



Department
of Industry

Liquor & Gaming

Local Impact Assessment Review

Discussion paper

Have your say – How to make a submission

Your feedback will play a vital role in ensuring that the NSW Government continues to oversee a responsible and rigorous gambling regulatory framework. Some targeted questions and key issues for consideration are contained in section 4 of this report.

Liquor & Gaming NSW (L&GNSW) is seeking public submissions until **Sunday, 18 June 2017**. Submissions can be made in the following ways:

1. By email to LIA.review@justice.nsw.gov.au
2. Via the Have Your Say website www.haveyoursay.nsw.gov.au
3. By post to:

The Coordinating Officer
Local Impact Assessment Review
Liquor & Gaming NSW
GPO Box 7060
SYDNEY NSW 2001

This is a public review. Submissions may be published on the L&GNSW website after the closing date, unless you make a specific request for your submission to be kept confidential. Claims for confidentiality will be considered on a case by case basis.

If you need to access a translating and interpreting service please telephone 1300 651 500 or visit the [Interpreting & Translation](#) page of the Multicultural NSW website.

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1. About this review

About this paper

This paper provides details about the review of the Local Impact Assessment (LIA) scheme under the [Gaming Machines Act 2001 \(the Act\)](#), and has been prepared to assist you in contributing to this review.

This paper outlines the Terms of Reference for the review, provides an overview of existing regulatory arrangements, discussion of different approaches from other jurisdictions, key facts and figures about the LIA process, and key issues for comment.

Background to the review

On 13 October 2014, the NSW Government entered into a Memorandum of Understanding (MoU) with ClubsNSW, entitled '[Resilient Clubs, Resilient Communities](#)'. The MoU commits the parties to, among other things, reviewing the LIA process to ensure it continues to meet community and industry needs.

Separately, in August 2014, the [Legislative Council Select Committee on the Impact of Gambling \(the Committee\)](#) recommended that a review be conducted of the LIA scheme, with objectives that include:

- identifying mechanisms to stop the concentration of poker machines in neighbourhoods and registered clubs where they will cause greater harm; and
- examining the number of entitlements in all local government areas (LGAs) with above average frequencies of problem gambling.

In its [response](#) to this inquiry, the Government supported a review of the LIA process. The issues identified by the Committee have been included in the Terms of Reference, which were developed in consultation with stakeholders.

Terms of Reference

The review will:

1. Evaluate whether and how the LIA scheme helps to achieve the objectives of the Act, including harm minimisation, the balanced development – in the public interest – of the gaming industry, and the ongoing reduction in the number of gaming machines across NSW; and determine whether the relevant provisions of the Act remain appropriate for securing those objectives.
2. Identify opportunities for improving the operation of the LIA scheme so as to increase its effectiveness and reduce costs and complexity, and to provide greater regulatory efficiency.

In actioning the above, the review will determine whether the existing scheme appropriately mitigates the risk of harm with the misuse and abuse of gambling activities by considering:

- (a) The effectiveness of the current scheme in restricting the further concentration of gaming machines in areas with the highest risk of gambling-related harm.
- (b) How best to identify, on an ongoing basis, the comparative risk of gambling-related harm in an area, including the criteria for determining high, moderate and low risk.
- (c) Whether the tests for approving an expansion in the availability of gaming in a venue strike an appropriate balance between permitting industry development and minimising community harm, or whether an alternative mechanism might achieve the same outcomes more efficiently.
- (d) Whether consideration of the impacts of a proposed expansion in the availability of gaming in a venue is required in all circumstances, and if not, define the criteria when the consideration of the impacts is not required.

- (e) Where consideration of the impacts of the expansion in the availability of gaming in a venue is required, whether levels of risk should continue to be assessed at the LGA boundary level or at another level.
- (f) Any other relevant matters.

The review will not consider current legislative provisions:

- preventing the use of the planning laws to regulate or restrict the operation of approved gaming machines in any premises, and
- the NSW council merger process.

Next steps

L&GNSW will assess the stakeholder feedback provided in response to this discussion paper, and use it to inform the development of recommendations relating to the ongoing operation of the LIA scheme.

2. Overview of current regulatory arrangements

The objectives of the *Gaming Machine Act 2001* (**the Act**) are to:

- minimise harm associated with the misuse and abuse of gambling activities;
- foster responsible conduct in relation to gambling;
- facilitate the balanced development, in the public interest, of the gaming industry;
- ensure the integrity of the gaming industry; and
- provide for an on-going reduction in the number of gaming machines in the State by means of the tradeable gaming machine entitlement scheme.

The Act sits atop the regulatory controls associated with gaming machines in NSW and is supported by a number of other instruments and licences as depicted below.

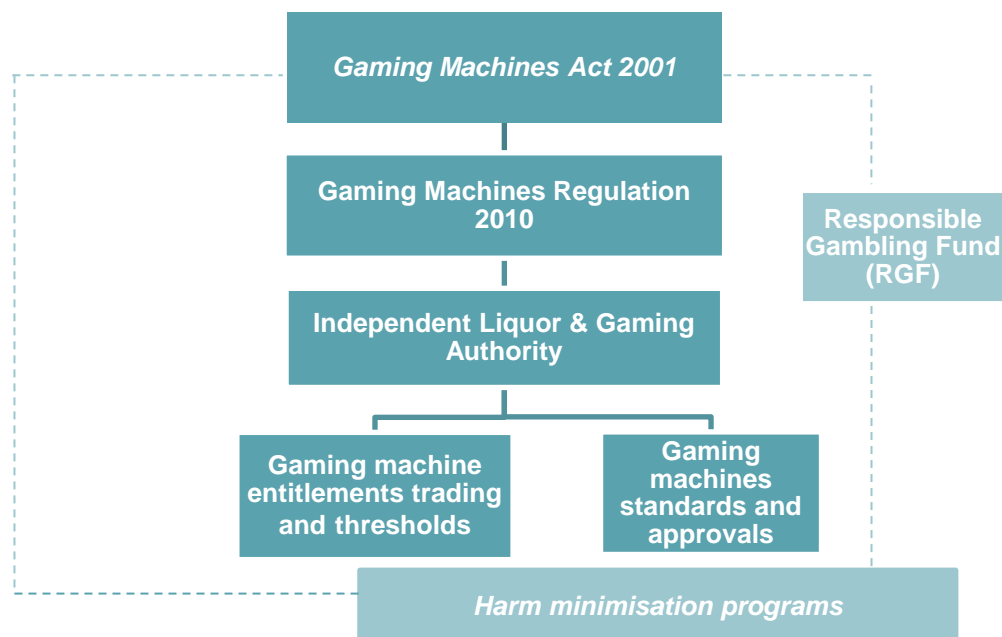


Figure 1: Legislative Framework and harm minimisation programs

Harm minimisation

The Act achieves its harm minimisation objectives via a number of regulatory mechanisms that govern all activities associated with the manufacture, keeping, operation and promotion of gaming machines in NSW. Among other things, this includes:

- technical standards for the design and manufacture of gaming machines,
- the connection of all gaming machines to a central monitoring system (**CMS**),
- mandatory responsible conduct of gambling (**RCG**) training for licensees, managers and gaming-related staff,
- the provision of problem gambling counselling services and self-exclusion schemes,
- a prohibition on external gaming machine advertising,
- restrictions on the location of gaming machines within venues,
- a mandatory gaming machine shutdown period for venues,
- the regulation of promotional prizes and player reward schemes, and
- the provision of player information brochures and display of gambling warning notices.

These mechanisms support a broad policy objective of continually reducing the number of gaming machine numbers in NSW, which is currently capped at 99,000. This cap applies to the maximum number of gaming machine entitlements (**GMEs**) that are permitted in NSW, which was

set in 2009 and subsequently reviewed by the Independent Liquor & Gaming Authority (**the Authority**) in 2014. The previous cap for authorised GMEs was 104,000.

The Act facilitates the ongoing reduction of GMEs by way of an entitlement trading scheme that requires GMEs to be forfeited when they are sold and transferred to another venue. For every block of two or three GMEs transferred, one GME must be forfeited to the Authority, thereby ensuring the number of GMEs in NSW continue to reduce over time.

Underpinning the entitlement trading scheme is a gaming machine threshold (**GMT**) scheme that moderates the transfer of GMEs between venues and LGAs by capping the number of gaming machines a venue can operate. In most circumstances, the LIA scheme forms an integral part of this process to ensure proposed gaming machine increases in venues and local areas are properly considered.

Development of the LIA scheme

The LIA scheme assesses the impact of introducing additional gaming machines into an LGA. Depending on the classification of the LGA (discussed below) where the venue is located, and the size of the GMT increase sought, the applicant may be required to complete an LIA.

The scheme has been in operation since January 2009 and replaced its predecessor, the Social Impact Assessment scheme (**SIA**) as a result of the five-year statutory review of the Act conducted in 2007. In determining SIA applications, the former Liquor Administration Board took into consideration the social and economic benefit to the local community that would or might result from the granting of the application; the likelihood of an overall net social and economic benefit to the local community if the application was granted; and the number of, and average expenditure on, gaming machines per person aged 18 years or over in the LGA where the venue was situated.

The 2007 review found that:

- the Class 2 SIA process was expensive and time consuming;
- there was uncertainty in the decision making process and the timelines of the decisions under the SIA process; and
- there were concerns regarding the lack of community opportunity to influence Class 1 SIA decisions.

The review also noted that despite concerns regarding the operation of the SIA scheme, it remained necessary to assess the impact that the introduction of additional gaming machines into a community would have. Research indicates that communities in lower socio-economic areas tend to spend more on gaming machines than those in higher socio-economic areas.¹ Research also indicates that residents in disadvantaged communities are more susceptible to problem gambling.²

To address the issues identified with the SIA process, the review recommended the introduction of the LIA scheme to reduce the time and complexity of the assessment process, while retaining important restrictions on potential increases in gaming machine numbers in certain areas. The review also acknowledged that it was in the public interest to make the process simpler for venues to undertake, as it would increase business certainty, and if the application was successful, the overall number of gaming machines in NSW would fall.

¹Walker, S., Abbott, M., Gray, R. (2012). Knowledge, views and experiences of gambling and gambling-related harms in different ethnic and socio-economic groups in New Zealand. *Australian and New Zealand Journal of Public Health*, 36(2), 153-159.

² Doughney, J. (2002). *The Poker Machine State. Dilemmas in Ethics, Economics and Governance.* Common Ground Publishing, Victoria.

Banding of the Local Government Areas

Under section 34 of the Act, a venue can apply to increase their GMT (the maximum number of gaming machines the hotels or club is authorised to operate) by making an application to the Authority. Section 35 of the Act requires a GMT increase application to be accompanied by a LIA. Section 35 provides for different rules for these applications dependent on the classification, or 'banding', of the LGA where the venue is located, and the size of the increase to the venue's GMT.

Section 33 of the Act requires the Authority to classify each LGA in NSW into one of three 'bands' – Band 1, Band 2, or Band 3. These bands are settled as part of a ranking process, with all LGAs ranked according to per capita gaming machine expenditure, gaming machine density and the Socio-Economic Indexes for Areas (**SEIFA**) score. Ranks for each of these measures are then combined to give a final score. LGAs are then divided into country or metropolitan regions with the top 25% by region classed as Band 3, the next 25% as Band 2 and the remainder as Band 1.

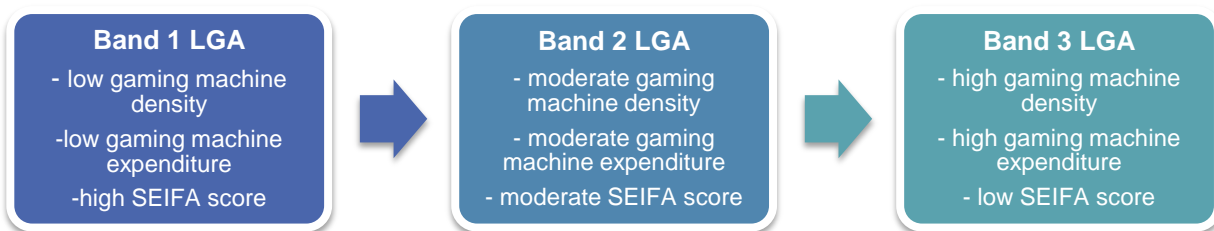


Figure 2: LIA Banding Process. Note: a low SEIFA score represents higher socio-economic disadvantage.

The bandings have been affected by the decision of the NSW Government to abolish 42 existing councils and replace them with 19 new entities. A number of proposed council mergers are still pending and once finalised will require further re-classification by the Authority to ensure the LGA bandings are up-to-date. This review will not consider the merger process.

As a result of these reforms, the continued use of LGAs may be an increasingly blunt measure of community considerations. This review will therefore consider whether levels of risk should be assessed at the LGA boundary level or at another level.

The Local Impact Assessment process

The LIA scheme ensures that an application to increase a venue's GMT is accompanied by an assessment of how the increase will affect the local community. If an LIA is required with an application to increase the GMT, the application cannot be approved unless the Authority approves the LIA.

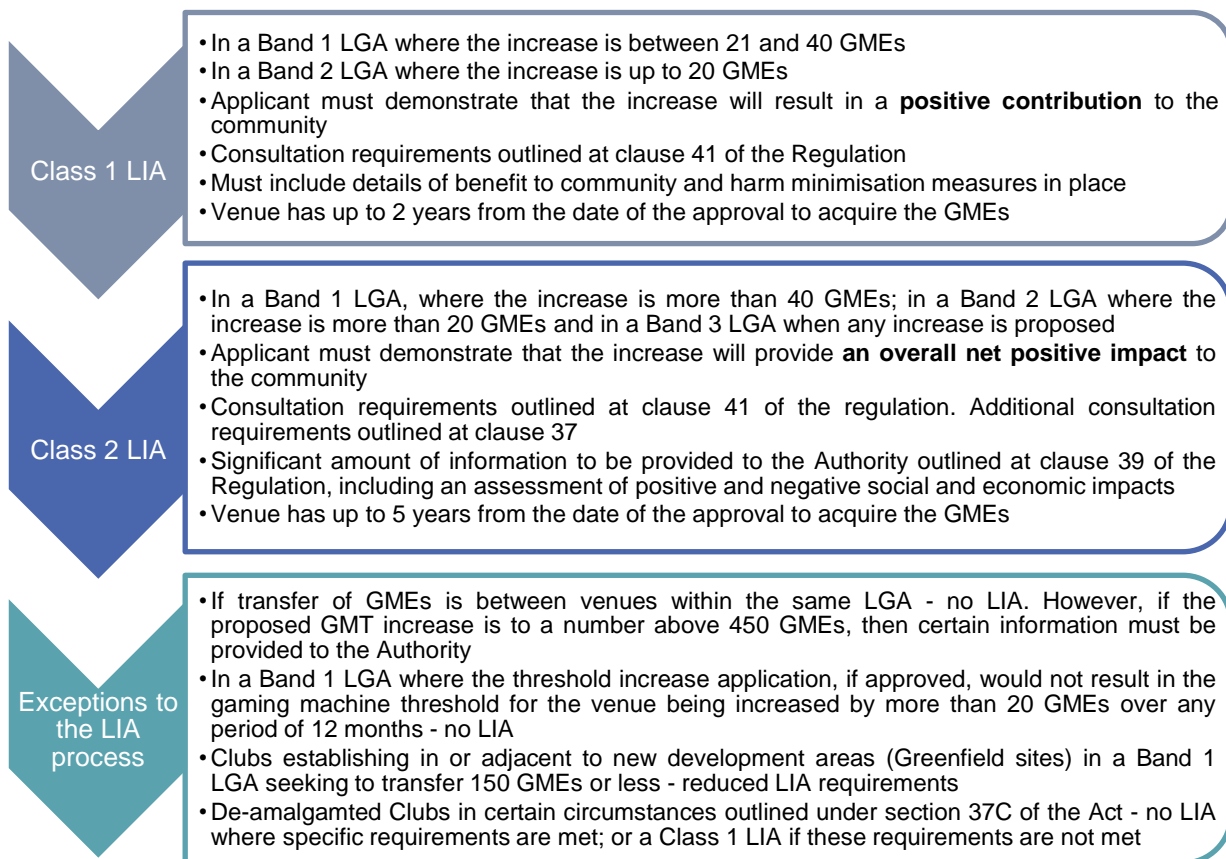


Figure 3: Overview of existing LIA requirements

Under clause 38 of the Regulation, a Class 1 LIA must include the following:

- a) if the threshold increase application is for a new venue — a map showing the location of the venue and the location of any school, place of public worship or hospital within 200 metres of the venue;
- b) details of the benefits that the venue will provide to the local community if the application is approved; and
- c) details of the harm minimisation and responsible gambling measures that are in place at the venue.

A Class 2 LIA is more rigorous, and the information that must be provided to the Authority is specified under clause 39 of the Regulation. Amongst other things, this includes:

- a) a detailed description of the venue and area, including a patron profile, demographic and other social and economic information relating to the relevant area
- b) appropriate harm minimisation and responsible gambling measures at the venue;
- c) the positive impact (both social and economic) that the proposed increase in the gaming machine threshold for the relevant venue will have on the local community (including details of the benefits that the venue will provide); and
- d) any negative social or economic impact that the proposed increase may have on the local community and the action that will be taken to address that impact.

Other jurisdictional approaches to regulation

Other jurisdictions also have mechanisms in place to assess the impact of gaming machines in the community. There are a variety of approaches taken by other jurisdictions. These approaches provide a reference point in considering an appropriate model for NSW. A table comparing the other jurisdictional approaches is attached to this discussion paper (**Annexure A**).

Western Australia and Tasmania are not included in the jurisdictional approaches due to the specific nature of gaming machine licences in those jurisdictions. Western Australia does not permit gaming machines outside of the Casino. In Tasmania, only one company is permitted to operate gaming machines.

No other Australian jurisdiction distinguishes between low-risk and high-risk areas (NSW Bands 1, 2 and 3).

Australian Capital Territory

The Australian Capital Territory utilises Social Impact Assessments and Social Impact Statements to evaluate the potential economic and social impact of additional gaming machines on the local community.

The Social Impact Assessment is more geographically focused than the NSW LIA process; requiring a venue to undertake the Social Impact Assessment on the area within 3 kilometres of the venue. The Assessment includes, but is not limited to:

- existing level of gaming activity currently being conducted in the local community including number of gaming machines by venue;
- population profile of the local community;
- likely positive and negative impacts of the proposals on the local and broader community;
- analysis of the positive aspects and benefits of the proposal on the local community and the broader Canberra community;
- analysis of the negative aspects and detriments of the proposal on the local community and the broader Canberra community; and
- overall net economic and social impact of the proposal.

As an alternative, the Gambling and Racing Commission may only require of a venue to complete a less onerous Social Impact Statement, in lieu of a Social Impact Assessment, where a risk has been identified but the Commission has determined a full Social Impact Assessment is not required. The Social Impact Statement is usually used for small-scale machine relocations.

Northern Territory

In the Northern Territory, applications for a new gaming machine licence or an increase of five or more gaming machines must be accompanied by a Community Impact Analysis, which evaluates the social and economic impact of the proposed increase of gaming machines on the community.

The Assessment Area for the Community Impact Analysis is determined by the 'Local Community Area', which is the Australian Bureau of Statistics' (**ABS**) Statistical Local Areas mainly affected by the proposed gaming machine operation.

Some of the issues the Community Impact Analysis addresses include:

- the demographic of the area included location of gaming sensitive sites such as gambling help providers, emergency relief providers, pawn brokers, shopping centres, schools, and churches and community centres;
- consultation with gambling help providers and other community representatives of the impact the application will likely have on people who frequent gaming sensitive sites;
- problem gambling or potential for problem gambling in the area; accessibility of gaming machine and gaming machine sites in the area; and
- projected gaming revenue for 12 month period.

Queensland

In Queensland, an application for gaming machines that have a 'significant community impact' must be accompanied by a Community Impact Statement. These applications apply to new gaming licences, and applications for an increase of ten or more gaming machines for hotels and 20 or more gaming machines for clubs. The Office of Liquor and Gaming Regulation has discretion to waive this requirement.

The Community Impact Statement assesses the likely social and economic impacts of the application on the Local Community Area, determined by the ABS in the same way as the Northern Territory. Members of the public have the opportunity to comment on the application during the Community Impact Statement community consultation process.

Some of the issues the Community Impact Statement addresses include:

- the demographic of the area included location of gaming sensitive sites such as gambling help providers, emergency relief providers, pawn brokers, shopping centres, schools, and churches and community centres;
- consultation with gambling help providers and other community representatives of the impact the application will likely have on people who frequent gaming sensitive sites;
- problem gambling or potential for problem gambling in the area and expenditure of gaming machine per adult in the local area;
- accessibility of gaming machine and gaming machine sites in the area;
- compatibility of amenity or character of the local area; and
- projected gaming revenue for 12 month period.

South Australia

An application for a gaming machine licence cannot be granted unless a Social Effect Inquiry has been conducted and a Social Effect Certificate has been granted by the Commissioner of Liquor and Gaming. A Social Effect Certificate is required for new gaming machine licences or variations to gaming licences if the Commissioner determines it is necessary.

Assessment of the impact of the application will be considered against the Local Community Area, which is determined by the area falling wholly or partly within a radius of 2 km from premises based on the ABS Statistical Local Areas data

The Social Effect Inquiry process has a structured public consultation period, with the applicant required to satisfy the Commissioner any risks identified in the consultation process have been mitigated, and the approval of the application would not be contrary to the public interest. The Social Effect Inquiry assesses the following:

- outcomes of a stakeholder and community consultation with the Local Community Area
- venue and business profiles;
- profile of gambling revenue, gaming machine density;
- SEIFA score for local community; and
- risks arising from the proposal and how they are mitigated.

Victoria

All applications to increase or decrease gaming machines at a licensed premises require a Social and Economic Impact Assessment. The Social and Economic Assessment assesses whether there is a social or economic detriment to the community. The local community areas are referred to as municipalities that are LGAs or parts thereof in which the venue is located and may be determined by a case-by-case basis.

Some of the issues the Social and Economic Impact Assessment assesses include:

- demographics of the local area including SEIFA score, venue patron profile and current levels of unemployment;
- gaming machine expenditure;
- infrastructure investment;
- evidence of hardship in the local area;
- social, recreational and entertainment opportunities for the local area;
- incidents of problem gambling, residents at risk and demand for community support services, incidents of gaming related crime and social disturbance; and
- emotional costs and impact on the community and other LGAs.

3. Key facts and figures

The Government recognises the contribution that hotels and clubs make to the NSW economy through the services and employment they provide. In addition, the Government recognises that the majority of people who gamble do so in a responsible manner.

However, for a minority of players, excessive gambling causes harm for themselves and for their families. While it is recognised that in NSW only 0.8 per cent of adults are classified as problem gamblers, approximately 3 per cent are moderate risk gamblers and 8 per cent low risk gamblers. Problem and moderate risk groups have been observed to gamble for longer sessions, participate in five or more gambling activities a year, and gamble for at least an hour at a time.³

The Government, therefore, aims to balance harm minimisation initiatives with the need to ensure that the majority of NSW residents who enjoy gambling responsibly, and for whom it does not pose any significant risks, are not unduly impacted.

The below snapshot gives an overview of what the gaming machine industry currently looks like in NSW and how that compares to when the LIA scheme first commenced.

Table 1. Number of GMEs in NSW

	Number of GMEs by year						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Clubs	76,020	75,514	75,222	74,926	74,559	74,229	73,991
Hotels	24,264	24,162	24,061	23,968	23,876	23,773	23,652
Total	100,284	99,676	99,283	98,894	98,435	98,002	97,643

As of 7 March 2017, there were 95,071 GMEs in NSW (73,806 in clubs and 21,265 in hotels) compared with 100,284 at 30 June 2010 (76,020 in clubs and 24,264 in hotels). This is a decrease of 5,213 GMEs since the LIA scheme was introduced. The operation of the forfeiture provisions of the trading scheme has culminated in an ongoing, permanent reduction of GMEs by about 500 each year.

Despite this decrease, NSW has the highest number of gaming machines in Australia; with Queensland second (42,618) and Victoria (27,372) third. There is about one gaming machine per 81 people in NSW, compared with about one gaming machine per 113 people in Queensland and one gaming machine per 221 people in Victoria.

Table 2. Number of Gaming Machines in Australia

	NSW	VIC	QLD	NT	SA	ACT	TAS
Total	95,071	27,372	42,804	1852	12,733	4569	2375

Note: These statistics do not include the gaming machines held by Casinos

Overview of LIA approvals by Class and LGA Band

Since the commencement of the LIA scheme in 2009, a total of 133 applications for GMT increases requiring an LIA have been determined by the Authority.

³ Sposton, K; Hing, N; Palankay, C (2012). *Prevalence of gambling and problem gambling in NSW/NSW Office of Liquor, Gaming and Racing, Sydney, N.S.W.*

The following tables provide a breakdown of determinations by LIA Class and LGA Bands between 2009 and 2016 as of 7 March 2017.

Table 3. Approvals by LIA Class

	Approved	Refused	Withdrawn	Total
Class 1	131	5	15	151
Class 2	2	3	0	5
Total	133	8	15	156

Note: the two Class 2 LIAs which have been approved include one very low range increase and one partial approval.

Table 4. Approvals by LGA Bands

	Approved	Refused	Withdrawn	Total
Band 1	12	1	4	14
Band 2	117	5	11	133
Band 3	4	2	0	6
Total	133	8	15	156

Note: two applications were lodged in a Band 3 LGA under special provisions in clause 40 of the Gaming Machines Regulation regarding dissolved clubs that enabled them to provide a Class 1 LIA.

Under the Act, an application to increase the GMT, which would allow a venue to operate more gaming machines than they currently do, cannot be approved unless the Authority approves the LIA. For Class 1 LIAs, the Authority must be satisfied amongst other things the proposed increase in the GMT will provide a **positive contribution** towards the local community and any community concerns arising out of the consultation process have been addressed.

In the case of Class 2 LIAs, the Authority must be satisfied the proposed increase to the GMT will have an **overall positive impact** on the local community and any community concerns arising from the consultation process have been addressed.

The Authority provides guidance in relation to what constitutes a benefit that may result in a positive contribution including the funding of a project that will provide in an important community facility or the funding of a community service. As a guide, the benefit is relative to the number of additional GMEs that the venue is seeking in its application. The benefit to the community is usually a one-time financial contribution made following the determination of the application by the Authority. During the 2015/2016 financial year, over \$1.26 million in donations were made to local communities as part of the LIA process.

The high proportion of successful Class 1 applications is due to lower threshold of satisfying the Authority. Applicants must demonstrate a positive contribution to the local community, usually in the form of a donation to a local organisation that is commensurate with the level of risk of the additional GMEs.

The limited success of applicants in the Class 2 LIA process may indicate uncertainty on the legislative requirements to satisfy the Authority in their determination. The intentionally stringent nature of the legislative requirements of a Class 2 LIA and the limited success implies that many applicants utilise the Class 1 LIA process and seek smaller incremental increases to their GMT over an extended period of time.

4. Key questions for consideration and comment

As part of this review, feedback is sought on the operation of the LIA scheme. In addition to feedback about the general operation to the LIA scheme, the review asks that stakeholders give specific consideration to the questions outlined below.

1. Does measuring the risk of harm at the LGA level remain appropriate?

Discussion

The ongoing local government merger process in NSW has already increased the size of LGAs. This will have the complementary effect of increasing the number of licensed venues and GMEs, in LGAs. The expansion of the boundaries of the LGAs provides uncertainty whether they accurately measure the level of harm of additional GMEs at the local community level.

Each jurisdiction in Australia has its own approach to defining local community areas for the purpose of assessing the potential impact of additional gaming machines:

- In South Australia and the Australian Capital Territory (**ACT**), the area at which risk of harm is assessed is the radius around the applicant venue. In South Australia, the radius is 2 kilometres and in the ACT it is 3 kilometres.
- The Northern Territory and Queensland utilise data from the ABS to determine the local community area at a sub-LGA level. This data includes an assessment of the local community including a detailed description of the venue, patron characteristics, local infrastructure, location of other gaming venues, cultural and social factors and population density.

In the ACT, the 3km radius was determined based on research conducted in 2004. The research found that gaming machine players who lived within 3.54km of their regular club spent over three times more than those who were required to travel further to their club.⁴ Separate studies drew similar conclusions in New Zealand, with one study indicating that people were 2.71 times more likely to be problem gamblers if they lived in areas closer to gambling venues as compared with those in areas with lower levels of geographic accessibility.⁵

Queensland uses the ABS Statistical Area Level 2 (**SA2**) to define local community areas. SA2s are medium-sized general purpose areas which are smaller than LGAs. Where possible, the SA2s have been designed around whole gazetted suburbs or rural localities. A SA2 in a regional area will have a greater land size than one in a metropolitan area. SA2s have a population range of 3,000 to 25,000 persons, and have an average population of about 10,000 persons. The aim of these areas is to represent a community that interacts together socially and economically. As SA2s are existing ABS statistical areas, and SEIFA data is available, it may be possible to continue to use the existing LGA classification methodology if risk of harm is measured at a SA2 level.

2. Should the LIA scheme continue to classify areas into Bands 1, 2, or 3?

Discussion

The current three-tiered banding system, which interacts with a two-level LIA process, may be confusing to some people, and is not replicated in other Australian jurisdictions. In Victoria, regional caps on gaming machine numbers have been implemented in high concentration gaming machine areas and vulnerable communities. In New Zealand, each Territorial Authority develops its own policy outlining where gambling venues can be located and the number of gaming machines each venue is entitled to hold, as well as whether or not that number can be increased.

If a decision was made to move away from the classification of local areas into Bands, NSW could consider adopting a similar approach to that used in the ACT. Under the ACT model, increases in machines require either a Social Impact Statement (**SIS**) or a Social Impact

⁴ Marshall, D., McMillen, J., Niemeyer, S. & Doran, B. (2004). Gaming Machine Accessibility and Use in Suburban Canberra: A Detailed Analysis of the Tuggeranong Valley. *Centre for Gambling Research* Australian National University.

⁵ Delfabbro, P, *Australasian Gambling Review Fifth Edition* (1992–2011), pages 297-298.

Assessment (**SIA**). A SIS is a shortened form of a SIA, and is required where there are concerns regarding the proposed increase, but not enough to warrant a full impact assessment. Some other jurisdictions, including the ACT, Queensland and the Northern Territory, provide the decision making authority (in NSW this would be the Authority) with discretion to determine when and what type of assessment is required. This is a more flexible approach and allows all GMT increase applications to be considered on a case-by-case basis.

3. Do the criteria used to determine levels of risk remain valid?

Discussion

If classification of areas is to be retained, and those areas are to be reduced in size from LGAs, consideration will need to be given to what data is available for those areas in order to assist in determining levels of risk. Gaming machine density and expenditure data may still be appropriate; however other local data may also be useful. Other jurisdictions utilise enhanced criteria that targets problem gambling in the local community which may be considered.

- In Queensland and the Northern Territory, the applicant is required to conduct an assessment of the existing level of problem gambling in the local area to which the application relates, as well as an analysis of the potential impact on problem gambling of the proposed threshold increase.
- This assessment must include, but is not limited to, an analysis of the prevalence of problem gambling in the community, the demand for gambling help services and any indicators of financial or emotional stress, including low discretionary income and high levels of crime or disadvantage.
- The applicant must also outline how close the venue is to any gaming sensitive sites which include, but are not limited to, gambling help service providers, emergency relief providers, pawnbrokers or credit providers, shopping centres and schools.

4. Should the existing community consultation process be amended?

Discussion

Concerns have also been raised by stakeholders regarding the existing consultation requirements for LIAs in NSW. Some stakeholders feel that these requirements, particularly in relation to Class 2 LIAs, are too onerous. Feedback has also been received indicating that, in assessing applications for GMT increases, more weight should be given to submissions received from local communities, particularly local governments, during the LIA process.

- In South Australia, there is a structured stakeholder engagement period of 8-12 weeks. The applicant must identify relevant local community organisations and other local community stakeholders for public consultation. The consultation period includes a program of visitation and one or more public meetings with stakeholders.
- In the Northern Territory, the applicant is required to consult with a prescribed list of stakeholders including but not limited to local community help groups, welfare groups and financial assistance groups. The applicant must provide a report on the consultation process and its outcomes.
- In Queensland, the applicant is required to consult with various community representatives, including “Gambling Help” service providers and other community organisations. In Queensland and the Northern Territory, the applicant must provide a signed statement from the organisation verifying consultation.
- In Victoria, social and economic impact assessments are conducted at a public inquiry by the Victorian Commission for Gambling and Liquor Regulation. The local council is notified of the application and has an automatic right to provide a submission within 60 days. Further, local authorities, applicants and industry representatives are provided an opportunity to liaise with the inquiry directly.

L&GNSW has a dedicated Community Access Team that provides communities with assistance regarding the licensing system and licensing decisions that affect their local area. This team could be used to help facilitate an amended consultation process.

5. Should what constitutes a “positive contribution” be more clearly defined?

Discussion

Currently, the Authority may approve a Class 1 LIA if it is satisfied that, among other things, the proposed threshold increase will provide a positive contribution towards the local community. Under the existing LIA scheme, such a contribution tends to be a one-off community donation. Some stakeholders have suggested that these donations could be spaced out over a longer period of time (e.g. over three years) so that the community receives a tangible, ongoing benefit, commensurate with the ongoing commercial benefit the additional GMEs provide.

There are no prescribed guidelines to assist applicants in determining what positive contributions should be, and how they should be allocated. The Authority, in consultation with industry and the community, might be empowered to develop guidelines outlining what may constitute such a contribution, and the length of time over which the contribution is measured.

6. Should the exemptions from the LIA process remain?

Discussion

Under the current regulatory framework, there are a number of exemptions that apply to the LIA process, including:

- section 35(2)(a) of the Act – the GMT increases of 20 GMEs or less in a Band 1 LGA within any 12 month period,
- section 35(2)(b) of the Act - the GMT increase application relates to a transfer of GMEs from a venue within the same LGA
- section 35(7) of the Act – the Regulation may prescribe exemption to the LIA process, and provide any conditions to which that exemption is subject.

However, under clause 36(3) of the Regulation, registered clubs that make an application to increase their GMT to a number above 450, and which are subject to an exemption from the LIA process under section 35(2) of the Act, must satisfy the Authority that:

- consideration has been given to assessing the impact of the additional gaming machines on the amenity of the local area and the action that will be taken to manage any negative impact;
- appropriate harm minimisation and responsible gambling measures (in addition to those already required by law) are in place at the venue; and
- the proposed increase will result in additional benefits to club members or the community.

Submissions are also sought of the special provision for clubs establishing in new development areas. Under section 37A of the Act, clubs being established in new development areas within a Band 1 LGA which are not seeking to apply for more than 150 entitlements are only required to complete a Class 1 LIA and are subject to reduced forfeiture requirements when the first 50 entitlements are transferred to the new club. This exemption is intended to encourage clubs to establish in areas that are not currently able to take advantage of the services offered by clubs.

As it stands, this provision relates only to clubs establishing in Greenfield sites. Greenfields planning concentrates on setting out the development of new residential and employment precincts on previously undeveloped land. This provision cannot be applied to Brownfield developments, which are areas of land that have been previously used for non-residential purposes, and which are subject to urban renewal.

7. Further questions for consideration and comment

In addition to the questions above, the review would appreciate your views on the following questions:

1. Does the current LIA scheme achieve the objectives of the Act? If not, how could it?
2. Should the requirement that a Class 2 LIA must demonstrate an overall positive impact on the local community be maintained? If not, how should it be modified?
3. Are there any other relevant matters that should be considered as part of this review?

Annexure A – Table of Jurisdictional Comparisons

	ACT	Northern Territory	Queensland	South Australia	Victoria
LIA equivalent	Social Impact Assessment (SIA) or Social Impact Statement (SIS)	Community Impact Analysis	Gaming Community Impact Statement	Social Effect Certificate – following Social Effect Inquiry	Social and Economic Impact Assessment
Decision maker	Gambling and Racing Commission	Director General of Licensing	Commissioner for Liquor and Gaming	Liquor and Gambling Commissioner	Victorian Commission for Gambling and Liquor Regulation
Statutory test	Objective analysis of likely economic and social impact of the proposed application.	Assessment of the social and economic impact of the proposed increase on the community.	Assessment of social and economic implications of application.	Not be contrary to the public interest on the grounds of the likely social effect on the local community and in particular, the likely effect on problem gambling within the local community.	There must be no net social or economic detriment to the community.
Classification of high risk areas	No classification of high risk areas.	No classification of high risk areas.	No classification of high risk areas.	No classification of high risk areas.	No classification of high risk areas.
When a LIA equivalent is required	A ‘small-scale’ relocation allows movement of up to 10 machines or 10% of the existing number of machines at the receiving venue, whichever is the lesser, without a social impact assessment necessarily being required (subject to Commission discretion).	Required if: <ul style="list-style-type: none"> • there is an application for an increase of 5 or more gaming machines; • the Director-General Guidelines require the application to be accompanied by a community impact analysis; or 	<ul style="list-style-type: none"> • Applications for an increase of more than 10 GMEs for a hotel or 20 for a club • new applications • applications for additional premises (clubs) • other applications as identified by the Chief Executive 	<ul style="list-style-type: none"> • All new gaming machine licences • if it is the opinion of the Commissioner that the variation of the licence may significantly alter the likely effect on the local community and, in particular, the likely effect on problem gambling within the local community 	Assessment required for all applications to increase gaming machines.

	ACT	Northern Territory	Queensland	South Australia	Victoria
When a LIA equivalent is required	A 'large-scale relocation' is subject to an SIA and 'needs' analysis.	<ul style="list-style-type: none"> the Director-General requires the application to be accompanied by a community impact analysis 	<ul style="list-style-type: none"> applications for increases of 100% or more of existing gaming machines. <p>The Chief Executive may grant a waiver or variation for certain specified circumstances.</p>		
Assessment Area	3km radius from the venue.	Local Community Area as determined by a qualified professional with the Australian Bureau of Statistics data on Local Areas.	Local community areas are defined as the area that will experience the primary impact from the application and consists of SA1, SA2 or a combination of both.	Local community area (LCA) defined as each statistical local area (defined by ABS) falling wholly or partly within a radius of 2 km from premises.	Municipality defined as a LGA or parts thereof in which the venue is located, can be determined on a case-by-case basis.
Assessment consideration	<ul style="list-style-type: none"> Positive or negative impact on local community population profile of local community proposed harm minimisation measures gaming machine density and activity in local community community entities and institutions other gambling outlets in local community patron profile projected revenue for 3 years expected contributions for 3 years 	<ul style="list-style-type: none"> Demographic profile of the area businesses and industries in the local area gaming sensitive sites profile of venue, problem gambling or potential for problem gambling in the area accessibility of gaming machines and gaming machine sites in area expenditure of gaming machine per adult in local area synergy with local community compatibility of amenity or character with local community 	<ul style="list-style-type: none"> Demographic profile of area comparison with regional benchmarks industry and businesses in local area gaming sensitive sites, venue site profile problem gambling or potential for problem gambling in local area accessibility of gaming machines and gaming machine sites in area expenditure on gaming machines in local area compatibility with amenity or character with local area 	<ul style="list-style-type: none"> Result of stakeholder and community consultation engagement with local community and relevant undertakings venue site profile business model of the venue management of the venue a profile of gambling revenue, gaming machine density levels of unemployment SEIFA score for the local community area, for the state and for the premises 	<ul style="list-style-type: none"> Demographics, gaming machine density and number of venues SEIFA score venue patron profile gaming machine expenditure current levels of unemployment and anticipated opportunities for employment infrastructure investment development and maintenance, supply contracts complementary expenditure

	ACT	Northern Territory	Queensland	South Australia	Victoria
Assessment consideration		<ul style="list-style-type: none"> •effectiveness of responsible gambling activities •venue employment •projected gaming revenue for 12 month period 	<ul style="list-style-type: none"> •synergy with neighbouring community entities •effectiveness of venue's responsible gambling activities •employment at venue •gaming revenue 	<ul style="list-style-type: none"> •risks arising from proposal and how they will be mitigated 	<ul style="list-style-type: none"> •shifts in expenditure •evidence of financial hardship in district •social, recreational and entertainment opportunities for district •incidents of problem gambling, residents at risk and demand for community support services, incidents of gaming related crime and social disturbance •emotional costs and impact on community, impacts on other municipalities
Consultation	6 week public consultation	Consultation with community representatives	Consultation with community representatives	8-12 week stakeholder engagement	Consultation with community representatives