**Reasons for Decision**

**Premises: Monte’s Lounge**

**Licensee:** Monte’s Bar & Bistro Pty Ltd

**Nominee**: Matt Mulga

**Proceedings:** Alleged Breaches of Section 110 of the Liquor Act

**Legislation**: Hearing Pursuant to Section 69(5) and Part V of Liquor Act

**Complainant**: Director of Licensing

**Heard Before:** Mr Richard O’Sullivan (Chairman)

Mr Doug Phillips

 Ms Helen Kilgariff

**Appearances:** Matt Mulga – Nominee & Proprietor

Erin Cassidy – Licensing Inspector

**Witnesses:** Peter Bannister – Environmental Officer

**Date of Hearing:** 5 June 2014

**Date of Decision:** 22 July 2014

## BACKGROUND

1. On 14 and 15 April 2014 the Director of Licensing, Karen Avery, made application to the Northern Territory Licensing Commission (“the Commission”) for disciplinary action against Monte’s Lounge for alleged breaches of the *Liquor Act* (“the Act”). Two complaints were lodged alleging several breaches of section 110 of the Act over a period of time from mid to late 2013.
2. Section 110 of the Act provides:

“*110 Licensee must not contravene licence conditions*

*A licensee commits an offence if:*

*(a) the licensee engages in conduct that results in a contravention of a condition of the licensee's licence; and*

*(b) the contravention does not constitute another offence against this Act.*

*Maximum penalty: 100 penalty units.*”

1. The Commission determined that the two complaints seeking disciplinary action referred to the Commission by the Director of Licensing required a Hearing.
2. The complaint matters presented to the Hearing can be summarised as follows:

**Complaint 1 – Breach of following Noise and Entertainment Licence condition**

“*Noise & Entertainment (a) The Licensee shall not permit or suffer the emanation of noise from the licensed premises of such type or volume as to cause such annoyance or disturbance to the ordinary comfort of lawful occupiers of adjoining properties, other persons in the vicinity or the residential neighbourhood.*

 *(b) The conduct of entertainment at the premises is conditional upon the purchase, installation and programming of a noise control device by the Licensee to the satisfaction of an authorised officer (Noise Control Officer) of the Department of Natural Resources, Environment, the Arts and Sport appointed under the Waste Management and Pollution Control Act.*”

It is alleged that the Noise and Entertainment condition of Monte’s Lounge was breached on the following dates:

* 2 June 2013
* 6 July 2013
* 20 July 2013
* 27 July 2013
* 7 September 2013

**Complaint 1 – Breach of Appearance and Patrons to be Seated Licence conditions as follows:**

“*Appearance The premises shall at all times have the appearance of and shall trade predominantly as a restaurant.*

*Patrons Patrons to be seated at a table.*”

It is alleged that the Appearance and Patrons seated conditions requiring the premise to have the appearance of and trade as a restaurant and for patrons to be seated at a table was breached on the following dates:

* 2 June 2013
* 6 July 2013
* 20 July 2013
* 27 July 2013
* 7 September 2013

**Complaint 2 – Venue Trading as an On-Licence**

The venue made application for a Temporary variation of the Liquor Licence to trade as an On-Licence for the evening of 21 December 2013 into the following morning. The application was not approved and it is alleged that the venue continued with holding the end of year “huge finale” without gaining the appropriate temporary licence variation.

## THE HEARING

1. Licensing Inspector Erin Cassidy outlined the alleged breaches of Section 110 of the Act relating to contravention of licence conditions (Complaint 1) relating to Noise and Entertainment, Appearance and Patrons contained in the Special Conditions of Monte’s Lounge Liquor Licence. The relevant licence conditions are alleged to have been contravened on the following dates in 2013:

2 June, 6 July, 20 July, 27 July and 7 September.

1. A further alleged breach of Section 110 of the Act (Complaint 2) outlined by Inspector Cassidy was in respect to contravention of Special Licence Conditions relating to Appearance and Patrons on the evening of 21 December 2013 when an event was held on the premises without obtaining the necessary temporary variation of Licence Conditions.
2. By way of proceedings the Commission determined to deal with the alleged breach matters in chronological order, with Inspector Cassidy providing details and evidence and Mr Matt Mulga as Nominee responding.

**Complaint 1**

Alleged breaches 2 June 2013

1. Inspector Cassidy advised the Hearing that the noise control device required under the venue’s licence conditions was not functioning and limiting noise levels. She stated Inspectors witnessed large numbers of patrons standing, in contravention to the requirement for patrons to be seated. Inspector Cassidy also referred the Hearing to the Licensee’s use of a BBQ and the sale of hotdogs, a contravention of the requirement of the premises to “*have the appearance and trade as a restaurant*”.
2. Mr Mulga responded by advising that on the day in question his premises was hosting a cabaret show. He advised that he was interstate at the time but that the normal operation of the noise control device was that at a specified high sound or decibel level, a light shows red following which power is cut and then must be reset for music to be broadcast. In respect of the day Mr Mulga informed the Hearing that a cabaret afternoon was held to raise funds for a particular cause. This was being held at the rear of the premises with some people standing and watching the entertainment. Tables and chairs were also in use in this area. He stated that people at the front area of the premises were seated and having lunch from the restaurant menu.
3. The Commission viewed video footage taken at the time which showed cabaret performers on the stage and people standing and walking around with drinks. Mr Mulga submitted that the film footage showed people near the bar service area who were standing and waiting for service or moving following being served.

Alleged breaches 6 June 2013

1. Inspector Cassidy submitted that on the evening of 6 June 2013 and into the early morning of the following day the Licensee had breached its licence conditions by:
* allowing a dance floor to operate at the front of the venue
* excessive noise
* patrons not eating or seated at tables
1. Inspector Cassidy explained that a disco was in operation with recorded music up until 2.00am on the morning of 7 July 2013. It was her submission that the noise control device was not working, or not working properly.
2. Video footage taken after 2.00am was viewed which showed people standing around, some with drinks while some other patrons were on the dance floor. Inspector Cassidy submitted to the Commission that the video footage confirmed that people were not seated and that the premise did not have the appearance of a restaurant.
3. Mr Mulga submitted that there had been no noise complaint from neighbours, indicating the noise was not excessive. In reference to the video footage Mr Mulga advised that at the time the bar was closed and patrons were finishing off their last drinks. He informed the Commission that the kitchen would, as usual, be open to 10.30pm and that after this time until 1.30am a late night menu was provided offering nachos, pizza and lasagne. He submitted that it was most likely that the people walking around, dancing or just standing had consumed a restaurant meal.
4. Mr Mulga referred the Commission to the Hearing Brief which contains a copy of an email of 13 June 2013 from Mr Bannister, Environmental Officer from the Environmental Protection Agency. The email is addressed to Inspector Cassidy and is headed Re: Monte’s Lounge and includes:

“*I think it is unrealistic that you and I monitor the settings of his noise monitor. Every change he makes can mean that the noise monitor is too severe or not severe enough and we become consultants instead of regulators.*

*I really think that we should act on complaints only. Some people do not mind the disturbance and others abhor it. At least Matt Mulga has given the main complainant in those nearby flats his phone number.*”

Alleged breaches 20 July 2013

1. Inspector Cassidy advised that on the evening of 20 July 2013 the venue was operating a dance floor and the noise control device was not operating. She submitted further that patrons were not seated at tables and were standing and walking around thereby breaching licence conditions of the venue. In addition Inspector Cassidy advised patrons were smoking throughout the alfresco area and there appeared to be no delineation of smoking from non-smoking areas.
2. Mr Mulga responded to the allegation of breaches by advising that the night in question was a Saturday night and a disco usually operated on Saturday night.

Alleged breaches 27 July 2013

1. Inspector Cassidy outlined the alleged breaches as:
* the noise control device was not operational
* noise levels were checked by an Authorised Officer and found to exceed national guidelines
* patrons were standing in the forecourt
* the dance floor was operational

She submitted that this activity and patron behaviour were breaches of the venue’s noise condition, the requirement to have the appearance and trade as a restaurant and the requirement for patrons to be seated at a table.

1. The Inspector advised that live music from a “death metal band” was playing and that due to the noise Environmental Officer Bannister and a Licensing Inspector took decibel readings at nearby residential units. She stated that the readings indicated a noise level in excess of recommended levels such as to “cause a disturbance to neighbourhood amenity” and therefore in breach of the Noise and Entertainment condition of Monte’s Lounge licence.
2. Mr Mulga explained to the Hearing that the band was playing as a fundraiser and was scheduled to finish at 10.30pm but may have performed beyond the programmed timeframe. He conceded that the noise was loud and also acknowledged that the noise control device should have been in operation to prevent this occurring.

Alleged breaches 7 September 2013

1. Inspector Cassidy advised that the alleged breaches on 7 September 2013 were similar to that of other occurrences:
* the noise control device was not operational
* a dance floor was in use
* patrons were standing and not seated at tables
1. Mr Mulga explained that the venue had hosted an engagement party and at the time of the video footage shown in evidence (11.30pm), the engagement party had finished and people were walking to the exit and therefore were seen standing and walking around. In response to Inspector Cassidy advising that people should not be on a dance floor at a premise authorised to operate as a restaurant with people seated, Mr Mulga drew the Commission’s attention to a File Note contained in the Hearing Brief. The File Note of 19 April 2013 from Inspectors’ Wade and Cassidy states:

“*Inspector Wade went on to state that people dancing and standing around drinking, which had been observed in the past, would be a breach. Mr Mulga disputed that people stood around drinking to which Inspector Wade stated that he had seen it and had reported it. Mr Mulga stated people would be dancing to which Inspector Wade stated that if people are seated at a table and wanted to get and dance before returning to their tables that would be OK.*”

Citing from this File Note Mr Mulga referred to Inspector Wade as having said that it was ok for patrons to dance at his venue.

**Complaint 2**

Alleged Breach 21 December 2013

1. Inspector Cassidy explained the circumstances leading up to the complaint and the application by the Director of Licensing to the Commission for disciplinary action. She detailed that Alice Springs Gambling and Licensing Services (GLS) officers became aware of an advertisement in the Centralian Advocate that Monte’s Lounge was to conduct a “huge finale” for the end of the trading year on 21 and 22 December 2013. The Hearing was informed that GLS officers then contacted Mr Mulga to advise him that the staging of such events falls outside the scope and conditions of the premises licence and that he was advised to seek a temporary licence variation, to allow trade as an On-Licence for 21 and 22 December 2013.
2. An application for temporary licence variation was subsequently submitted but was not approved by the Director of Licensing. Inspector Cassidy advised the reasons for this as contained in the Application for Disciplinary Action to the Commission contained in the Hearing brief:

“*• Venue could easily exceed maximum patron numbers creating a fundamental risk to the safety of patrons and staff;*

*• Excessive noise concerns; and*

*• The fact that Mr Mulga had no intention of applying for a temporary variation of the venue’s liquor licence until he was contacted by GLS staff, requesting that he do so.*”

1. The complaint laid is that there were two breaches of the Act based on contravention of the Monte’s licence conditions; namely it did not have the appearance of a restaurant and persons were not seated.
2. In reply to the allegation Mr Mulga submitted the article in the Centralian Advocate regarding the end of year events to be held on 21 and 22 December was not an advertisement nor prompted by him and was written by a journalist from the newspaper. He drew the Commissions attention to an advertisement of The Rock Bar on the same page of the newspaper which did advertise entertainment events.
3. Mr Mulga stated that he was advised to apply for a temporary variation by GLS staff for the type of activity that was regularly conducted. He referred to NT Police advice to GLS that they opposed approval of his application and stated “*Police have objected to everything I have tried to do*”.
4. The Commission was informed that nothing unusual was planned. He had advised in his temporary variation application that an estimated 450 patrons would be present. Mr Mulga submitted that patron numbers of around 250 could be accommodated in the front courtyard and interior of the premises, which did not include the rear area of the licensed premises. He further submitted to the Commission that the size of the exit gates would allow a capacity of 450 patrons, but he was awaiting final patron numbers for his entire premises, following inspection from Fire, Safety and Emergency Services.

## SUMMARY SUBMISSIONS

1. Mr Mulga drew the Commission’s attention to the Hearing Brief of Complaint 1, relating to the alleged breaches from 2 June 2013 to 7 September 2013, which at folio 1 contains grounds for the complaint laid by Inspector Cassidy, and includes an allegation that the Licensee:

“*has caused annoyance or disturbance to persons residing, working or conducting business in the neighbourhood of the premises.*”

He refuted that his licence had caused any disturbance as no neighbourhood complaint had been received in the last one and a half years.

1. Mr Mulga gave a background leading up to the current operation of Monte’s Lounge. Following taking over the former Blue Grass restaurant premises he repaired the building, undertook material alterations and applied for a liquor licence. He explained that some of this process, including securing the building from potential theft and damage, incurred regulatory problems.
2. He stated he operated “*a good venue; people like it*” and reiterated that there had been no neighbourhood complaint in recent times. Ultimately he advised he would like to operate under an On-Licence. Previously he had made application to the Commission to have the requirement for “*patrons to be seated at a table*” removed without success. He submitted that having a meal while seated is still the predominant activity at his premises. The issue of patrons dancing he maintained is irrelevant as Inspector Wade had already said that dancing was ok. He maintained the venue “*gives the appearance of a restaurant, in a loose way*” and that its difference to classic restaurants is part of “*it’s magic*”. The incorporation of a Cabaret Show is part of that magic in his opinion.
3. Mr Mulga argued that “*appearance of a restaurant*” is a matter of interpretation. He questioned whether, if his premises was located in St Kilda or Fitzroy, it would attract the attention of regulators. He also queried whether the Rock Bar met its requirement to have the appearance of a restaurant.
4. In relation to the complaints laid by Inspector Cassidy, Mr Mulga queried the validity of the claim at folio 36 of the Hearing Brief where it states:

*“the licensee is not a fit and proper person to hold a licence.”*

In response Inspector Cassidy conceded that this claim may not be valid.

1. Mr Mulga conceded that on the evening of 27 July 2013, when a death metal band was playing, that the noise levels were excessive. Referring to the other occasions when breaches of the licence are alleged to have occurred he repeated that the seating and appearance of a restaurant licence requirements were not breached. Whether his premises had the appearance of a restaurant at these times is a matter of interpretation in his submission and that the seating condition is a predominant requirement which is complied with. Finally, in relation to noise, he referred the Commission to the suggestion of Environmental Officer Bannister that action should only be taken when complaints are made.

## PENALTY

1. In making application for disciplinary action for alleged breaches of the Liquor Act, the Director of Licensing has sought the following penalties if the complaint, and therefore breaches, are substantiated:
* Complaint 1 (5 alleged breaches from 2 June 2013 to 7 September 2013) a monetary penalty of up to $10,000 or suspension of Liquor Licence for up to one month.
* Complaint 2 (alleged breach of 21 December 2013) a monetary penalty of up to $5,000 or suspension of Liquor Licence for up to 14 days.
1. Inspector Cassidy advised the Commission that the Director of Licensing maintained that the penalties sought were unchanged and appropriate in the circumstances.
2. Mr Mulga submitted that a penalty of 6 weeks suspension would “*kill*” his business. He submitted if the breaches are made out, the Commission should put the breaches in perspective; he had not had minors or served minors on the premises, he had not sold alcohol to an intoxicated patron; these being at the extreme seriousness of breaches. The matters before the Commission, in his submission were less severe and were matters for interpretation, of whether people could stand, whether the noise was excessive in view of no complaint from neighbours and whether or not the premises had the appearance of a restaurant.

## CONSIDERATION OF THE ISSUES

1. The Commission is presented with a scenario of a licensed premises which is charged with contravening its restaurant licence conditions without any evidence of resultant harm or community detriment from its operation.
2. In relation to what is referred to as Complaint 1, involving a series of alleged breaches from June through to September 2013, the alleged breaches are similar in nature for each occasion. They involve non operation of a sound control device, noise, and failure to have the appearance of a restaurant and people standing.
3. For the related noise and entertainment licence condition contraventions the complaint maintains that the required noise control device was not operating through malfunction or licensee interference, with the consequence that loud music was not cut out. Mr Mulga concedes that on the evening of 27 July 2013, when what is referred to as a death metal band was playing, that the noise levels were excessive. This was the night when Environmental Officer Bannister used a sound recording instrument which recorded noise levels above national guidelines.
4. On none of the occasions of Complaint 1, were there any complaints made by the public, including neighbourhood residents.
5. The other alleged contraventions contained within Complaint 1 relate to appearance of a restaurant, including people standing and the presentation of entertainment. video footage shown at Hearing clearly evidences large numbers of patrons standing, people moving around and people dancing on a dance floor. Mr Mulga explains that patrons seen standing and moving around are moving to or from the bar area or waiting to be served. While this explanation may relate to some of the patrons standing and moving around, the Commission would be naïve in the extreme to determine that all patrons not seated are engaged in purchasing drinks before returning to their dining tables. The footage shows people standing and drinking while watching a performance, engaging in conversation or on occasions dancing on the dance floor provided.
6. A literal interpretation of the licence conditions may interpret the activity of dancing as not consistent with the “appearance of a restaurant” licence condition. However, complicating this is the statement by Inspector Wade to the effect that it is ok for patrons at Monte’s to dance, assuming they return to their seats afterwards.
7. Much has been put to the Commission on the issue of whether or not the premise maintains the appearance of a restaurant as per licence requirements. Mr Mulga maintains what could be referred to as a contemporary interpretation of how a restaurant presents. In his submission patrons who are seen to be standing around drinking or dancing on the dance floor have generally been patrons who have, or are about to, consume a meal.
8. The Commission is mindful that the former sharp define line of what is a pub/tavern, and what is a restaurant or licensed café, as defined in licence type, is no longer clear cut in contemporary Australian dining. Fine dining or quality dining venues no longer meet formerly recognised parameters including furnishings such as tables with table cloth, quality silverware, formal dining chairs where diners are served and attended to exclusively by wait staff. The appearance of restaurants, bistros, bars, cafes and other licensed dining venues are no longer sharply delineated.
9. Mr Mulga maintains that his venue is different to that of a traditional restaurant and claims that if such a licensed venue operated in Fitzroy or St Kilda it would not draw the regulators attention. While this may or may not be the case, Licensing Inspectors are legitimately seeking to confine Monte’s Lounge operators and appearance to the prevailing relevant licence conditions. Assumedly the alleged licence condition contraventions under Complaint 1 have been put to the Commission to avoid ongoing breach or bracket creep of restaurant licence conditions which provide constraints to Monte’s operation.
10. To facilitate greater flexibility in the operation of Monte’s, Mr Mulga has on three previous occasions sought to have the “patrons to be seated” licence condition removed so as to cater for entertainment activities and allow for some patrons to stand. While the applications have not been successful it is edifying to refer to the Commission Reasons for Decision, paragraphs 31-35, in relation to the most recent such application handed down on 11 April 2013:

*“31) It is evident to the Commission that Monte’s Lounge is seeking to enhance the patron experience in an atmosphere that provides a social situation which embraces entertainment and social interaction. Furthermore the Commission is advised the restaurant has successfully provided such a setting in recent years, creating an atmosphere that is calm, relaxed and most appealing to the younger set and those seeking alternatives to a bar or tavern experience in Alice Springs. It is noteworthy that the need to attend to security issues is minimal, with the need for any Police appearance seldom being a requirement.*

*32) The success of Monte's Lounge innovative approach is being achieved at a time when the tourism and domestic market is at a low point and a large proportion of Alice Springs licensed premises are facing patronage and related fiscal challenges. It should also be noted that the Monte's brand contrasts to the "swill until there is a blue" atmosphere that some other premises in the past may have tolerated or allowed. However, it is also evident that the licence is presently trading in a manner that has given concern to the Director of Licensing with complaints served over noise and patron standing issues.*

*33) The Commission, in its Decision of 14 February 2012 in relation to a similar Monte’s Lounge application, stated:*

*26) The Commission is aware that the Licensee of the premises proposes to increase the venue capacity and widen the range of activities presented for the benefit of patrons such as music, plays, theatre performances and the like. Whether this gives rise to further applications relating to the ability of some patrons at the venue to be standing, or seated but not at a table, is a matter for the Licensee to consider.*

*34) Given that the Commission has on two occasions previously rejected the application and that nothing new has been provided in evidence in relation to why the application is sought, the Commission’s approach on this occasion is consistent with the outcome expanded in its earlier Decisions. However, the Commission is cognisant that the venue does have widespread popularity and a patronage that seeks social ambience, fine food and entertainment.*

*35) The Commission considers it may be more appropriate for the Licensee to seek to change the licence category from a Restaurant to an On Licence. Without fettering the Commission in any way in deliberations if such an application was lodged, this Commission panel considers it may be a more appropriate course for the Licensee to pursue. This could particularly apply if the applicant could demonstrate that such an application was not lodged as a bracket creep from that as trading as a restaurant to a bar, tavern or nightclub, but that such an application is merely seeking to enable a diversification of the restaurant to include entertainment and, more liberal social interaction abilities. An On Licence may be an appropriate licence where such trading is undertaken.”*

1. There have been cumulative occasions on which Monte’s has stretched the boundaries of its requirement to have the appearance of a restaurant. Patrons have been standing around and drinking in large numbers. It is clear to the Commission that the sound monitoring device has not been working at all times for the dates cited in Complaint 1. Mr Mulga has admitted this for the night of 27 July 2013 and has also conceded that on this night the music from the death metal band was unduly excessive. On other complaint nights Mr Mulga has admitted that a disco, band or cabaret was being held. The Commission therefore finds that there were contraventions of licence conditions relating to appearance of a restaurant and people not being seated on 2 June 2013, 6 July 2013, 20 July 2013, 27 July 2013 and 7 September 2013.
2. In relation to noise and the operation of the sound control device contraventions the Commission finds the evidence presented to be inconclusive on some of the nights in question. There is little doubt however that there was contravention of the noise and entertainment condition, as admitted by Mr Mulga, on the night of 27 July 2013.
3. The penalty needs to take into consideration the following factors:
* the objects of the Act which identify as the primary purpose the minimisation of harm associated with the consumption of liquor, noting there has been no identified harm.
* the term “appearance of a restaurant” is becoming more difficult to interpret with contemporary venues, whether they be restaurants, bars, bistros, licensed café’s or similar, morphing.
* no community or neighbourhood resident complaints have been lodged on the dates of the breaches in regard to noise and entertainment.
* a suggestion by Environmental Officer Bannister that action only be taken on noise matters when a complaint is received.
* the presence of a dance floor and people dancing being sanctioned by Inspector Wade in a statement recording that it is ok for people to dance at the restaurant as long as people return to their seats afterwards.
1. The Commission has determined that the licence condition contraventions alleged in Complaint 1 are made out as detailed in paragraphs 48) and 49) above. The penalty determined is a fine of $2,000 for all determined breaches of Section 110 of the Act.
2. Complaint 2 relates to the holding of an end of year event on 21 December 2013 which followed an application for a temporary licence variation to trade as an
On Licence being rejected. The complaint alleges that following an advertisement for an end of year “huge finale” Licensing Inspectors visited Monte’s and advised Mr Mulga that a temporary licence variation would be required to enable an appropriate temporary licence to be in place for the holding of such an event proposed for 21 and 22 December 2013.
3. Mr Mulga subsequently made application for a temporary On Licence. The application was then rejected. The Commission queries this process of seeking an application and then rejecting it.
4. The evidence before the Commission is that Mr Mulga did not advertise a grand finale event for the end of calendar year. A Centralian Advocate journalist wrote a story and quotes Mr Mulga and a DJ, who was to provide music, to the effect that there would be an event at Monte’s to celebrate the end of year. Mr Mulga has described as what took place on 21 December 2013 as a “regular event”. He has submitted that he only made application for a temporary variation at the suggestion of GLS staff.
5. Notwithstanding the chain of events leading to Monte’s holding a function, on the evidence before the Commission it is able to conclude that licence conditions relating to appearance of a restaurant and requiring patrons to be seated were contravened. Again, as with the licence contraventions made out for Complaint 1, there was no harm evidenced or complaint lodged by the community or neighbourhood residents. In other respects the circumstances also appear similar to those evident with Complaint 1. On this basis the Commission finds that Section 110 of the Act has been breached and imposes a monetary fine of $500.

## DECISION

1. For the licence contraventions made out for the occasions of 2 June 2013, 6 July  2013, 20 July 2013, 27 July 2013 and 7 September 2013, the Commission in consideration of the circumstances outlined in this Reason for Decision imposes a monetary fine totalling $2,000 for the breaches of Section 110 of the Act.
2. For the licence contraventions made out for 21 December 2013 the Commission imposes a monetary penalty of $500 for the breaches of Section 110 of the Act.
3. Fines imposed under Section 110 of the Act totalling $2,500 are to be paid to the Receiver of Territory Monies within 28 days of this Decision.



Richard O’Sullivan

CHAIRMAN

22 July 2014