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Co - Ordinating Officer
Local Impact Assessment Review
Liquor & Gaming New South Wales
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Sydney
New South Wales, 2001

Also by email:

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Dear Sir/Madam

MOUNT PRITCHARD & DISTRICT COMMUNITY CLUB LIMITED ("MOUNTIES GROUP") SUBMISSION – LOCAL IMPACT ASSESSMENT REVIEW

I am the CEO of Mounties Group. I refer to the recent request for submissions and responses to the local impact assessment review – discussion paper issued by the New South Wales Department of Industry, Liquor & Gaming.

Mounties Group is a large Registered Club Group and operates 7 Clubs across Sydney being Mounties Club at Mt Pritchard, Mekong Club at Cabramatta, Triglav Club at St Johns Park, Mounties Bowling Club at Fairfield, Club Italia at Lansvale, Harbord Diggers at Freshwater and Manly Bowling Club at Manly. In summary during FY2016 Mounties Group:

- had 110,323 members;
- employed 554 people directly paying them \$36.5M in salary, wages and superannuation;
- overall supported 1,519 jobs through its operations, CAPEX program and other activities;
- paid \$35.4M in taxation
- contributed \$11.1M to the community including \$6.2M of direct cash contributions and donations to community groups;

On behalf of Mounties Group I have addressed in Appendix 1 to this letter each of the questions raised for response in the Local Impact Assessment Review – Discussion Paper. In summary, Mounties Group would suggest amendments to the legislative regime to:

1. achieve increased commercial certainty for Clubs when lodging LIA applications so that the costs of and likelihood of success can be known in advance by Clubs such that community funds are not wasted;
2. legislation be amended to allow some flexibility in relation to the transfer of machine entitlements to reflect the spread of members for some Clubs across LGAs; and
3. achieve more flexibility in relation to the transfer of gaming machine entitlements when the acquiring Club can demonstrate an exceptional approach to responsible gambling.



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mounties

**mounties
bowling club**

harbord diggers

**manly
bowling club**

club italia

mekong

triglav

Mounties Group believes that amendments in the three areas mentioned above would advance the achievement of the objectives of the Gaming Machines Act.

Mounties Group would be pleased to work with the Department of Liquor and Gaming to further detail the legislative amendments required to reform the entitlement transfer regime as proposed.

Mounties Group consents to this submission being made public and will answer any questions you may have in relation to this submission.

Mounties Group appreciates the opportunity to make a submission on these matters. Should you have any questions in relation to the above matters please do not hesitate to contact me.

Sincerely

A handwritten signature in black ink, appearing to be 'G. Pickering', written in a cursive style.

Greg Pickering - Chief Executive Officer
Mounties Group

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Appendix 1

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 3kilometres.
- 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.

Mounties Group Response:

Mounties Group opinion is that LGA areas remain generally appropriate for measuring the risk of harm and that an area of 2 – 3 kms is an inappropriately small for Club related decisions given the nature of the Club industry in New South Wales. Mounties Group believes that 2-3 kms is an inappropriately small area because of (1) the existence of larger sized Clubs in NSW; and (2) the destination hospitality offerings of Clubs in NSW when compared with Clubs in South Australia and the ACT.

A 2 km or 3 km radius will often not reflect membership patterns for Sydney based Clubs. Mounties Club for example located at Mount Pritchard has only approximately 60% of its members located within its LGA of Fairfield and the neighbouring LGA of Liverpool. The remainder of members are located further afield.

Should there be a reconsideration of the appropriateness of LGA areas remaining as appropriate geographical areas for measuring risk of harm then Mounties Group would suggest that the following be considered when determining a replacement area measure:

1. In determining any new definition of local community areas, such areas should not be less in geographical size than the current LGA areas nearby given the nature of Clubs in New South

Wales and the increasing population and housing density taking place in most suburbs in Sydney;

2. Whatever local community area is deemed as being appropriate that all relevant information must be readily available as required to determine risk of harm to minimise the cost of LIA applications for applying Club; and
3. The fact that certain Clubs in Sydney are destination venues and draw members from a broader geographical community than their immediate LGA area (especially for Clubs located towards the boundaries of their LGA).

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

The classification of areas [inaudible 02:59] one, two or three does provide a level of certainty or predictability in relation to whether or not gaming machine entitlement will be able to be moved to a particular Club.

If a Social Impact Statement or Social Impact Assessment process is introduced, then a key aspect of this programme should be the extent to which the relevant Club's approach to responsible gambling helps to achieve the fine objectives of the Gaming Machine Act 2001:

- (I) Minimise **time** associated with the misuse and abuse of gambling activities.
- (II) Foster responsible conduct in relation to gambling.
- (III) Provide for an ongoing reduction the number of gaming machines in the state by means of [inaudible 04:25] gaming machine entitlement scheme.

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.

Mounties Group Response:

Mounties Group supports the continuation of the Band 1, 2 and 3 system if a level of flexibility as suggested below is introduced:

- 1. should a Club be able to demonstrate that more than 25% of its members reside in an adjacent LGA then for the purposes of Section 35(2)(b) of the Act that the adjacent LGA will be considered to be part of the same LGA as the Club to which the entitlements are to be transferred; and**
- 2. the measure of harm which determines which LGAs rankings for band allocation, into Bands 1, 2 and 3, should remain objective and fixed in absolute terms such that as the risk of harm in absolute terms reduces that Band 3 LGAs reduce in number. This would allow population growth, reduced EGM density per capita and improved socio-economic circumstances to be taken into account when imposing LIA requirements on entitlement transfers; and**
- 3. should a Club be able to demonstrate that the following harm minimisation and responsible gambling measures (in addition to those already required by law) are in place then the Club can will drop down one (1) band for the purposes of entitlement transfer and purchase processes:**
 - a. Readmission procedures for excluded patrons**

The Club requires patrons to have an interview with an a responsible gambling counsellor and provide a letter of support from a family member. An independent recommendation is then provided to the Club as to whether their exclusion period should be terminated.
 - b. Third party exclusion procedures**

The Club has procedures allowing family members to apply to have a problem gambler excluded. This procedures includes having an interview with a responsible gambling counsellor and providing evidence in support of their claims (and also completing a statutory declaration to substantiate their claims). If they are able to satisfy the responsible gambling counsellor that the person's gambling is seriously affecting them or a dependent, then the independent responsible gambling counsellor would provide a recommendation to the Club in support of a third party exclusion.
 - c. Involuntary exclusion procedures**

The Club has procedures in place which allow the Club to involuntarily exclude a patrons where there is clear evidence to suggest that they have a serious gambling problem. This may include a combination of statements from a patron, requests to borrow money, threats of self-harm, etc.
 - d. Staff Training**

In addition to the mandatory RCG training, Club regularly conducts training sessions for staff members to ensure they are aware of the Club's policies and procedures in an around problem gambling and the help that is specifically available to Club patrons.

The current Band 1, 2 and 3 system does not take into account that Clubs draw members from outside of the LGA in which they are located. For example, Mounties Club at Mt Pritchard draws a

large number of members from Liverpool LGA as it is located on the boundary of Fairfield and Liverpool LGAs. If a level of flexibility, as suggested in point 1 above, can be incorporated into the legislative regime and exception processes, then this would be sufficient to deal with the current industry views that the Band 1, 2 and 3 system is arbitrary,

In relation to point 2 above, as the harm minimisation measures improve in each LGA the LGA should overtime move towards a Band 1 ranking. This cannot currently occur as the current Band system is not a static measure. If the circumstances of a particular LGA change over time, but only proportionate to other LGAs, then the LGA would currently stay in the same Band. . It would be possible to take the most recent risk of harm measures of the highest rated Club for Bands 2 and 3 as a baseline and then objectively measure improvement in harm minimisation measures used to determine rankings from that point. If an LGA can then exceed the set baseline then its Band should alter. It is important in this regard to remember that forfeiture and the LIA processes are only a few of the many harm minimisation measures in place as a result of regulation in New South Wales. The entirety of the legislative harm minimisation approach in New South Wales needs to be considered when considering the appropriateness of changing the LIA and associated processes.

In addition to this, the approach of the Club venue to responsible gambling should be taken to account as an entitlement located at a venue which is better at identifying individuals with problems with their gambling than alternative venue which is not go some way to assisting in achieving of harm minimisation with the objective being "minimise harm associated with the misuse and abuse of gambling activities". And also the objective of the act which is to "foster responsible conduct in relation to gambling".

Mounties Group also believes that any reconfiguring of the entitlement transfer system should reflect an awareness that there is often low levels of EGM utilisation during the day time trading of Clubs. It is not correct to presume that all EGM entitlements are actively used at all times of the day. Further, consideration should also be given to a potential need on a Friday and Saturday night for a Club to have additional EGM entitlements to satisfy social gaming demand from the vast majority of the growing population which does not have a problem with their gambling.

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.

Mounties Group Response:

Mounties Group believe there is no justification to reduce the size of LGAs (prior to recent Council Amalgamations) as presumed by this question. Further, Mounties Group believes that current criteria used to determine levels of risk remain valid. A requirement of further enhanced criteria is not appropriate as it would create additional regulatory red tape, would add expense to the entitlement transfer process, is unnecessarily complex, ignores the

success of the system to date and would introduce further subjectivity into the transfer process which would result in an increased lack of commercial uncertainty when considering both entitlement purchases and possible Club amalgamations.

The Gaming Machine Act achieves harm minimisation through primarily the nine points set out under the heading Harm Minimisation in section 2 of the Discussion Paper. These measures are significant in themselves in achieving harm minimisation. Mounties Group does not see a valid reason to increase regulatory complexity and red tape in this area. The existence of a different regime in another jurisdiction which maintains significant market differences to New South Wales is not justification to change the current measures. Further, Mounties Group experience of the LIA process is that where the legislation permits certain transfers of entitlements but includes a high level of subjectivity, that this subjectivity creates business risk, cost and uncertainty.

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.

Mounties Group Response:

Mounties Group does not believe that the current consultation requirements for LIA's in New South Wales need to be amended. Mounties Group does believe that the basis of assessment needs to alter and will address this point in its answers to questions 5 & 6 below. Further, in relation to this question Mounties Group strongly believes that no additional weight should be given to submissions received from local governments during an LIA process.

Liquor and Gaming law in New South Wales is already sufficiently complex. The involvement of another level of government, and its political approach to matters, in a decision-making process relating to LIA processes is in the view of Mounties Group entirely unnecessary and could result in local political matters determining what would ideally be an objective decision.

In Mounties Group's practical experience Local Government often does not represent a consensus

view of the local community. Mounties Group is also aware that some Local Government's take a position entirely opposed to the movement of entitlements into their LGA. This is not reflective of the legislative regime which, on its face, does not entirely prohibit the movement of entitlements into any LGA.

Mounties Group in relation to an LIA2 process it undertook in recent years conducted community consultation and found that the community feedback did not match the position taken by the Local Government in relation to that LIA process. Liquor and Gaming decisions and processes are best dealt with at a State Government level. Whilst Local Government can continue to be consulted, there is absolutely no justification for giving additional weight to submissions received from Local Government.

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.

Mounties Group Response:

Mounties Group believes that a "positive contribution" mentioned in s36(3)(c)(i) relating to Class 1 LIAs should be more clearly defined and also that "overall positive impact" mentioned in s36(3)(d)(i) relating to Class 2 LIAs should be more clearly defined in a similar way. As opposed to the Authority developing guidelines itself Mounties Group suggests that the relevant Minister should have the authority to issue a Direction to the Authority defining what these phrases mean and also directing the Authority to operate the LIA process in accordance with the Direction (with appropriate legislative amendments being made to accommodate this process). We would recommend that in relation to the Ministerial Direction that:

1. It delivers certainty for Clubs so that they know with certainty what will be required to satisfy "positive contribution" and "overall positive impact";
2. Consultation with Clubs and Club Industry bodies occurs in relation to the drafting of the Ministerial Direction and the required definitions;
3. There is no scope for the Authority to require Clubs to pay amounts as a condition to approval being granted;
4. That there not be a set time frame over which determining "positive contribution" or "overall positive impact" is determined;
5. That "positive contribution" and "overall positive impact" does not need to be a dollar amount quantitative measure and intangible community benefit be taken into account;
6. There is no scope for the Authority to condition the approval in a way that makes the acquisition of entitlements uncommercial for the acquiring Club;
7. The maximum time taken by the Authority in considering an LIA application is as specified in the Direction and that such period not be more than 3 months; and
8. That the Authorities costs that are payable by a Club applicant are capped at a specific amount as set out in the Ministerial Direction.

Further, in relation to the practice imposed by the Authority of requiring a payment to a third party to approve the application please see our response to Question 6 below.

There is no specification or guideline around what constitutes “positive contribution” or “overall positive impact”. We believe the Authority is interpreting these words unnecessarily narrowly, attempting to quantify subjective terminology. As a result of the way the Authority has dealt with LIA applications Mounties Group believes that Clubs and the Authority would both benefit from a Ministerial Direction which:

- creates certainty in relation to the definitions of “positive contribution” or “overall positive impact”;
- eliminates the need for payments to third parties organisations for negotiated amounts to obtain regulatory approvals; and
- recognises that Clubs are community organisations, the continuation and expansion of which benefits the local community in both a tangible and intangible way.

Further, Mounties Group, in relation to Mounties Club, has previously requested an increase in its gaming machine threshold which necessitated an LIA 2 application. This was an expensive and uncertain process in Mounties Group experience. In the decision by the Authority relating to Mounties Group LIA 2 application it was noted that “*the club took a proactive approach to managing problem gambling on its premises*” (at paragraph 162) and “*the club had a history of harm minimisation management practices that made it one of the best managed gaming venues in the State from a harm minimisation perspective*” (at paragraph 163). Despite this no approval was granted. Mounties Group would suggest that there is a disconnect between the legislative intent which makes such approval possible and the application of the discretion granted to the Authority to approve, or not approve, such applications. An approval simply does not seem possible despite a process existing. A Ministerial Direction, following consultation, clarifying the State Governments position, either way, would benefit the Industry.

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.

Mounties Group Response to Question 5 (In Part) & 6:

Mounties Group believes that the regulations should be amended such that the requirement under Regulation 36(3)(c) relating to demonstrating “additional benefits to club members or the community” should specifically not require an additional financial contribution to a third-party community or charity organisation by a Club. This may be extended in principle to the definition of “positive contribution” as well.

Mounties Group believes that increased or continuing benefit to either the Club community of the selling club of the entitlements and/or the Club community of the acquiring club of the entitlements can, if properly justified and documented by the Clubs involved, constitute both additional benefits to club members; and/ or additional benefits to the community – satisfying all aspects of the regulatory requirement.

As acknowledged in the Discussion Paper, clubs make a significant contribution to the New South Wales economy and the continuation of a selling Club or the enhancement of an acquiring Club can result in substantial benefits to Club members and the community.

In relation to Regulation 36(3)(c) Mounties Group experience is that no regard is given to the “additional benefits to club members” component of the regulation and that the “community” requirement is viewed as only being able to be satisfied by a payment of cash to a third party not for profit organisation. This effectively in our view is a discretionary tax imposed by the regulator prior to granting approval for such transfer.

Mounties Group is not aware of any legislative basis for the imposition of what is in effect a transfer tax. Such transfer tax result discourages entitlement transfer, results in commercial uncertainty for the acquiring Club and operates in a counterproductive way against the harm minimisation objectives of the legislation which work to achieve a reduction of overall entitlements through forfeiture of entitlements on transfer. The regulatory intent of section 36(3)(c) which allows for this requirement to be satisfied by demonstrating “additional benefits to club members” appears to be disregarded by the current regulatory process.

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?

No. The current LIA scheme as it is applied is unnecessarily complex and uncertain. Whilst approvals are permitted to be forthcoming under the Act, there does not appear to be any ability to obtain such approvals. The process does not facilitate the Act objective of the “balanced development, in the public interest, of the gaming industry”.

The harm minimisation requirements as set out in the Act in the view of Mounties Group primarily are effective at minimising harm associate with the misuse and abuse of gambling activities.

The LIA process has been successful at removing a number of gaming machine entitlements from the market as detailed in this discussion paper. The number of gaming machine entitlements removed from the community could be increased should an easier movement of gaming machine entitlement across LGAs under certain circumstances was introduced.

If the transfer of entitlements from one LGA to another result in the location of those entitlements, that remain after forfeiture, in a venue which has a superior approach to responsible gambling,

and such transfer also results in forfeiture of entitlements, then the achievement of a higher level of transfers and forfeiture on this basis would in our view enhance the LIA schemes ability to achieve the harm minimisation objective of the Act including the following two objectives of:

- (1) Minimise harm associated with the misuse and abuse of gambling activities; and
- (2) Foster responsible conduct in relation to gambling.

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?

Mounties Group believes legislative amendments which allow for the issuing of a Ministerial Direction clarifying State Government policy as set out in our answer to Question 5 above is appropriate.

3. Are there any other relevant matters that should be considered as part of this review?

Proposal 1: Transfer of Entitlements between Amalgamated Clubs to Support Club Industry Development

Given the large number of Club struggling financially subject to certain responsible gambling measures, and the continuation of the dissolving Club, Mounties Group believes that there is scope to introduce into legislation a mechanism for the remaining Club to be able to move entitlements between the dissolved Club and acquiring Club even when the Clubs are in different Bands.

Mounties Group proposes that entitlements of a dissolved Club in an past or future amalgamation be able to move to any Club in the acquiring Club group subject to:

- (1) The dissolving club within the amalgamation has to remain in operation for a period extended beyond the current 3 year minimum period. ;
- (2) That appropriate harm minimisation responsible gambling measures (in addition to those re-required by law) are in place at the venue that acquires entitlements and also in the venue from which the entitlement are being transferred from;
- (3) Only up to 75% of the entitlements of the club from which the entitlements are sourced can be removed to any other club within the group;
- (4) Forfeiture requirements will apply in relation to the transfer at such entitlements within the Club group when transferred across LGA borders; and
- (5) The amalgamation is an amalgamation which is subject to the amalgamation cap set out in section 17AF of the Registered Clubs Act.

This proposal works to achieve the objectives of the Gaming Machines Act in a number of different way:

- (1) it would work to minimise harm associated with misuse and abuse of gambling activities as it would only locate such entitlements at venues with harm minimisation measures over and above required legislative requirements;
- (2) it would facilitate the appropriate development of the gaming industry in that it supports the ongoing viability of Clubs which wish to amalgamate and are which undertaking valuable community work in their community; and
- (3) the measure would work to increase the number of entitlements forfeited across the State accelerating the reduction in the number of the gaming machines in the State of New South

Wales as a whole.

Proposal 2: Aggregation of Entitlements Across Club Premises for Determining Total Number of MTGM terminals available for a Venue.

Currently the MTGM cap for a Club is not determined by the number of entitlements held by the Club in total, but instead is determined on a venue by venue basis.

MTGM product typically are electronic equivalent of casino table games and have materially higher returns to player.

An increase in MTGMs at any one venue can only be achieved by a transfer of entitlements to that venue increasing the total number of machines. This may not be desirable.

Mounties Group proposes that the 15% cap should instead be imposed in relation to all entitlements owned by a Club across all its venues.

This may result in more higher return to player terminals product being put in place and reducing the total number of Electronic Gaming Machines in New South Wales venues.

