to be already existing in the community, and any increase in detriment resulting from this application may simply be transferring from those other venues. A conservative estimate would suggest that the amount of unquantifiable detriment arising from this application would be commensurate with the amount of additional revenue derived from the extra EGMs.

6.1.4 How the Club addresses concerns arising from community consultation

During the street consultation with Fairfield and Liverpool LGA residents (see Section 5.2), it was found that over 54% of respondents did not consider the Club's proposal problematic, even when respondents were directly canvassed on the subject of problem gambling. Of the 35% who believed there would be problems, many identified problem gambling as a negative outcome of the additional EGMs, and specified that some of the additional revenue should be spent on problem gambling programs. This sentiment is echoed in the stakeholders meeting, even though none of the groups supported gambling per se, they generally acknowledged that additional financial resources for the community would be beneficial. Additionally, the Vietnamese Community in Australia stated that the Vietnamese community is especially vulnerable to problem gambling, and sought more direct funding from the Club in addressing problem gambling among the Vietnamese community.

The Club is committed to comprehensively address these community concerns, and in fact has been proactive in providing support to the two biggest issues identified in the community consultation directly relating to increasing EGMs: problem gambling, and Vietnamese community issues. In the 2009-10 CDSE, the Club provided \$26,900 to three Vietnamese organisations (including Vietnamese Community in Australia), and \$54,567 to *Betsafe*, the leading provider of responsible conduct of gambling advisory services (see Section 4).

Despite these substantial existing arrangements, the Club is committed to allay community concerns over the potential impacts of the proposal. The Club will increase donation to problem gambling services. by committing \$40,000 to problem gambling services in the first year of the new EGMs' operation, sourced from additional CDSE payment the Club will incur from the additional revenue. As to be detailed in Section 6.2.3, if the application is approved, the resulting EGM revenue will increase the Club's minimum CDSE commitment by **\$90,997** in the first year. The amount remaining after the \$40,000 commitment will be spent on other local community organisations and initiatives, which will be detailed in Section 6.2 below. This donation to problem gambling services will occur in addition to the Club's existing sponsorship of *BetSafe's* operations. At this stage given the uncertainty over whether the LIA process, no provider has been selected for this service; although the Club will conduct due diligence in ensuring that the selected service provider(s) will (1) provide a 24-hour counselling service; (2) operate within the local community; and (3) will employ multilingual counsellors and/or translators, especially for Vietnamese clients.

6.2 Positive social and economic impacts of the application

Mounties has a long-standing positive relationship with its community, and a unique track record in responding to community needs, whether it is in the form of cash donation or in-kind support. This is evidenced by the Club's substantial CDSE commitment to numerous community organisations, detailed in Section 6.2.3 below. Mounties takes pride in being a multifaceted community venue that does not solely rely on gaming, by providing a wide range of services such as travel agency, holiday accommodation, and fitness centre. The Club's positioning as a community centre, rather than merely an entertainment venue, is unique among its kind

Nevertheless, in the context of this application, the Club is acutely aware that a benefit to itself does not equate to a benefit for the community at large, and that the benefit should be guided by the community rather than by the Club's own interpretation of community needs. As a result, a comprehensive community consultation process (see Section 5) was undertaken to directly gather community concerns, both in general and specifically towards the proposal. The Club also has a robust working relationship with the Fairfield City Council and has a strong record in actively supporting initiatives that address needs identified by the Council.

A major recurring theme from the consultation is the need to address youth issues in south-western Sydney, which (along with sporting facilities) was the most-discussed topic among street consultation respondents when asked about the area's most pressing needs. Key community stakeholders also agreed at its roundtable meeting (see Section 5.1.2) that an innovative youth centre program, where young people can gather and actively participate in sporting and training activities, would be beneficial to the local community. In response to this outcome, the Club has engaged in partnership with the Fairfield City Council in committing to a community project which is ongoing, off-site from the Club's premises, and matches stated community needs.

6.2.1 The Fairfield Youth and Community Centre ("FYCC") – A joint initiative with the Fairfield City Council

In response to growing community concern over youth activities, Mounties has partnered with the Fairfield City Council in establishing a youth and community centre on Lot C in Deposited Plan 82372, known as 31-55 Vine Street, Fairfield (please refer to Appendix N for map). The land is approximately 680m² in size and enjoys close proximity to the Fairfield town centre and major transport interchanges. According to Fairfield City Council's "Fairfield Youth and Community Centre – Project Delivery Plan (August 2010)" (hereafter "FYCC Project Scope"), this project received strong community support, including two major FLGA community centres (Woodville and Cabramatta), and the Fairfield Community Safety Precinct Committee⁴⁴. Fairfield City Council identified increasingly urgent need to address local youth issues, especially given the increased youth unemployment and need for youth-focussed information in light of the financial crisis⁴⁵. Clearly the Club's partnership with the Fairfield City council responds to a need that did not only arise during the application's community consultation process, but has been identified by the local council for some time.

Fairfield City Council, in conjunction with its Youth Advisory Committee, identified that the preferred type of youth centre would be one with a recreational focus, for youth to engage in various structured and unstructured activities, and allows the centre's operator to link programs and services for youth in need. The Council identified the following benefits to derive from the FYCC⁴⁶:

- A centre for youth aged 12-25 to attend and engage with other youth
- Engagement with youth attending the centre to identify issues, interests or concerns with delivery of programs or activities tailored to these items
- Delivery of programs targeted to local youth issues
- Provide access to information on a range of services available for youth to access
- Community facility enabling access to different service providers and services
- Improved recreational facilities for youth and the broader community.

⁴⁴ FYCC Project Scope, p. 9.

⁴⁵ FYCC Project Scope, p. 7.

⁴⁶ FYCC Project Scope, p. 10.

The FYCC will comprise of a single-level building, adjacent to existing facilities at the Fairfield Leisure Centre. The project is overseen by a steering committee consisting of representatives from Fairfield City Council, the Club (Chief Executive Officer Mr Greg Pickering), and the Council's Youth Advisory Committee. The steering committee will meet regularly and continue its activities until the project's completion.

Mounties's financial contribution to the project, in the order of \$2.5 million, represents the major benefit to arise from this application. If the application is approved, the Club will finance the greater portion of design, construction and operation of the centre, and financially contribute to ensure the long-term sustainability of the FYCC. Fairfield City Council recognised the Club's long-standing commitment to supporting local youth organisation, such as Ted Noffs Foundation's Street University (operating in Liverpool), and stated that it looks forward to partnering with the Club in establishing the FYCC⁴⁷. The Deed of Agreement between the Club and the Council is currently at its final draft; nevertheless the Club has already committed \$200,000 to the project in good faith. Details of the Club's financial contribution will be discussed in Section 6.2.2 below. If the application is approved, construction of FYCC is planned to begin in August 2011, and will be ready for launch in June 2012. An architect has been appointed to oversee the construction of the project and further updates on the project's progress after this application's submission can be made available upon request.

6.2.2 *Mounties' commitment to the FYCC*

If this application is approved, Mounties will finance the greater portion of design, construction, and operation of the FYCC. According to the current Deed of Agreement between the Club and Fairfield City Council, Mounties' initial cash contribution will total \$2,500,000, to be paid over a number of stages, as shown in Table 6-2 below:

Scope of Works	Payment Trigger	Payment Due
PHASE 1 – Concept Design		
Development and lodgement of Development Application	Signing of Agreement	\$250,000
	Establishment of Steering Committee	
PHASE 2 – Build and Construct		
Construction of Fairfield Youth and Community Centre	Issuing of Construction Certificate	\$200,000
	Commencement of Construction	\$750,000
	Completion of Internal Fit out Landscaping and fencing	\$1,200,000
	Occupancy Certificate	\$100,000
PHASE 3 – Operational Support Funding		
Operational Funding for a period of 10 years from the date of first appointment of Service Provider to support youth services working from the Centre	Appointment of Service Provider	\$50,000
	Annual Report and Acquittal Statement	\$50,000 plus consumer price index each year (as outlined in Deed).

Table 6-2: Phases of the FYCC's design, construction and initial operation, and each phase associated trigger for payment from Mounties to Fairfield City Council. Total upfront contribution totals to \$2,500,000. All figures are GST exclusive.

According to the Deed of Agreement, Fairfield City Council will take ownership of both the FYCC's infrastructure and intellectual property rights; be responsible for maintaining the building; manage assets; sourcing and managing operator; and maintaining building insurance. The Club in turn is represented in the steering group which oversees the design, construction, and eventual operation of the project.

As stated previously, if the application is approved, the additional EGMs will generate annual net revenue (after expenses and taxes) of \$3.3 million. The Club intends to expend the revenue generated in the first year of the machines' operation on the FYCC project. As a result, in addition to the \$2.5 million upfront donation, Mounties will also place the remaining \$800,000 in a trust fund, managed by the Club's accounts, to generate

⁴⁷ FYCC Project Scope, p. 7.

interests that will be expended annually to support FYCC's ongoing operation. This amounts to approximately \$48,720 per annum based on current interest rates⁴⁸. Putting this together with the upfront contribution, the benefit to be generated from this application will be \$2,548,720 in the first year of the additional EGMS' operation. This figure has not incorporated the Club's pledged annual commitment, or the \$800,000 in trust fund capital. The Club has also already donated \$200,000 to the project, regardless of the application's outcome, as a sign of good faith and commitment to the partnership with Fairfield City Council.

In summary, this application represents a substantial benefit to the Club's local community, as the proposal provides a significant opportunity in addressing youth issues in Fairfield and surrounding areas. The issue of youth unemployment, welfare and activities has been identified by the Fairfield City Council as vital, and has consistently been echoed during the LIA's public consultation process. Mounties has had a long-standing relationship with the Fairfield City Council and this proposal represents the Club's desire for this relationship to grow and provide ongoing positive legacy for the local community, one which cannot happen without the application's approval. The Club is not currently in the financial position to adequately fund its commitment to the FYCC without revenue raised from the additional machines. Mounties has one of the most stringent problem gambling monitoring/ support systems among NSW clubs, and is acutely aware of its position in the community to minimise gambling-related detriments.

6.2.3 CDSE contributions

CDSE represents an important contribution by the Club to the community. In the most recent CDSE year, Mounties provided more than \$2.8 million to various local community groups in CDSE funding. This is well in excess of the 1.5% required under the *Gaming Tax Act* (2001). More than 85% of the total CDSE funding was contributed towards organisations in the local community. This 85% does not take into account some organisations that are based in the Fairfield/Liverpool area but provide services to people beyond the region, such as the Vietnamese Community in Australia (NSW Chapter Inc) (which has offices in Cabramatta and Bonnyrigg but provides services to people beyond those areas.)

As shown in Section 3.4 above, if this application is successful the Club will receive an additional \$7,066,471 in revenue (before expenses). This translates to a minimum of \$90,997 in additional CDSE funding. As stated in Section 6.1.4 earlier, the Club has committed to dedicate \$45,000 of this amount to fund further problem gambling counselling services, with a specific focus on providing multilingual services. This is in direct response to concerns towards problem gambling shown during the community consultation process. This commitment also reflects concerns shown in the PC Report (2010), that CDSE may not necessarily provide benefit to "less popular" community needs, such as drugs and alcohol⁴⁹. Not only does this commitment address a "less popular" area of community concern, but is borne directly out of responses from the community consultation. The remaining additional CDSE resulting from this application will flow back into the Club's continuing support for community projects and organisations.

6.2.4 Conclusion on positive impacts

The quantifiable benefits arising from this application, if approved, totals to **2,639,717**. This figure includes the \$2.5 million capital injection to the FYCC, \$48,720 in annual interest derived from the proposed trust fund for the FYCC's ongoing operational funding, and \$90,997 in additional CDSE funding. The Club's proposed \$800,000 trust fund is not included in the final benefits calculation because this amount is not immediately accessible to the FYCC, but will generate interest to benefit the centre. In sum, the Club's proposal is a direct acknowledgement of the community's and Fairfield City Council's stated needs. This is true considering the strong sentiment regarding youth welfare that has emerged during the community consultation process, particularly in the Fairfield LGA area. Furthermore, the Club acknowledges that a financial benefit to the applicant does not equate to an economic benefit to the local community, as specified in the OLGR's Class 2 LIA guidelines. Mounties' pledge to support the FYCC, which is entirely off-site from the Club's premises, demonstrates its desire for this application to generate a direct benefit to the community without this benefit being offered via the Club's premises.

The Club is not in an adequate financial position to offer this substantial benefit without additional revenue; the current application represents a significant opportunity to provide an important benefit that is identified by the

⁴⁸ Calculated by averaging one-year fixed-term deposit rates offered by five major Australian retail banks (ANZ, Commonwealth Bank, National Bank of Australia, St George, Westpac), assuming interest is paid annually.

⁴⁹ NCOSS (2007), Submission to the Independent Pricing and Regulatory Tribunal Review of the Registered Clubs Industry in NSW; cited in PC Report (2010), p. 6.20.

community. This benefit substantially offsets the potential detriments of the application, as to be demonstrated in Section 6.3 below.

6.3 Conclusion on net impact of the application

The Club is fully aware of the Authority's position on assessing local impacts, in that impacts should not be treated purely as a quantified result. This application attempted to make some quantitative estimates on the positive and negative impacts of the proposal, in the hope that these estimates provide some guidance towards the Authority's decision-making. The quantified negative impact arising from this application is estimated to be \$1,059,970, whereas the corresponding positive impact is \$2,639,717. There are certain unquantifiable negative impacts which may arise from the application; however considering that there is existing supply of unused EGMs in the Club (and most likely in the Club's community), it is likely that most such impacts would already exist, regardless whether the additional EGMs were installed; whereas the application can help improve Club revenue by providing recreational players with superior service quality and reduces the perception of crowdedness. Consequently the degree to which the proposal brings about more unquantifiable detriments, above and beyond the level currently existing in the community, is at best limited.

The Club's commitment to the FYCC, totalling more than \$2,500,000, directly acknowledges the outcome of the community consultation and Fairfield City Council's identified needs, which heavily emphasised sustainable, strategic programs for youth in the community. Additionally, the Club has moved to allay concerns relating to problem gambling arising from the consultation, by committing \$45,000 in additional CDSE funding towards problem gambling programs. Respondents in both facets of the community consultation (street surveys and stakeholders meeting) believed that the Club should expend some of their additional EGM revenue in problem gambling services (see Section 5.2.2).

7 General Conclusions

The Mounties Group is applying to increase its EGM threshold at its Mount Pritchard premises by 60. The Club proposes to relocate 60 EGM entitlements to its Mounties premises from its satellite venue at Harbord Diggers and Manly Bowling Club. Those 60 entitlements were initially moved away from Mount Pritchard because of the imposition of the 450-machine venue cap in 2005; with the lifting of the venue cap Mounties Group seeks to have those entitlements returned to Mounties.

The Club has demonstrated its genuine desire for this application to directly address the community's needs, both regarding youth issues and perceived detriments of additional EGMs. The Club's proposed contributions to the FYCC and local problem gambling counselling both reflect feedback received from the community consultation process, which was designed to be comprehensive in being above and beyond the legislated requirements. Additionally the Club has a record of strong commitment to responsible conduct of gambling measures, evidenced by its help in establishing and ongoing support of *BetSafe*. Finally, it is important to consider that the current proposal is unlikely to increase problem gambling risk above and beyond existing level, by virtue of the number of underutilised machines at all of the Club's trading hours, and the likely replication of this pattern among the plethora of EGM establishments in the Club's local area. This proposal provides the scope to generate revenue from recreational gamblers, who derive enjoyment from EGM playing (as identified by the PC Report (2010)⁵⁰), by providing a superior service environment; whereas regular EGM players already have ample choice of unused machines regardless whether the application is approved. Furthermore, it is quite conceivable that some of the additional PGs potentially generated by the proposed EGMs are flow-ons from other venues rather than "brand-new" PGs; given Mounties' strict adherence to responsible gambling procedures, strong staff training and strict self-exclusion policies, those flow-on PGs are less likely to experience harm and more likely to get help if required. Based on the above considerations, we propose that the application will bring a net benefit to the Club's local community.

⁵⁰ PC Report (2010) p. 5.8.