

Class 1 Local Impact Assessment process guidelines



The Class 1 Local Impact Assessment process guidelines (the Guidelines) are issued by the Independent Liquor & Gaming Authority under section 36C of the *Gaming Machines Act 2001* (the Act).

The Guidelines are intended to provide applicants and members of the community with guidance on:

- ▲ how applications for a gaming machine threshold increase should be made,
- ▲ how to undertake a Class 1 Local Impact Assessment,
- ▲ how to make a submission on a Class 1 Local Impact Assessment,
- ▲ what the Independent Liquor & Gaming Authority considers to be a 'positive contribution' for a local community for the purposes of a Local Impact Assessment,
- ▲ what other factors the Independent Liquor & Gaming Authority may consider in assessing a gaming machine threshold increase application, and
- ▲ what conditions the Independent Liquor & Gaming Authority may impose on its approval of a Class 1 Local Impact Assessment.

A checklist for venues is also included at Appendix A of this document.

These Guidelines are intended to give additional information to applicants and the community, and may not need to be read in their entirety for a Local Impact Assessment to be conducted.

The Guidelines do not limit the Independent Liquor & Gaming Authority's discretion when deciding a particular application, including what may be a 'positive contribution' for the local community.

These Guidelines are subject to, and are in addition of, any requirement set out in the Act or Gaming Machines Regulation 2019 (the Regulation).

For information on the Class 2 Local Impact Assessment process, visit liquorandgaming.nsw.gov.au.

Overview

All clubs and hotels in NSW are subject to an individual threshold on how many gaming machines they are permitted to operate. This is known as their Gaming Machine Threshold (GMT), against which they can purchase or lease Gaming Machine Entitlements (GME) from other venues.¹

Depending on the classification of the Statistical Area Level 2 (SA2) where a club or hotel is located and the size of increase, the venue may or may not be required to undertake an Local Impact Assessment (LIA) when applying for an increase its GMT.

The LIA process is designed to assess the impact of introducing additional gaming machines into an SA2, such as where a venue seeks to fill their GMT by sourcing GMEs from other parts of NSW.

What is the gaming machine threshold?

The GMT is a number that limits:

- ▲ for a club, the number of GMEs that the club is approved to hold,
- ▲ for a hotel, the number of GMEs and poker machine permits (PMP) the hotel is approved to hold. For a hotel the GMT is capped at 30.

In the case of a new hotel, or new club premises, the GMT for the hotel or club premises is set at zero. This includes:

- ▲ relocation to another venue,
- ▲ establishment of a new venue,
- ▲ establishment of a club in new development areas.

Note that an increase in a venue's GMT does not mean there will be more gaming machines in NSW. Venues wishing to fill an increase in their GMT can only do so by sourcing existing GMEs from other venues. When GMEs are traded among venues, a portion of the GMEs are (with some exceptions) forfeited to the Independent Liquor & Gaming Authority.

continue overleaf

¹ For hotels, Poker Machine Permits may be traded but not leased.

Class 1 Local Impact Assessment process guidelines

What are 'Statistical Area Level 2s' and how are they classified into 'Bands'?

An SA2 is a geographical boundary set by the Australian Bureau of Statistics.

Each SA2 is classified by the Independent Liquor & Gaming Authority into Band 1 (low risk), Band 2 (medium risk) and Band 3 (high risk) depending on the gaming machine density, gaming machine expenditure and the relative socio-economic disadvantage of the SA2.

Each SA2 is assigned a score with a weighting of:

- 70% [Socio-Economic Indexes for Area \(SEIFA\)](#)
- 15% gaming machine expenditure per capita
- 15% number of gaming machines per capita.

All SA2s in NSW are then ranked into Band 1, Band 2, Band 3 according with the:

- bottom 20% (i.e. those with the highest levels of socio-economic disadvantage) are put into Band 3
- next 30% are put into Band 2
- remaining 50% (i.e. those with the lowest levels of socio-economic disadvantage) are put into Band 1.

Further information of the classifications of SA2s, including an interactive map that provides information on your community, is available [here](#).

What are the different types of LIA and when are they required?

The purpose of an LIA is to inform and support a community consultation process that will enable the Independent Liquor & Gaming Authority to determine whether approving the application to increase a venue's GMT will provide either a positive contribution to the local community or an overall positive impact on the local community.

There are two types of LIA that may be required to be completed before a GMT increase application can be approved by the Independent Liquor & Gaming Authority:

- a Class 1 LIA requires the applicant to demonstrate that the proposed increase in the GMT will provide a positive contribution to the local community
- a Class 2 LIA requires the applicant to demonstrate that the proposed increase in the GMT will have an overall positive impact on the local community.²

An LIA is required to accompany any application for an increase in a venue's GMT according to the following rules:

Band	Low Range increase (up to 20)	Mid-Range increase (21 to 40)	High Range increase (over 40)
1	No LIA req'd	Class 1 LIA	Class 2 LIA
2	Class 1 LIA	Class 2 LIA	Class 2 LIA
3	No GMT increases permitted via an LIA process ³		

When are LIAs not required?

An LIA is not required in certain circumstances, largely where machines are moving within a local area. This is because there was previously an assessment of the impact on the local community when existing GMTs were granted, and the purpose of the LIA is to assess the impact of increased machines in a particular area, not the impact of an increase at a specific venue.

A venue in a Band 3 SA2 seeking to increase its GMT is not required to undertake an LIA where it is acquiring additional GMEs from a venue:

- in the same SA2, or
- in another Band 3 SA2 in the same Local Government Area, or
- in any directly bordering Band 3 SA2, even if this is in a different Local Government Area (note: this does not apply to the Fairfield Local Government Area).

A venue in a Band 2 SA2 seeking to increase its GMT is not required to undertake an LIA where it is acquiring additional GMEs from a venue:

- in the same SA2, or
- in another Band 2 SA2 in the same Local Government Area, or
- in any directly bordering Band 2 or 3 SA2, even if this is in a different Local Government Area (note: this does not apply to the Fairfield Local Government Area).

Venues in Band 1 can increase their GMT without an LIA where they are acquiring additional GMEs from a venue in any SA2 in the same Local Government Area, or if the total of the all GMT increases granted for the venue over the past 12 months was 20 or less.

continue overleaf

² These Guidelines do not deal with Class 2 LIAs.

³ Threshold increases may be approved where a venue is acquiring entitlements or permits from another venue listed in section 35(2)(b)-(d) of the Act.

Class 1 Local Impact Assessment process guidelines

For example, Figure 1 shows a portion of the Blacktown Local Government Area (right side of map) and Penrith Local Government Area (left side of map). In Figure 1, Band 3 is red, Band 2 is amber and Band 1 is green.

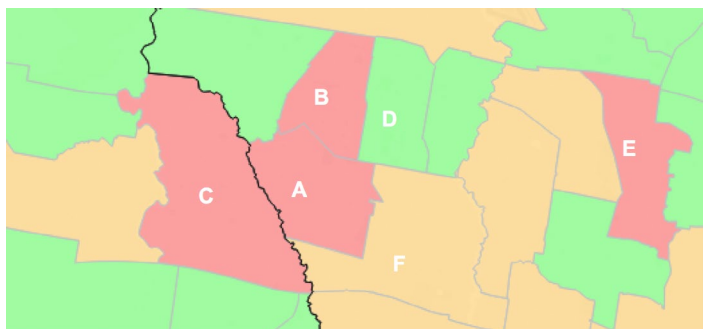


Figure 1

In Figure 1, a venue in SA2 “A” can apply for a GMT increase without an LIA where it is acquiring GMEs from a venue in:

- ▲ SA2 “A” (same Band 3 SA2)
- ▲ SA2 “B” or SA2 “E” (Band 3 SA2s in same Local Government Area)
- ▲ SA2 “C” (directly bordering Band 3 SA2)

SA2 “A” is a Band 3 and is subject to an area cap. As no additional gaming machines can be introduced from non-Band 3 SA2s, a venue in SA2 “A” cannot source GMEs from “D” or “F”.

As SA2 “F” is a Band 2 SA2, a venue in SA2 “F” can acquire entitlements from SA2 “A”, “B” or “E” without undertaking an LIA as all SA2s are in the same Local Government Area, but cannot acquire from a venue in SA2 “D” without undertaking an LIA as SA2 “D” is a lower banding.

continue overleaf

Class 1 Local Impact Assessment process guidelines

Preparing a Class 1 LIA

Overview

The purpose of a Class 1 LIA is to inform and support a community consultation process that will enable the Independent Liquor & Gaming Authority to determine whether approving an increase to a venue's GMT will make a positive contribution to the local community.

Approving an LIA

The Independent Liquor & Gaming Authority may only approve a Class 1 LIA if it is satisfied that the LIA:

- ▲ complies with the requirements under the Act or Regulation,
- ▲ demonstrates that gambling activities at the venue will be conducted in a manner consistent with sound gambling harm minimisation principles and practices,
- ▲ demonstrates that the proposed increase in gaming machines for the venue will provide a positive contribution to the community in which the venue is situated,
- ▲ if the venue is a new hotel or club, the venue is not in the immediate vicinity of a school, place of public worship or hospital,
- ▲ community concerns arising out of the community consultation process have been appropriately addressed by the venue, and
- ▲ where relevant, adequately addresses the Authority's concerns in relation to the 'clustering' of licensed hotel premises with gaming machine entitlements, and the potential adverse effects of patrons moving from one licensed premises to another. This includes, but is not limited to, the greater risks of behavioural issues associated with patron movement from one licensed premises to another, and an increase in gaming activities and associated harms, across the clustered premises.

Format

All Class 1 LIAs should follow the following format:

- ▲ executive summary of LIA of no more than one (1) page,
- ▲ details of the venue and local community comprising no more than two (2) pages,
- ▲ harm minimisation and responsible gambling measures,

- ▲ details of the benefits that the venue will provide to the local community if the threshold increase application is approved comprising no more than two (2) pages, and
- ▲ any attachments required to provide further information of the application.

Executive summary

The executive summary should provide the reader with a high level overview of the venue's application and should be no more than one (1) page.

The executive summary should concisely detail:

- ▲ the venue's location, including which SA2 it is in,
- ▲ the venue's current GMT,
- ▲ current number of GMEs and/or PMPs held by the venue,
- ▲ current harm minimisation and responsible gambling practices and services offered by the venue, and
- ▲ the positive contribution the venue proposes to make if the GMT increase application is approved.

Details of the venue and local community

An LIA should provide the reader details of the venue and the local community in which it sits within, which should be no more than two (2) pages.

Venue applicants are encouraged to include a map of the surrounding area, which identifies the venue, and the SA2 it sits within, as well as any other SA2s within five (5) kilometres.

An interactive map that provides information on all venues is available [here](#). This map may be used by applicants in preparing an LIA.

Clause 33 of the Regulation provides that where the LIA is made in relation to a new hotel or a new club, the venue is also required to include 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.

The Independent Liquor & Gaming Authority must be satisfied that the new venue is not in the immediate vicinity of these types of premises.

continue overleaf

Class 1 Local Impact Assessment process guidelines

Venue applicants are required to provide information on the venue itself, including:

- ▲ the size of the venue,
- ▲ the floor space of the venue, including the location and floor space dedicated (or to be dedicated) to gaming,
- ▲ other facilities or services offered by the venue at the premises where the additional gaming machines are proposed to be offered
- ▲ the venue's current GMT,
- ▲ current number of GMEs or PMPs held by the venue.

In addition to a map of the local area, venue applicants are encouraged to provide information on the community, including:

- ▲ population, SEIFA ranking, number of gaming machines per capita and gaming machine expenditure ranking for the SA2 (this information can be accessed for all SA2s [here](#))
- ▲ for clubs, the number of members that live within the SA2 and those that live outside of the SA2
- ▲ other relevant demographic information, such as:
 - 18 years and over population
 - population growth
 - age and sex distributions
 - education
 - occupation
 - ethnicity
 - individual and household income distribution
 - employment, unemployment and not in the labour force
 - housing costs
 - housing tenure type and landlord type
 - household type.

This data can be found on the [Australian Bureau of Statistics website](#).

Harm Minimisation and Responsible Gambling Measures

Clause 33 of the Regulation requires a LIA to include details of the harm minimisation and responsible gambling measures that are in place at the venue.

The Independent Liquor & Gaming Authority considers “harm minimisation” to mean interventions and measures to prevent or reduce the negative social, economic and physical harms that can occur from gambling.

The Independent Liquor & Gaming Authority consider that the concept of “responsible gambling” is a broad one which recognises gambling is a legitimate, lawful and regulated activity in NSW and that there are benefits associated with gambling activities, but also that gambling can cause personal and social harms. Activities that promote responsible gambling include those which seek to:

- ▲ enable persons to make informed decisions about their participation in gambling,
- ▲ minimise the potential for, and incidence of, harm associated with gambling, and
- ▲ reduce the incidence and prevalence of problem gambling

A venue's current and proposed harm minimisation and responsible gambling measures will be used by the Independent Liquor & Gaming Authority to understand what the impact of additional gaming machines at the venue will be on the community. These proposed harm minimisation and responsible gambling measures must satisfy the Independent Liquor & Gaming Authority that gambling activities at the venue will be conducted in a responsible manner.

All hotel and clubs in NSW are required by law to offer a suite of harm minimisation and responsible gambling measures.

The LIA should detail clearly what harm minimisation and responsible gambling measures are offered by the venue, and specifically differentiate between measures that are required to be offered by law and those that the venue has voluntarily offered.

Mandatory harm minimisation requirements include:

- ▲ gambling signage, including counselling, chance of winning and gaming machine notice,
- ▲ Gambling Help wording on all player activity statements, ATMs and cash-back terminals and cash-back terminals operated by a player card,
- ▲ having a self-exclusion scheme in place, including publicising the availability of the self-exclusion scheme,

continue overleaf

Class 1 Local Impact Assessment process guidelines

- ▲ minors must be prohibited from entering gaming areas of the venue,
- ▲ prohibition on any externally visible gaming machine advertising or signage,
- ▲ restrictions on use of cheques as a method of payment for use of gaming machines and payment of any prizes, including cheque prize limit of \$5,000,
- ▲ restrictions on cash payments,
- ▲ prohibition on the placement of ATMs in gaming areas, including prohibition on ATMs that dispense cash from a credit card account,
- ▲ where a player reward or player account card system is offered, player activity statements must be provided,
- ▲ all staff involved in gambling related duties hold Responsible Conduct of Gambling qualifications, and
- ▲ mandatory gaming machine shutdown

Additional harm minimisation and responsible gambling measures may include:

- ▲ Gambling help counselling services funded or hosted by the venue, including details on its hours of operation and who can (and does) access it
- ▲ Pre-commitment player cards
- ▲ Activities designed to prevent and highlight potential harms from gambling, for example an education program for vulnerable groups about the potential harms from gambling and how to seek help.

Positive contribution the local community

Under the Act, where an LIA must be approved, a venue is required to satisfy the Independent Liquor & Gaming Authority that the proposed increase in the number of gaming machines at the venue will make a positive contribution to the community. Further information on how the Independent Liquor & Gaming Authority will determine what constitutes a positive contribution is detailed below.

Clause 33 of the Regulation requires an LIA to include details of the benefits that the venue will provide to the local community if the threshold increase application is approved. This information should be no more than two (2) pages.

Where a venue is required to make a financial contribution to satisfy the Independent Liquor & Gaming Authority that the additional machines will make a positive contribution to the community, the venue must make this financial contribution to the Responsible Gambling Fund. The method for determining the amount of financial contribution a venue will be required to make to the Responsible Gambling Fund is detailed below.

A venue may also be able to make additional positive contributions that will be taken into account by the Independent Liquor & Gaming Authority. Where a venue has already made an additional positive contribution in connection with the proposed gaming machine threshold increase, or where they are proposing to do so, the Independent Liquor & Gaming Authority may take this into account when assessing what additional financial contributions the venue will be required to provide to the Responsible Gambling Fund.

Where a venue provides information of additional positive contributions it is making or will make, it must have regard to the criteria that the Independent Liquor & Gaming Authority will use in assessing whether the GMT will provide a positive contribution to the community, which is detailed below.

continue overleaf

⁴ Section 36B of the Act allows for other actions to be considered additional positive contributions where they are prescribed in the Regulation. There are currently no additional actions prescribed.

Class 1 Local Impact Assessment process guidelines

What constitutes a “positive contribution” for a Class 1 LIA?

Financial contribution amount

In assessing the impact of additional gaming machines on a community, the Independent Liquor & Gaming Authority is required to determine whether the additional gaming machines would make a positive contribution to the community.

In assessing whether a donation proposed to support a Class 1 LIA satisfies the Independent Liquor & Gaming Authority that the donation should be considered a positive contribution, the Authority will have regard to the following formula:

15% of average profit of existing gaming machines before tax x GMT increase x 5 years.

For example:

Hotel A currently holds 10 GMEs with an average annual profit of \$40,000 per machine. Hotel A applies for a GMT increase of five (5). In order to satisfy the Independent Liquor & Gaming Authority that the proposed increase will provide a benefit to the community, Hotel A may be required to pay \$30,000 (15% of \$40,000 = \$6,000 x GMT increase of five (5) = \$30,000) each year for five (5) years. Over the 5 years the hotel will be required to pay \$150,000.

Club A holds 50 GMEs with an average annual profit of \$20,000 per machine. Club B applies for a GMT increase of five (5). In order to satisfy the Independent Liquor & Gaming Authority that the proposed increase will provide a benefit to the community, Club B may be required to pay \$15,000 (15% of \$20,000 = \$3,000 x GMT increase of five (5) = \$15,000) each year for five (5) years. Over the 5 years the club will be required to pay \$75,000.

Assessing financial contributions for new venues

For new venues, such as those being established in a new development area, the net profit of the proposed gaming machines may not be known, nor can it be reliably estimated.

In assessing whether a financial contribution proposed to support a Local Impact Assessment in respect of a new venue satisfies the requirements of the Act, the Authority will have regard to the following formula:

For new hotels

15% of average annual profit of existing gaming machines before tax of existing hotels in the Local Government Area (avg profit), multiplied by the number of GMEs to be added by the GMT increase, per year over 5 years, ie:

15% x avg profit x GMT increase x 5

Where there is no existing hotel in the Local Government Area, the Authority will apply the following formula.

15% of the actual annual profit before tax (act profit) of gaming machines operated by the venue following the GMT increase, multiplied by the GMT increase, per year over 5 years, ie:

15% x act profit x GMT increase x 5

For new clubs

15% of average annual profit of existing gaming machines before tax of existing clubs in the Local Government Area (avg profit), multiplied by the number of GMEs to be added by the GMT increase, per year over 5 years, ie:

15% x avg profit x GMT increase x 5

Where there is no existing club in the LGA, the Authority will apply the following formula.

15% of the actual annual profit before tax (act profit) of gaming machines operated by the venue following the GMT increase, multiplied by the GMT increase, per year over 5 years, ie:

15% x act profit x GMT increase x 5

continue overleaf

⁴ Section 36B of the Act allows for other actions to be considered additional positive contributions where they are prescribed in the Regulation. There are currently no additional actions prescribed.

Class 1 Local Impact Assessment process guidelines

Payment of financial contributions for new venues

Payment for the financial contributions by new venues will be paid annually with the first payment to be made within four weeks of the approval in line with the following:

Year 1	Year 2	Year 3	Year 4	Year 5
10% of total financial contribution	15% of total financial contribution	20% of total financial contribution	25% of total financial contribution	30% of total financial contribution

Review of financial contributions for new venues

After 2 years of gaming machine operations, a new venue may request a review of the quantum of its financial contribution. This provides for situations where a venue's actual per machine profit is less than the average per machine profit of the local area (as used for the calculation of their community contribution obligations).

When reviewing the financial contribution, the Authority will apply the following formula.

15% of the average annual profit before tax (avg GM profit) of gaming machines operated by the venue following the GMT increase, multiplied by the GMT increase, per year over 5 years, LESS the contributions already made in years 1 and 2, to be paid per year over the remaining 3 years.

(15% x avg GM profit x GMT increase x 5) – years 1 & 2/3

Why are funds required to be directed to the Responsible Gambling Fund

Financial contributions made as part of the LIA process are now required to be paid to the Responsible Gambling Fund.

The new requirement commenced on 3 April 2018 following a review of the LIA scheme, which found that a centralised fund would ensure that funds generated through the LIA process would be specifically targeted at gambling harm minimisation, health and social related services for the local community.

The Independent Liquor & Gaming Authority requires venues to make financial contributions into the Responsible Gambling Fund to ensure that contributions are transparent, and to ensure community organisations interested in making a submission during an LIA process are free to either support or oppose a GMT application without fear of losing an opportunity to gain funding.

The Independent Liquor & Gaming Authority is of the view that venues should primarily be providing funding to the Responsible Gambling Fund, as this will allow the Independent Liquor & Gaming Authority to more easily assess whether the proposed GMT increase is a positive benefit.

Additional positive contributions

While all financial contributions are required to be made to the Responsible Gambling Fund, the Independent Liquor & Gaming Authority must have regard to any additional positive contributions made by the venue in connection with the proposed increase to the venue's GMT.

Under Section 36B of the Act, where the Independent Liquor & Gaming Authority takes into account additional positive contributions that a venue offers, the Independent Liquor & Gaming Authority may reduce the amount of financial contributions that the venue may be required to pay to satisfy the community benefit requirement.

The Act prescribes that additional positive contribution may include:

- ▶ the putting in place of harm minimisation and responsible gambling measures that are in addition to measures already required by law,
- ▶ for clubs, money paid into the ClubGRANTS Fund over and above their annual liability, and
- ▶ for clubs, money paid into Category 1 of ClubGRANTS that is spent on harm minimisation in excess of the amount required by law.⁴

Criteria for assessing additional positive contribution

In assessing additional positive contributions, the Independent Liquor & Gaming Authority will have regard to the following questions:

continue overleaf

Class 1 Local Impact Assessment process guidelines

Is the additional positive contribution being made in excess of any requirement under law?

The Independent Liquor & Gaming Authority is required to determine whether the venue is going above and beyond any mandatory requirement with respect to harm minimisation, responsible gambling or community contributions.

Venues must clearly explain how the additional positive contribution is different from those required by law.

For example, Hotel B spends \$25,000 a year training staff involved in gaming operations in Responsible Conduct of Gambling. Hotel B is required by law to ensure staff are properly accredited. This expenditure cannot be considered as in excess of a requirement under law.

Is the additional positive contribution being made in connection with the proposed increase in GMT?

In considering this issue, the Independent Liquor & Gaming Authority will consider whether the additional contribution would be made even if the GMT application was not approved.

Venues must clearly explain how the additional positive contribution is additional to what it already does.

Venues should provide clear evidence of any contributions made, or harm minimisation and responsible gambling services offered, over the past five years and clearly explain how the proposed additional contribution is not connected with these past activities.

These additional positive contributions will also be considered in light of any financial benefit that the venue may receive from making these additional positive contributions, including any reduction in tax liability the venue may receive by making the additional positive contribution.

For example, Club B currently is required to provide \$25,000 per year to ClubGRANTS but has paid \$35,000 every year for the past five years. The additional \$10,000 it has paid into ClubGRANTS could not be said to be connected to the GMT increase.

For example, Hotel C currently provides a 1 day a week counselling service costing \$20,000 per year. Hotel C increases the counselling service to 2 days a week at the same time it is preparing its LIA, costing an additional \$15,000 per year. The Independent Liquor & Gaming Authority may consider the additional \$15,000 to be connected to the GMT increase and may reduce

the financial contribution amount Hotel C is required to pay to the Responsible Gambling Fund by up to \$15,000 per year.

Is the additional positive contribution being made in excess of any requirement that would be required under law if the GMT increase is approved?

In considering this question, the Independent Liquor & Gaming Authority will have regard to whether the additional gaming machines that the venue is seeking approval for would result in its obligations under the law increasing because of the additional gaming machines.

For example, Club C currently has 26 GMEs earning annual average profit of \$38,000 per machine (total gaming machine revenue of \$988,000). Under current ClubGRANTS requirements, Club C is not required to contribute funding to ClubGRANTS.

Club C seeks an additional 26 GMEs, which is likely to increase its total gaming revenue to over \$1 million, at which point Club C will be required to pay 1.85% of its revenue over \$1 million into ClubGRANTS (Category 1 and 2), as well as 0.4% of its revenue over \$1 million into the ClubGRANTS Fund (Category 3). In this scenario, if Club C's revenue increases to \$1.8 million, it would be required to pay \$14,800 into Category 1 and 2 and \$3,200 into Category 3.

Where Club C proposes in its LIA to make a contribution of \$14,800 to harm minimisation services through ClubGRANTS over the next gaming machine tax year, which would represent its obligation if the additional machines were acquired, the Independent Liquor & Gaming Authority may not consider that this contribution is sufficiently additional to allow it to reduce an additional financial contribution to the Responsible Gambling Fund.

How are funds allocated through Category 1 ClubGRANTS to effective harm minimisation services being used?

The Independent Liquor & Gaming Authority will consider the amount of money that has been spent by a club on Category 1 ClubGRANTS eligible harm minimisation services as well as the effectiveness of that service. Any expenditure sought to be claimed must be compliant with the [ClubGRANTS Guidelines](#) issued under the *Gaming Machines Tax Act 2001*.

continue overleaf

Class 1 Local Impact Assessment process guidelines

A club will be required to report on any contributions that it is seeking to rely on to reduce any financial contribution obligations, including providing details in its LIA on:

- ▲ the service that has received the money,
- ▲ how much money the club spent on that service,
- ▲ the location of that service (whether it is provided on club property or offsite),
- ▲ the use of that service by members of the community (including a breakdown of club and non-club member use of service), and
- ▲ how that service can be considered harm minimisation.

The Independent Liquor & Gaming Authority is unlikely to give much weight to contributions made through ClubGRANTS that are not supported by clear evidence on the effectiveness of the harm minimisation service.

For example, Club E provides a \$50,000 funding increase to its ClubGRANTS contributions in the year it makes the GMT increase application. The additional funding is spent on a local drug treatment facility which offers counselling and accommodation services to members of the local community. This service is addressing a comorbidity of problem gambling (i.e. a disease or illness that tends to occur at the same time as problem gambling). The Independent Liquor & Gaming Authority may allow this funding to be used to reduce the venue's financial contribution requirement.

Has the venue provided sufficient evidence for the Independent Liquor & Gaming Authority to be satisfied that the additional contribution has been made?

Venues are required to provide evidence that an additional positive contribution has been made, including evidence that shows that the additional positive contribution is not part of the venue's existing offerings, and the impact of the additional positive contribution.

This may include:

- ▲ records of previous expenditure on a service and evidence on how the new measure is additional,
- ▲ independent evaluation of the service that has been provided as an additional positive contribution, and
- ▲ a proposal on how the additional positive contribution will be carried out if the application is approved.

The Independent Liquor & Gaming Authority notes that it does not consider increased taxes, improved

venue facilities, additional venue employment or similar that might be expected to flow from the grant of the application as forming any part of an assessable positive contribution.

For harm minimisation and responsible gambling measures, are these services currently working at the venue?

In determining whether to discount the financial contribution a venue will be required to make to the Responsible Gambling Fund due to harm minimisation and responsible gambling services offered, or to be offered, by the venue, the Independent Liquor & Gaming Authority will consider the effectiveness of existing measures and the proposed increase in offerings.

This will allow the Independent Liquor & Gaming Authority to understand whether the additional harm minimisation and responsible gambling measures are an appropriate offset to financial contributions to the Responsible Gambling Fund by considering who benefits from the services, how accessible it is, and whether there is evidence that indicates that it is effective in reducing gambling related harms.

For example, Hotel D offers a 1 day a week counselling service on its premises costing \$20,000 a year. Hotel D has 28 gaming machines in operation with an annual average profit of \$100,000 per machine. The counselling service only operates on Mondays, is delivered by a counsellor who only has experience in family issues, is hard to find and has only been used by two people in the past 12 months.

The Independent Liquor & Gaming Authority may consider that this additional harm minimisation service is not effective and that the \$20,000 a year may be better allocated to a service provider selected by the Responsible Gambling Fund.

Should the Independent Liquor & Gaming Authority allow the venue to reduce its additional financial community contribution by the same amount it has spent on additional positive contributions?

Section 36B of the Act requires the Independent Liquor & Gaming Authority to have regard to additional positive contributions made by a venue in connection with the proposed GMT increase.

However, the Independent Liquor & Gaming Authority is not required to reduce the amount that a venue may be required to make as a financial contribution to the

continue overleaf

Class 1 Local Impact Assessment process guidelines

Responsible Gambling Fund by the same amount that the venue has made through an additional positive contribution.

Where a club seeks to use contributions made through Category 1 ClubGRANTS to harm minimisation services as an additional positive contribution, the Independent Liquor & Gaming Authority may allow that contribution to offset up to 30 per cent of the overall total positive contribution. To be clear, a club can only use contributions made through Category 1 ClubGRANTS to harm minimisation services to make up to 30 per cent of the total positive contribution that the club is required to make in order to satisfy the Independent Liquor & Gaming Authority that the additional gaming machines will make a positive contribution to the community.

For example, Club F has provided an additional \$50,000 a year to fund a harm minimisation officer responsible for client care and monitoring (beyond the responsible conduct of gambling requirements of all staff) through ClubGRANTS in connection with a GMT increase application (in compliance with cl 2.3.3 of the [Guidelines](#)).

The officer is based in the club, with only members of the club able to access the service. The Responsible Gambling Fund provides funding for a similar service in the same area, which is used by more people who are gambling in different venues.

In this case, the Independent Liquor & Gaming Authority may consider that the funding provided by the Responsible Gambling Fund is a more effective use of funding, and that the club should be encouraged to provide additional funding to that service.

The Independent Liquor & Gaming Authority may allow Club F to reduce its financial contribution by \$15,000, which recognises that clubs should continue to receive an incentive to respond to gambling related harms in their venues, while also acknowledging that the community as a whole will receive a stronger positive benefit if the Responsible Gambling Fund gains additional funds.

Consultation requirements for a Class 1 LIA

A venue undertaking a Class 1 LIA must initiate a community consultation process that provides members of the community the opportunity to comment on the GMT increase application. These submissions will be used by the Independent Liquor & Gaming Authority to assess the likely impact of additional gaming machines on the community.

A venue undertaking a Class 1 LIA must within two working days after submission of the GMT increase application:

- ▲ provide a copy of the application and LIA to the local council for the area where the venue is situated, and the local police,
- ▲ notify the following that an application has been made and advise of the availability of the LIA on the Liquor & Gaming NSW website at liquorandgaming.nsw.gov.au:
 - the [local health district](#) for the area where the venue is situated,
 - any organisation in the Local Government Area that receives funding from the Responsible Gambling Fund to provide gambling-related counselling or treatment services, and
 - any other organisations that provide services in the Local Government Area relating to welfare, emergency relief, financial assistance, Aboriginal health and legal assistance, or gambling and addiction counselling or treatment, and which are listed as providing these services by the local council.

The applicant must advise the above organisations that they have 60 calendar days after the date the venue's application is posted on the Liquor & Gaming NSW website to make a submission to the Independent Liquor & Gaming Authority.

For the purposes of notification, a venue is only required to provide information on the LIA, as detailed above, by email or post.

continue overleaf

Class 1 Local Impact Assessment process guidelines

The applicant must also, after having made the submission of the GMT increase application and LIA, within two working days:

- ▲ place an advertisement in a local newspaper circulating in the area in which the relevant venue is situated, and
- ▲ display a notice in a conspicuous area outside the venue, or on the perimeter of the site if the venue has not been built.

All venues must include a statutory declaration detailing that they provided a copy, or notification, of the LIA to relevant organisations, and detailing the notices that have been advertised in a local newspaper and at the venue. The statutory declaration must be submitted to the Independent Liquor & Gaming Authority before the Independent Liquor & Gaming Authority will consider the venue's application and LIA.

Organisations required to be notified of an LIA

The Independent Liquor & Gaming Authority will apply the following criteria in determining whether a requirement to notify an organisation has been complied with.

Local council – the council responsible for the Local Government Area that the venue resides in. To find out which local council your venue is in, please visit <https://www.olg.nsw.gov.au/find-my-council>

Local police – a police station within the Local Area Command that the venue is in. To find out your nearest police station, please visit http://www.police.nsw.gov.au/about_us/regions_local_area_commands

Responsible Gambling Fund services in the Local Government Area – To find service providers in local area that the venue is in, please visit <https://www.responsiblegambling.nsw.gov.au/home/gambling-help/find-support-near-you>

Other organisations in the local area – Where a local council provides a list of organisations in the Local Government Area that provide services relating to welfare, emergency relief, financial assistance, Aboriginal health and legal assistance, or gambling and addiction counselling or treatment a venue must notify all organisations on the list. Where no such list is available, a venue is only required to notify the other organisations listed above.

Where a council lists organisations that the venue considers does not provide relevant services in the local area, the venue is able to detail which organisations were not notified and reasons why in its statutory declaration.

Advertisement and notice requirements

The advertisement and notice publicising the proposed GMT increase must:

- ▲ use standard words provided by the Independent Liquor & Gaming Authority explaining what an LIA and GMT is,
- ▲ state that the GMT application has been made and that the LIA has been provided with the application,
- ▲ explain the nature of the application (i.e. that the proposed application seeks an increase to the number of gaming machines that the venue is authorised to operated),
- ▲ advise that the application and the LIA may be inspected on the Liquor & Gaming NSW website, and
- ▲ advise that any person may make a submission to the Independent Liquor & Gaming Authority in relation to the GMT application and/or the LIA within 60 days after the application and LIA is posted on the Liquor & Gaming NSW website.

continue overleaf

Class 1 Local Impact Assessment process guidelines

Making a submission on a Class 1 LIA

All venues are required to undertake a minimum 60 days of community consultation of an LIA. LIA community consultation processes are intended to ensure that the views of the local community on proposed increases in the number of gaming machines in the community are considered by the Independent Liquor & Gaming Authority in assessing whether to approve a GMT increase application.

Where a venue is required to undertake a Class 1 LIA (see above to see what class of LIA a venue is required to undertake), the venue must satisfy the Independent Liquor & Gaming Authority that the proposed GMT increase for the venue will provide a positive contribution to the local community.

Content of submissions

The Independent Liquor & Gaming Authority will accept any submission made in response to an LIA. The Independent Liquor & Gaming Authority does not impose a limit on what the submissions can include, but encourages submissions that specifically address the proposed increase of gaming machines in the community, and are less than 10 pages.

When assessing an LIA, the Independent Liquor & Gaming Authority will consider the following issues, which submissions may wish to address:

- ▲ has the LIA appropriately identified the local community?
- ▲ has the LIA demonstrated that the venue will operate the additional gaming activities in a responsible manner?
- ▲ if the venue is a new hotel or new club, is it in the immediate vicinity of a school, place of worship or hospital?
- ▲ has the proposed positive contribution identified by the venue in its LIA met the requirements set out in the Guidelines for what the Independent Liquor & Gaming Authority considers to constitute a positive contribution to the local community?

When making a submission, the Independent Liquor & Gaming Authority encourages submissions that address the issues that are detailed in the LIA, or identifies those that have not been addressed in the LIA but are relevant to the venue's GMT increase application, such as a concurrent application to extend licensed trading hours.

Submissions may attach additional information to be considered by the Independent Liquor & Gaming Authority in its assessment of the GMT increase application and LIA, however this additional information should continue to address specific issues raised by the venue's GMT increase application.

General statements regarding perceived problem gambling that could result from an increase in gaming machines in the area are not encouraged as they do not assist the Independent Liquor & Gaming Authority in understanding the likely specific impact of the application being considered.

Submissions that seek to raise concerns about perceived problem gambling impacts should seek to use some form of evidence or provide sufficient detail to explain the cause for concern based on experience, and knowledge of, the existing or proposed venue. This may include personal experiences of gambling at the venue or in the local area.

For example, a submission that opposed the proposed GMT increase on the basis that all gaming machines in NSW should be removed is unlikely to be given much weight by the Independent Liquor & Gaming Authority. The statement could apply to any area in NSW, is unlikely to assist the Independent Liquor & Gaming Authority in assessing the impact of additional gaming machines on this particular local community, and addresses issues that are not relevant to the Independent Liquor & Gaming Authority (i.e. the lawfulness of gaming machines)

For example, a submission that opposed the proposed GMT increase at Hotel D on the basis that it has a poor history of abiding with Responsible Conduct of Gambling requirements is likely to be given weight by the Independent Liquor & Gaming Authority. Hotel D would be required to respond to this submission as it raises specific issues with respect to the operation of gaming machines at the venue.

For example, a submission responding to an LIA prepared by Club F that argues that harm minimisation services offered by the club that Club F is seeking to use as an additional positive contribution are not effective and that the service funded by the Responsible Gambling Fund is more useful will likely be given weight by the Independent Liquor & Gaming Authority as it addresses the additional positive contributions that Club F has identified as providing a benefit to the community.

continue overleaf

Class 1 Local Impact Assessment process guidelines

For example, a submission by a problem gambling treatment expert argues that no additional machines should be introduced into a specific SA2 because of particular risk factors of the local community (for example, the venue is located next to Centrelink or social housing). This submission is likely to be given weight by the Independent Liquor & Gaming Authority as it has been prepared by a relevant expert and addresses the potential negative impacts on the specific community.

Checklist for making a submission

- ▲ Read the LIA to understand how the venue addresses impacts of additional gaming machines in local community,
- ▲ Prepare a submission that specifically address the venue's application,
- ▲ Include relevant information to support submission, which may include facts and figures, research or personal experience,
- ▲ Identify any parts of the submission that you wish to remain confidential, including personal information, and
- ▲ Submission on LIA is succinct and made to the Independent Liquor & Gaming Authority within 60 days of the LIA being posted on the Liquor & Gaming NSW website

continue overleaf

Class 1 Local Impact Assessment process guidelines

What happens to a submission made during a Class 1 LIA?

All submissions on the LIA made by members of the community or community organisations are to be submitted to the Independent Liquor & Gaming Authority via Liquor & Gaming NSW.

Relevant issues raised in the submissions will then be provided to the venue to allow the venue the opportunity to respond or address issues raised.

Both the submission and the applicant's response to issues raised will be considered by the Independent Liquor & Gaming Authority during its review of the LIA.

How do venues respond to submissions made during community consultation?

Venues are required to respond to all issues that have been raised in submissions. However, where a submission makes general statements about gaming machines, gambling harm or problem gambling that are not targeted to the venue's application, venues will not be required to respond to these issues.

However, a venue will be required to provide a response to the following issues, if they are raised in a submission:

- ▲ the LIA has not correctly identified or described the local community,
- ▲ it is inappropriate to introduce additional gaming machines because of specific gambling harm and problem gambling risks in the local area,
- ▲ the venue does not operate existing gaming machines in a responsible manner or is unlikely to operate any additional gaming machines in a responsible manner,
- ▲ the venue has failed to satisfy harm minimisation requirements or is unlikely to do so if it acquires additional gaming machines,
- ▲ for a new hotel or new club, the venue is in the immediate vicinity of a school, place of worship or hospital,
- ▲ the proposed positive contribution to be made to the local community if the GMT increase application is approved does not meet the amount required by these Guidelines, and
- ▲ the additional positive contributions proposed by the venue are not sufficient to meet the requirements detailed in these Guidelines.

How will the Independent Liquor & Gaming Authority consider venue responses to submissions?

All submissions made during an LIA review and any responses made by a venue are collated and provided to the Independent Liquor & Gaming Authority for consideration. Before the Independent Liquor & Gaming Authority considers the GMT increase application, LIA and submissions, licensing staff from Liquor & Gaming NSW will undertake an initial assessment of the LIA and submissions, and provide advice to the Independent Liquor & Gaming Authority on the LIA and submissions.

The Independent Liquor & Gaming Authority will then, in assessing a venue's LIA and any response to a submission made during an LIA process, have regard to:

- ▲ the issues raised by the submission
- ▲ whether the issues that have been raised in the submission are relevant to the venue's GMT increase application
- ▲ the extent to which the venue responds to specific concerns, including relevant facts, figures and research, and personal experiences raised by the submission, and
- ▲ the extent to which the venue amends its application or LIA in response to specific concerns.

What conditions may be placed on a successful GMT increase?

The Independent Liquor & Gaming Authority may impose conditions on a successful GMT increase that a venue must satisfy before the GMT can take effect.

While the Independent Liquor & Gaming Authority may impose any form of condition that is authorised under the Act or Regulation, the following provide a guide on conditions that may be imposed following a GMT increase approval.

A venue should use this guide to understand the likely steps it may be required to undertake following a GMT increase approval.

Venue is required to make payment of any financial contributions to the Responsible Gambling Fund

This condition is imposed to ensure that where a venue is required to make a financial contribution to the Responsible Gambling Fund that it does so by a certain date.

continue overleaf

Class 1 Local Impact Assessment process guidelines

The Responsible Gambling Fund will issue a receipt of payment directly to the Independent Liquor & Gaming Authority at which point the venue's GMT will increase.

A venue may be required to make periodic payments, for example once every year. The venue will be required to provide evidence for every payment.

For example, by 31 March 2018 Hotel E must provide evidence to the Independent Liquor & Gaming Authority that it has made a payment of \$20,000, as an LIA contribution, to the Responsible Gambling Fund. Hotel E must also make further payments of \$20,000 on 31 March each year from 2019 to 2022.

Venue is required to undertake additional positive contributions identified by the venue in its LIA in terms set by the Independent Liquor & Gaming Authority

Where the Independent Liquor & Gaming Authority takes into account additional positive contributions made by a venue (see above), the Independent Liquor & Gaming Authority may require the venue to continue to undertake the additional positive contributions for a set period of time. These contributions may also be required to be published at liquorandgaming.nsw.gov.au.

For example, where the Independent Liquor & Gaming Authority reduces Club G's financial contribution to the Responsible Gambling Fund by \$20,000 a year due to ongoing contributions by Club G to ClubGRANTS eligible harm minimisation initiatives, the Independent Liquor & Gaming Authority may require that Club G continue to make these contributions for five (5) years.

Venue is required to undertake additional harm minimisation and responsible gambling services in terms set by the Independent Liquor & Gaming Authority

The Independent Liquor & Gaming Authority may also impose a condition for a venue to undertake harm minimisation or responsible gambling measures or services that it has not previously offered.

This condition is likely to be used where the increase in the number of gaming machines at the venue makes it appropriate to increase the harm minimisation and responsible gambling obligations of the venue.

For example, Hotel F is required to appoint a dedicated responsible gaming manager who will be responsible for oversight of harm minimisation and responsible gambling in Hotel F.

Consequences for failing to abide by a condition

Section 36(7) of the Act provides that where a venue does not comply with a condition imposed on the LIA approval the LIA is taken to have no effect.

Where a venue fails to fulfil a condition imposed by the Independent Liquor & Gaming Authority, the Independent Liquor & Gaming Authority will reduce the venue's GMT to the level it was before the LIA was made.

For example, Club H has a GMT of 50 and seeks an increase of 20 to take its GMT to 70. The Independent Liquor & Gaming Authority imposes a condition that Club H pays \$50,000 to the Responsible Gambling Fund every year for five years. Club H's GMT is increased to 70 once it makes the first annual payment.

If Club H does not pay in year 3, the Independent Liquor & Gaming Authority will reduce Club H's GMT from 70 to 50 until it makes its annual payment and would not be able to operate 20 gaming machines during this time.

Where a venue's GMT is reduced because of failure to abide by a condition imposed on the LIA, and the venues operates gaming machines during the period the GMT is reduced, it may commit an offence. A venue may be liable for a maximum penalty of \$11,000 for each offence committed.

Review of this Guideline

The Authority may review the operation of this Guideline from time to time and may update the Guideline as and when considered appropriate.

APPROVED by the Independent Liquor & Gaming Authority

13 October 2021



PHILIP CRAWFORD
Chairperson

continue overleaf

Class 1 Local Impact Assessment process guidelines

Appendix A – Checklist for venues

Local Impact Assessment preparation

- Executive summary of LIA of no more than one (1) page,
- details of the venue and local community comprising no more than two (2) pages,
- details of harm minimisation and responsible gambling measures,
- details of the benefits that the venue will provide to the local community if the threshold increase application is approved comprising no more than two (2) pages, and
- any attachments required to provide further information on the GMT increase application.

Local Impact Assessment notification

- Provided a copy of the GMT increase application and LIA to the local council for the area where the venue is situated,
- provided a copy of the GMT increase application and LIA to the local police for the area where the venue is situated,
- notified the following that they have 60 calendar days after the date the venue's application is posted on the Liquor & Gaming NSW website to make a submission:
 - local health district for the area,
 - all organisations in the Local Government Area that receives funding from the Responsible Gambling Fund to provide gambling-related counselling or treatment services, and
 - all other organisations that provide services in the Local Government Area relating to welfare, emergency relief, financial assistance, Aboriginal health and legal assistance, or gambling and addiction counselling or treatment, and which are listed as providing these services by the local council,
- placed an advertisement in a local newspaper circulating in the area in which the relevant venue is situated indicating that a GMT increase has been made and that an LIA is being undertaken,

- displayed a notice in a conspicuous area outside the venue, or on the perimeter of the site if the venue has not been built, indicating that a GMT increase has been made and that an LIA is being undertaken, and
- provided a signed statutory declaration to the Independent Liquor & Gaming Authority detailing the steps taken to notify relevant community organisations and local government agencies of the application and LIA.

Local Impact Assessment consultation

- Consultation of LIA has been open for 60 calendar days after the date the venue's application is posted on the Liquor & Gaming NSW website,
- all submissions made during the consultation process have been provided to the applicant by the Independent Liquor & Gaming Authority, and
- all submissions made during the consultation process have been responded to by the venue.

Conditions on Gaming Machine Threshold Increase Approval

- Venue has fulfilled all conditions placed on GMT increase, and
- venue does not acquire additional GMEs or gaming machines before GMT increase takes effect.

For further information

To find out more contact Independent Liquor & Gaming Authority secretariat:

@ ilga.secretariat@liquorandgaming.nsw.gov.au