

# **INTELLIGENCE REPORT**

## **Club Officer - Application to increase EGMs from 60 to 80**

**Regulatory Services Division  
Risk, Intelligence and Assurance**

OFFICIAL: Sensitive

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# Report Scope

## Purpose

This intelligence report (**IR**) relates to venue operator Cranbourne Pakenham Racing Club Incorporated, trading as Club Officer (venue ID 9790).

The IR aims to provide the Commission with insightful information, including an assessment of qualitative and quantitative data pertaining to the venue and its application, to assist it in making a decision on an application from the Cranbourne Pakenham Racing Club Incorporated's to increase the number of Electronic Gaming Machines (**EGMs**) to operate at the Club Officer from 60 to 80.

## Intelligence Report Scope

In compiling this IR, the Risk, Intelligence and Assurance team (**RIA**) of the Regulatory Services Division (**RSD**) focused on providing insights relating to the following information:

- Net Machine Revenue (**NMR**), with the assessment focusing on:
  - The player loss and NMR data for venues with similar attributes to Club Officer.
  - A comparative analysis of player loss and NMR data for venues in the Shire of Cardinia and for neighbouring Local government Areas (**LGAs**).
  - Comparison between RIA's projected NMR and Club Officer's.
- Community and Council responses regarding Club Officer's proposal.
- Complaints and tip-offs against Club Officer's received by the Commission.
- Compliance history of Club Officer.
- Intelligence on Club Officer and its associates, including probity checks and media scan.

The sources of information and data included:

- VGCCC data on gaming venue player losses and population demographics.
- Additional Intralot Gaming Services (**IGS**) data.
- Probity checks conducted by RIA.
- Compass system data, including complaints and compliance records.
- Club Officer's application for approval to increase number of EGMs at the venue (3 Niki Pl, Officer VIC 3809).
- Council agenda notes and meeting minutes from the city of Shire of Cardinia.
- Australian Bureau of Statistics (**ABS**) population data.
- Relevant Open-Source Intelligence (**OSINT**) including mainstream media reports and open social media posts (available to the public).

Note that RIA continue to embed enhancements to this process and the broader content of the IR, based off discussions with the Commission during the recent holistic assessment of the EGM Application process.

# Executive Summary

Club Officer (**the applicant**) projects an increase in expenditure ranging between \$1,105,720 and \$1,351,435 within the first 12 months following the installation of the 20 additional EGMs, if approved by the Commission.

Currently, the applicant has the highest NMR in the Shire of Cardinia (\$324 per EGM) and ranks fifth among comparable venues of a similar size to the applicant's proposed EGM capacity.

Post-pandemic, the player loss for the applicant has increased to \$7.1 million (FY2024-25), which is an increase of 5.3% in compounded annual growth rate terms.

RIA's analysis incorporates additional venue-level and market-level data, including EGM expenditure and utilisation data through to March 2026, representing the most recent quarter of operational performance available at the time of assessment.

The estimation results from both the applicant and RIA are as followed:

- Applicant's projection:
  - Projected NMR: \$289 - \$297
  - Additional expenditure from 20 EGMs: \$1,105,720 (Low), \$1,228,577 (Medium) and \$1,351,435 (High)
- RIA's projection:
  - Projected NMR: \$279 - \$372
  - Additional expenditure from 20 EGMs: \$0 (Low), \$1,352,409 (Medium) and \$2,718,818 (High)

RIA considers the venue is more likely to operate toward the lower end of the projected range, given current EGM utilisation levels indicate that existing machine capacity is not fully utilised, including during peak operating periods. This suggests limited unmet demand for additional EGMs, and that a portion of expenditure associated with the additional machines is more likely to reflect redistribution of existing player activity across a larger EGM base, rather than proportional growth in overall venue expenditure. Historical increases in the venue's LGA market share have also occurred gradually over time.

The addition of 20 EGMs remains within the permissible cap under the *Gambling Regulation Act 2003* (Order under sections 3.2.4 and 3.4A.5(3A)). With 405 EGMs currently in operation and a maximum limit of 573, the proposed increase does not exceed the statutory threshold for the Shire of Cardinia.

Club Officer has received 3 warning letters from the VGCCC, stemming from 36 inspections conducted since 2017.

In 2017, Club Officer submitted a similar proposal to increase EGMs from 60 to 80, which was rejected by the Commission, on the basis that the applicant failed to satisfy that the proposal would not have detrimental social and economic impacts on the wellbeing of the Shire of Cardinia community.

Pre-hearing inspections were conducted on 10 April 2026 covering gaming layout, operational compliance, responsible gambling requirements, YourPlay, and self-exclusion programs, with no issues identified. The venue was compliant across all assessed areas, with required controls and harm minimisation measures in place.

As of 16 April 2026, there are no recorded council or community responses to Club Officer's proposal, and Club Officer has no adverse probity findings.

# Quantitative Data Analysis

## NMR Assessment

NMR represents the daily player loss, per EGM, generated at a venue. RIA calculated a range of NMR estimates using several methodologies and modelling approaches to determine the likely outcomes for the applicant, should it be granted its application.

The following comparative factors were considered:

- Venues with similar number of EGMs (75 to 85)<sup>1</sup>
- Local Government Areas (LGAs) with similar Estimated Resident Population (ERP) Size (133,472)<sup>2</sup>
- Existing venues within the Shire of Cardinia (6 venues)<sup>3</sup>
- Population data comparisons with the neighbouring LGAs

### Venues with Similar Number of EGMs

Table 1 shows NMR data for the 2024-25 financial year, using a sample of venues with a similar proposed number of EGMs at the applicant's premises (75 to 85).<sup>4</sup>

Benchmarking comparison was conducted by:

- Only including clubs located in metro areas.
- Excluding venues located in LGAs with populations more than double or less than half the size of the Shire of Cardinia.

The NMR across the group (Table 1) ranges from \$107 to \$566, with an average of \$287. Club Officer generated an NMR of \$324, ranking fifth and above the group's average.

With currently 60 EGMs, Club Officer's NMR already exceeds that of venues operating with 75 to 85 EGMs.

*Table 1 - 2024-25 Player Loss and NMR Data for Venues with number of EGMs similar to the proposed venue size*

Venues	LGA	No. of EGMs	2024-25 Player Loss (\$)	NMR (\$)
Deer Park Club	City of Brimbank	80	16,544,969	566
The Brook On Sneydes	City of Wyndham	80	10,943,706	375
Melton Entertainment Park	Shire of Melton	80	10,550,133	361
Amstel Golf Club	City of Casey	80	10,262,346	351
Club Officer	Shire of Cardinia	60	6,636,173	324
The International	Shire of Yarra Ranges	80	7,002,151	240
Moonee Valley Racing Club (Junction) Club	City of Moonee Valley	80	5,921,179	203
Edithvale - Chelsea RSL	City of Kingston	80	5,200,485	178
Royal Oak Richmond	City of Yarra	80	4,840,374	166
Headquarters Tavern	City of Melbourne	80	3,138,663	107
Others*		75 - 85	8,172,642	286
*Venues with EGMs between 75 - 85, excluding 80 EGM venues – Calculated figures are rounded				

<sup>1</sup> Detail Data 2024 – 2025, Current\_gaming\_expenditure\_venue.xlsx

<sup>2</sup> ERP FY24-25 (ABS).xlsx Table 2

<sup>3</sup> Detail Data 2024 – 2025, Current\_gaming\_expenditure\_venue.xlsx

<sup>4</sup> Detail Data 2024 – 2025, Current\_gaming\_expenditure\_venue.xlsx

## Venues in Shire of Cardinia

The NMR within the Shire of Cardinia ranges from \$191 to \$324, with an average of \$267 (Table 2). For 2024/2025, the applicant had the highest actual NMR within the Shire of Cardinia.<sup>5</sup>

Table 2 - Comparison of Player Loss and NMR within the Shire of Cardinia

Venues	Venue Type	No. of EGMs	2024-25 Player Loss (\$)	NMR (\$)
Club Officer	Club	60	7,093,821	324
Cardinia Club	Club	105	10,892,846	284
Castello's Cardinia Hotel	Hotel	70	6,876,643	269
Pakenham Hotel	Hotel	70	6,636,173	260
The Pink Hill Hotel	Hotel	60	5,187,993	237
Cardinia Park Hotel	Hotel	40	2,786,412	191

## Shire of Cardinia's Neighbouring LGAs: Population Comparison

Table 3 presents the overall player loss, ERP and NMR for the Shire of Cardinia and its surrounding LGAs, namely the Shire of Baw Baw (East), Shire of South Gippsland (South), City of Casey (West), and Shire of Yarra Ranges (North).<sup>6</sup>

Table 3 - Comparison of Average Player Loss, NMR and ERP for the Shire of Cardinia & Adjacent LGAs

LGA	2024-25 Player Loss (\$)	Region	No. of Venues	No. of EGMS	ERP- 30 June 2025 <sup>7</sup>	NMR (\$)
City of Casey	166,564,428	Metro	13	913	414,929	499
Shire of Cardinia	39,473,888	Metro	6	405	133,472	267
Shire of Baw Baw	21,741,976	Country	4	225	62,784	265
Shire of South Gippsland	7,541,232	Country	4	105	31,109	197
Shire of Yarra Ranges	30,194,838	Metro	9	452	160,906	183

- The Shire of Cardinia has an NMR of \$267, lower than the average of \$286 of the adjacent LGAs above.
- Currently within the Shire of Cardinia there are a total of 405 EGMs in operation. The maximum permissible number of gaming machines within the Shire of Cardinia is 573.<sup>8</sup>

Table 4 shows that the NMR for LGAs with comparable ERPs to the Shire of Cardinia ranges between \$255 and \$360, with an average NMR of \$308. Shire of Cardinia's rates a lower-than-average NMR (\$267).<sup>9</sup>

Table 4 - Comparison of NMR for the Shire of Cardinia and LGAs with comparable ERP

LGA	ERP- 30 June 2025 <sup>10</sup>	2024-25 Player Loss (\$)	No. of Venues	No. of EGMS	NMR (\$)
City of Frankston	145,369	68,240,983	9	519	360
City of Manningham	132,912	59,126,805	6	462	350
City of Moonee Valley	130,501	86,596,862	11	746	318

<sup>5</sup> Detail Data 2024 – 2025, Current\_gaming\_expenditure\_venue.xlsx

<sup>6</sup> Victoria's Gaming Venues Map, [https://apps.vqccc.vic.gov.au/CA2570C30016EEF3/pages/map\\_vic?Open](https://apps.vqccc.vic.gov.au/CA2570C30016EEF3/pages/map_vic?Open)

<sup>7</sup> ERP FY24-25 (ABS).xlsx Table 2

<sup>8</sup> Gambling Regulation Act 2003, ORDER UNDER SECTIONS 3.2.4 AND 3.4A.5(3A)

<sup>9</sup> Detail Data 2024 – 2025, current\_monthly\_lga\_data\_release.xlsx

<sup>10</sup> ERP FY24-25 (ABS).xlsx Table 2

LGA	ERP- 30 June 2025 <sup>10</sup>	2024-25 Player Loss (\$)	No. of Venues	No. of EGMS	NMR (\$)
Shire of Cardinia	133,472	39,473,888	6	405	267
City of Greater Bendigo	126,568	61,223,381	11	652	257
City of Banyule	132,770	59,053,994	9	634	255

### EGM Usage at the Applicant's premises

The RIA team has assessed EGM usage at the applicant's premises in the month of March 2026 to evaluate how many of the current EGMS are utilised.

EGM usage detailed through tables 5 and 6 below reflect actual player behaviour and venue activity levels. This is pivotal as the impact on player loss depends not just on the number of machines, but how intensively they are used.

The usage tables assess the number of 'Strokes' within 2-hour blocks for each EGM to observe the usage. A stroke, is a record of every time the bet button is pushed on an EGM, indicative of gameplay, activity, or usage.<sup>11</sup>

- For reference, the applicant's operating hours are 10am to 2am from Sunday to Wednesday and 10am to 3am from Thursday to Saturday<sup>12</sup>, while the permitted trading hours are between 10am – 4am, and in line with hours specified in their liquor licence<sup>13</sup>.
- The analysis indicates that the EGM usage is highest on Thursdays, Fridays, and Saturdays and the lowest on Mondays and Tuesdays.

It should be noted that the analysis fails to account for any EGMS that are installed in the venue, yet are not available for game play due to an EGM fault, etc.

The below tables compare results when an EGM is deemed 'active' after one or more stroke recorded during the relevant period (table 5); to an EGM being deemed 'active' after 100 or more strokes recorded during the relevant period (table 6):

*Table 5 - 1 Stroke  
% of EGMS that are active if one or more strokes were recorded in the 2-hour interval*

Time Interval	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
11pm to 1am	72%	46%	60%	71%	76%	88%	83%
1am to 3am	29%	20%	34%	43%	54%	68%	62%
3am to 5am	0%	0%	0%	0%	0%	1%	0%
5am to 7am	0%	0%	0%	0%	0%	0%	0%
7am to 9am	0%	0%	0%	0%	0%	0%	0%
9am to 11am	30%	46%	30%	50%	38%	58%	38%
11am to 1pm	80%	87%	83%	96%	89%	84%	82%
1pm to 3pm	91%	94%	95%	96%	99%	98%	97%
3pm to 5pm	91%	89%	90%	92%	96%	98%	98%
5pm to 7pm	92%	89%	98%	96%	100%	98%	93%

<sup>11</sup> Daily Gross Meters BOS Portal Report

<sup>12</sup> Welcome to Club Officer, <https://clubofficer.com.au/venue/>

<sup>13</sup> Between 8am-3am the following morning Monday to Sunday

Time Interval	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
7pm to 9pm	88%	95%	98%	93%	97%	99%	93%
9pm to 11pm	75%	79%	92%	88%	97%	97%	92%

Table 5 demonstrates, for EGMs with at least 1 stroke in the 2-hour time intervals, that:

- During peak hours between 5pm and 9pm on Thursday, Friday and Saturday, EGM usage averages at 97%.
- EGM usage between 1pm-9pm does not drop below 88%.
- **EGM usage rarely hits 100%, with this only occurring on Friday between 5pm and 7pm.**
- EGM usage increases by an average of 10% from the 11am-1pm interval to 1pm-3pm interval across the week, showing the rise in patronage numbers.

*Table 6 - 100 Strokes*  
*% of EGMs that are active if 100 or more strokes were recorded in the 2-hour interval*

Time Interval	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
11pm to 1am	41%	23%	36%	42%	42%	60%	63%
1am to 3am	11%	5%	9%	17%	25%	33%	33%
3am to 5am	0%	0%	0%	0%	0%	0%	0%
5am to 7am	0%	0%	0%	0%	0%	0%	0%
7am to 9am	0%	0%	0%	0%	0%	0%	0%
9am to 11am	7%	19%	15%	29%	25%	36%	13%
11am to 1pm	50%	61%	55%	68%	60%	43%	60%
1pm to 3pm	74%	79%	76%	82%	95%	83%	82%
3pm to 5pm	71%	66%	73%	73%	83%	90%	89%
5pm to 7pm	62%	58%	87%	80%	89%	90%	73%
7pm to 9pm	60%	75%	91%	79%	92%	98%	80%
9pm to 11pm	46%	53%	74%	59%	86%	88%	75%

Table 6 demonstrates for EGMs with at least 100 strokes in 2-hour time intervals that:

- During peak hours between 5pm and 9pm on Thursdays, Fridays and Saturdays, EGM usage averages at 88%.
- EGM usage between peak hours (1pm to 9pm) does not drop below 58%.
- **100% EGM usage is not recorded on any day or time period.**
- EGM usage increases by an average of 25% from the 11am-1pm to 1pm-3pm interval across the week, across the week, capturing the rise in patronage numbers.

Looking at these tables and to determine a reasonable EGM usage rate, the '100 Stroke' method is chosen (Table 6), as 100 strokes represent at least approximately 8.33 minutes<sup>14</sup> of game play during each 2-hour period. Taking strokes less than 100 (i.e., table 5) is not representative of consistent usage levels for all gaming machines, and very likely skews the true EGM usage.

<sup>14</sup> Estimated duration per stroke is the sum of the mandated spin rate (2.14 seconds) and player behavioural delay (estimated at 3 seconds). At 5.14s per stroke, 100 strokes total approximately 8.33 minutes. This duration is used to satisfy the EGM activity threshold, justifying the 100-stroke table over the single-stroke model to determine if an EGM is active and account for varying player interaction time with an EGM.

## The Applicant's Player Loss Trend, Pre- & Post-Pandemic

Table 7 illustrates Club Officer's player loss from FY2016-17 to FY2025-26, highlighting the impact of COVID restrictions on the figures.<sup>15</sup>

Table 7 – Club Officer's Player Loss Trend, Pre & Post Pandemic (COVID)

Financial Year	COVID Status	Player Loss (\$)	Player Loss Change (%)	No. of EGMS	NMR (\$)
Full Financial Year Comparison					
16-17	Pre COVID	4,133,267	-	60	189
17-18	Pre COVID	4,811,254	+16.4	60	220
18-19	Pre COVID	5,109,669	+6.2	60	233
19-20	COVID Impacted	3,752,975	-26.6	60	171
20-21	COVID Impacted	3,205,989	-14.6	60	146
21-22	COVID Impacted	4,869,376	+51.9	60	222
22-23	Post COVID	6,399,488	+31.4	60	292
23-24	Post COVID	6,906,335	+7.9	60	315
24-25	Post COVID	7,093,821	+2.7	60	324
25-26*	Post COVID	7,668,367	+8.1	60	350
9-Month Year-Over-Year Comparison					
23-24	As of 31 March 2024	5,020,206	-	60	305
24-25	As of 31 March 2025	5,330,376	+6.2	60	324
25-26	As of 31 March 2026	5,908,737	+10.9	60	359

\* Estimated using the 4<sup>th</sup> quarter expenditure data

- Player loss surged during pre-pandemic years (i.e., FY 2016-17 to FY2018-19), by an average of 11.4% annually.
- During the pandemic-impacted years (FY2019-20– FY2021-22): Player loss declined sharply to \$3.2M in FY2020-21 due to venue closures and rebounding to \$4.9M in FY2021-22. This pattern mirrored trends across Victorian gaming venues during pandemic restrictions.
- Post-pandemic (FY2022-23 onward): Following the relaxing of restrictions, player loss surged by \$1.5M to \$6.4M in FY2022-23, an increase of 31.4%.
- The player loss has since steadily increased, from \$6.4M in FY2022-23 to \$7.1M in FY2024-25, an annual increase of approximately 5.3%.
- A 9-Month Year-Over-Year comparison including the latest data is provided to reflect the most recent expenditure trends for Club Officer.

<sup>15</sup> Detail Data 2024 – 2025, EGM Expenditure by Venue - Historical - 6 Month - 2015 to 2025.xlsx

## Projected Player Loss and NMR for Additional 20 EGMs at the Applicant's Premises

### The Applicant's Projection

As shown in the calculation on Table 8, the applicant's analysis indicated that on average for every 1% increase in gaming machines in a venue, the gross gaming expenditure would increase by approximately 0.503%, on a normalised (adjusted) basis.<sup>16</sup>

The applicant has projected a base gross gaming expenditure of \$7,327,499, using their historical player loss for 60 EGMs from December 2024 to November 2025 (last 2 quarters of FY2024-25 and first 2 quarters of FY2025-26) to have a 12-month basis for player loss estimates, and then estimated the additional expenditure from 20 EGMs by the expected percentage increase below:<sup>17</sup>

*Table 8 – Club Officer's Assumed Additional Gross Gaming Expenditure*

Number of Additional EGMS		Current No of EGMS		% Applied		Base gross Gaming Expenditure		Assumed Additional Gross Gaming Expenditure
20	+	60	x	50.3%	x	\$7,327,499	=	\$1,228,577

- The applicant's estimates do not include the player loss data from December onwards 2025, also covering the 3<sup>rd</sup> quarter of FY2025-26 (Jan to March 2026). This period is accounted for in RIA's assessment of NMR.
- Club Officer has estimated that 55% of this additional gaming expenditure is anticipated to be generated organically by the venue itself, while the remaining 45% is expected to be transfers from other venues within the Shire of Cardinia and the surrounding LGAs.<sup>18</sup>

Table 9 illustrates the applicant's estimated overall increase in expenditure of \$1,105,720 (Low), \$1,228,577 (Medium) and \$1,351,435 (High) in the first 12 months of trade, post installation of the additional 20 EGMs.<sup>19</sup>

*Table 9 – Projected Player Loss for additional 20 EGMs at Club Officer*

Projection Range	Additional Gaming Expenditure (\$)	Total Projected Gaming Expenditure (\$)	Proposed No. of EGMS	NMR (\$)
Low	+1,105,720	8,433,219	80	289
Medium	+1,228,577	8,556,076	80	293
High	+1,351,435	8,678,934	80	297

### RIA's Projection

#### Forming the basis for forecasting NMR:

RIA reviewed the methodology previously used in assessing projected NMR outcomes for applications involving additional EGMs to determine whether it was appropriate for the current application.

Under the previous approach, projected NMR outcomes were primarily based on historical expenditure growth with 2 key assumptions:

- That the additional EGMs would perform in line with the venue's existing EGMs once installed

<sup>16</sup> Expenditure Report - Club Officer (final) - SW Accountants & Advisors Pty Ltd.pdf (Page 16)

<sup>17</sup> Expenditure Report - Club Officer (final) - SW Accountants & Advisors Pty Ltd.pdf (Page 24)

<sup>18</sup> Expenditure Report - Club Officer (final) - SW Accountants & Advisors Pty Ltd.pdf (Page 19 & 20)

<sup>19</sup> Expenditure Report - Club Officer (final) - SW Accountants & Advisors Pty Ltd.pdf (Page 17)

- That the additional EGMs would become operational approximately 12 months following Commission approval.

For example, in the previous assessment undertaken for Dorset Gardens Hotel, the medium projected NMR was calculated by applying the venue's last year growth rate in expenditure to the future expenditure projections. The low and high projection ranges were then derived by applying the standard error calculated across annual NMR figures since FY2016–17. In effect, the standard error was used to vary the medium projected NMR upward and downward based on the historical variability observed in the venue's NMR performance over time.

Applying this methodology to Club Officer produced the low, medium and high projection ranges presented in Table 10, resulting in a projected range of  $\pm 22$  NMR around the medium projected NMR of \$417.

*Table 10 – Projected Player Loss for additional 20 EGMs at Club Officer, using previous DG Hotels method*

Projection Range	Existing Expenditure (\$)	Additional Expenditure (\$)	Total Expenditure (\$)	NMR (\$)	Change from Current NMR (%)
Low	8,960,828	2,582,876	11,543,704	395	13%
Medium	8,960,828	3,228,862	12,189,691	417	19%
High	8,960,828	3,874,849	12,835,678	439	26%

While this approach provides a statistical range around the medium case, RIA considers that it has limited economic intuition for the current application. In particular:

- The previous approach relies primarily on historical volatility as the basis for determining future projection ranges, without sufficiently considering the underlying economic and operational drivers of expenditure growth, including market share dynamics, venue performance, and competitive conditions within the LGA.
- Even where historical volatility may provide a reasonable basis for projections, it places significant reliance on a limited recent growth period. In the case of Club Officer, the most recent year represents the strongest expenditure performance over the last three years (Table 7). Assuming that this elevated growth rate will continue into future periods may overstate the venue's likely expenditure trajectory, particularly in the absence of evidence that such growth is sustainable over the longer term. This type of approach may be more appropriate for venues with relatively stable and consistent expenditure patterns over time.
- The methodology also compounds growth assumptions by both projecting continued expenditure growth and assuming the additional EGMs are installed and fully operational 12 months following approval. While the assumption of operationalising in 12 months is difficult to justify, this results in materially higher projected NMR outcomes across all scenarios and implicitly assumes that the venue will outperform its current expenditure position under each projection range, as reflected in the "Change from current NMR" column in Table 10.
- RIA also conducted a sense-check of the projected NMR outcomes against comparable venues within the Shire of Cardinia LGA (Table 2). This indicates that, even under the low projection scenario, Club Officer would exceed the expenditure levels of Cardinia Club, which is currently the largest venue in the LGA with 105 EGMs and annual expenditure of approximately \$10.8 million.

Reflecting on the above, RIA adopted an alternative methodology which incorporates Club Officer's current expenditure growth, EGM market share within the Shire of Cardinia, and the Shire's overall expenditure growth trends. RIA considers this approach provides a more robust and realistic estimate of the additional gaming expenditure likely to arise from the proposed 20 additional EGMs.

Our estimated player loss is based on the more recent player loss figures compared to the applicant's estimation, including the period from July 2025 to March 2026 (Q1-Q3), and projecting the remaining player loss from April 2026 to June 2026 (Q4) to account for the full financial year.

- As shown on Table 7, the current financial year player loss for Club Officer is **\$5,908,737**.
- To forecast the remaining player loss for Q4, RIA has taken the historical Q4 player loss figures from the last 3 financial years (Table 11), assessing how would Club Officer perform on a typical basis in the last quarter of the financial year.

The projected player loss for the current financial year with the current number of EGMs is as followed:

*Table 11 – Q4 Player loss average from the last 3 financial years*

Q4 FY 2022-23 (\$)		Q4 FY 2023-24 (\$)		Q4 FY 2024-25 (\$)		Number of Years		Q4 Average (\$)
(1,629,315	+	1,886,129	+	1,763,445)	/	3	=	<b>1,759,630</b>

*Projected player loss for 60 EGMs in FY2025 – 26*

*= Current player loss (\$5,908,737)*

*+ Average player loss in the last 3 quarters (\$1,759,630) = \$7,668,367*

#### Projecting the NMR:

The projection of FY2026-27 NMR has been approached by separating the key drivers of performance, underlying demand (expenditure) and venue capacity (number of EGMs), and assessing how each is expected to evolve.

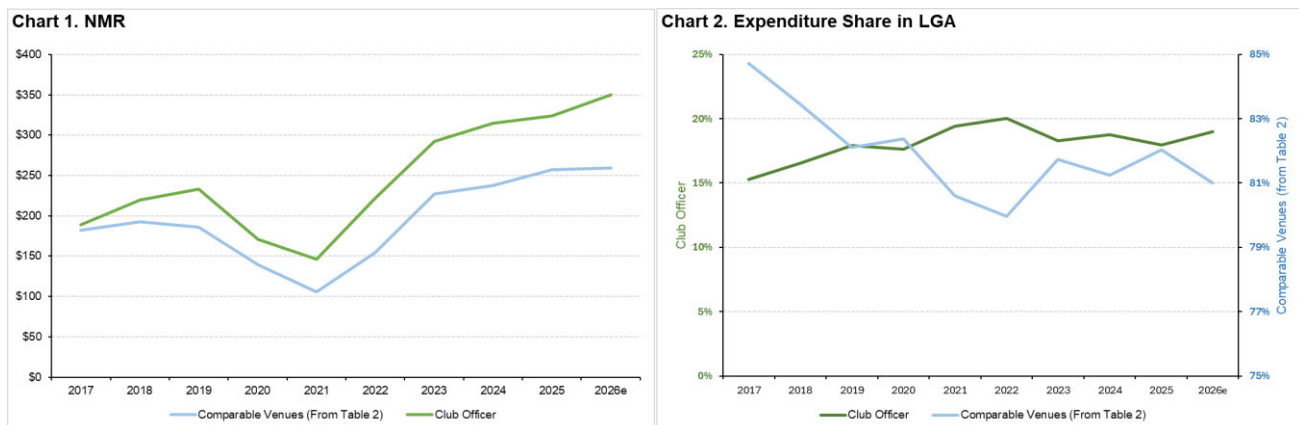
The analysis first considers the demand environment within the LGA, as this represents the fundamental constraint on expenditure.

- Shire of Cardinia's expenditure: Expenditure has grown consistently over time. 4.5% in compounded annual growth rate (**CAGR**) terms from 2017 to 2026, with growth recovering post-COVID and tracking close to long-term averages (4.8% CAGR from 2023 to 2026), as illustrated in **Chart 1**.
- In parallel, the applicant has demonstrated stronger growth than its broader local market (7.1% CAGR since 2017 – Chart 1).
- This has resulted in a gradual increase in the applicant's share of Shire of Cardinia's expenditure, where Club Officer has gained an average of 0.4 percentage points year-over-year to have about 19% share of the total LGA expenditure in 2026. (**Chart 2**).

This provides a clear baseline, where the expenditure is expected to increase in FY2026-27, driven by both market growth and the applicant's continued outperformance. To ensure the projection remains realistic, the applicant's FY2026-27 expenditure is first anchored to:

- The projected size of the Shire of Cardinia market (total expenditure)
- A modest continuation of historical market share gains of the applicant

This establishes the level of demand available to the venue, independent of any change in capacity.



The second step considers the impact of the proposed increase in EGMs from 60 to 80. While additional machines increase the venue's capacity, they do not automatically generate proportional increases in demand. Instead, their performance depends on how effectively the venue can convert existing and incremental demand into additional expenditure.

### Establishing the local market baseline:

Expenditure at the venue level is ultimately constrained by the size and growth of the local market. Anchoring the projection to LGA growth ensures the forecast reflects underlying demand conditions, rather than assuming that individual venue performance can expand independently of the broader market.

To estimate FY2026-27 expenditure, we first anchored the projection to the broader local market to ensure the forecast does not assume an abnormal or unsupported increase in its share of LGA expenditure.

Total LGA expenditure has grown by:

- 4.5% CAGR from 2017 to 2026
- 4.8% CAGR from 2023 to 2026

While expenditure was disrupted during COVID, it rebounded strongly after 2022. For FY2026-27, RIA used trend analysis to project total LGA expenditure at approximately \$42.0 million, representing 4.1% growth from FY2025-26.

### Estimating applicant's demand baseline:

Club Officer currently represents approximately 19% of total LGA expenditure. Over the historical period, its share has increased by approximately 0.4 percentage points per annum. Therefore, we applied a projected FY2026-27 share of 19.4% to the estimated LGA expenditure pool:

$$\$42 \text{ million} \times 19.4\% = \$8.16 \text{ million}$$

This gives an estimated FY2026-27 expenditure baseline of approximately **\$8.16 million** for the applicant.

On the current **60 EGMs**, this implies an NMR of approximately:

$$NMR = \frac{\$8.16 \text{ million}}{60 \text{ EGMs} \times 365.25} = \$372 \text{ per EGM}$$

This step estimates the demand level for each EGM on average, which the venue could reasonably support based on local market growth and its historical market share trend.

### Estimating the contribution of the additional 20 EGMs:

We then considered how much expenditure the additional **20 EGMs** may generate. This was assessed separately from the existing 60 EGMs because the new machines represent additional capacity and may not perform exactly in line with the existing machine base. To estimate the likely performance of the additional EGMs,

we used comparable venue NMRs in the Shire of Cardinia as the benchmark (Table 2), with the NMR figures estimated for FY2025-26 as our base year (Table 12):

Table 12 – Comparable Venues within Shire of Cardinia, with NMR estimates for FY2025-26

Venue Name	Expenditure FY25-26 (\$)	No. of EGMS	NMR (\$)
Cardinia Club	10,606,511	105	277
Cardinia Park Hotel	2,851,078	40	195
Castello's Cardinia Hotel	6,974,776	70	273
Club Officer	7,668,367	60	350
Pakenham Hotel	6,881,748	70	269
The Pink Hill Hotel	5,363,776	60	245

- **High Case:** The high case assumes the additional EGMs perform in line with Club Officer's projected FY2026-27 demand baseline NMR of \$372, meeting the demand cap estimated above.
- **Low Case:** RIA's low case assumes that the proposed additional 20 EGMs generate no incremental expenditure above the venue's current expenditure levels in the first year of operation. Under this scenario, the additional EGMs are assumed to redistribute existing player activity across a larger number of machines, rather than attracting additional gaming expenditure into the venue. RIA considers this an appropriate downside scenario given EGM utilisation data indicates that the venue's existing machine capacity is not fully utilised, including during peak trading periods. This suggests there is limited unmet demand for additional EGMs, and therefore the installation of additional machines may not necessarily translate into proportional growth in overall venue expenditure.
- **Medium Case:** The medium case is the midpoint between these 2 outcomes, to determine a range-estimate for NMR:

$$\text{Medium Case NMR} = \frac{\$0 + \$372}{2} = \$186$$

Table 13 – RIA's Projections of NMR for additional 20 EGMs in FY2026-27

Projection Range	NMR (\$)	Expenditure +20 EGMS (\$)	Additional Market Share Created (%) *
Low Case	0	0	0.0%
Medium Case	186	1,359,409	3.2%
High Case	372	2,718,818	6.5%

\*Computed as Expenditure (20 EGMS)/Total LGA's Expenditure at \$42 million

The additional 20 EGMs are unlikely to perform at the same level as the existing machines. The current 60 EGMS already capture the majority of demand at the venue, including the most active players. As a result, the additional machines will rely on a combination of:

- Attracting some new or previously unserved demand, and
- Spreading existing play across a larger number of machines

This means that with the addition of new machines, the applicant is more likely to generate lower NMR than the existing base, rather than matching it (as in Low and Medium cases):

Table 14 – RIA's Projections of NMR for 80 EGMs in FY2026-27

Projection Range	Existing Expenditure (\$)	Additional Expenditure (\$) From Table 13	Total Expenditure (\$)	NMR	Change from Current NMR (%)	Market Share %
Low Case	8,156,454	0	8,156,454	279	-20.2%	19%
Medium Case	8,156,454	1,359,409	9,515,863	326	-6.9%	23%
High Case	8,156,454	2,718,818	10,875,272	372	+6.4%	26%

Table 14 above presents the projected FY2026-27 outcomes by combining:

- The demand baseline from existing 60 EGMs, and
- The incremental contribution from the additional 20 EGMs

Across all scenarios, total expenditure increases relative to FY2025-26, ranging from approximately \$8.15 million to \$10.87 million, with NMR outcomes between \$279 and \$372. These projections imply that Club Officer's share of LGA expenditure could potentially increase from approximately 19.4% to a range of 23%–26%, representing an uplift of around 3–6 percentage points.

However, RIA considers the venue is more likely to operate toward the lower end of the projected range:

- Table 6 indicates that EGM utilisation was consistently below 100%, including during peak trading periods, suggesting that existing machine capacity is not fully utilised, and that there is limited unmet demand for additional EGMs.
- In addition, the venue's historical increase in LGA expenditure share has occurred gradually over time, increasing by approximately 0.4 percentage points year-over-year (Chart 2). Accordingly, RIA considers that a significant portion of expenditure arising from the additional EGMs is more likely to reflect redistribution of existing player activity across a larger EGM base, rather than a proportional increase in overall venue expenditure.

# Additional Intelligence Analysis and Checks

## Community and council response to proposal

As of 16 April 2026, there are no recorded council or community responses to the applicant's proposal.

## Gambling-related complaints and tip-offs against the applicant

### Complaints

There are 2 historical complaints against the applicant.<sup>20</sup>

1. On 26 December 2021, the complainant reported that the Grand Jackpot appeared to go off but the machine failed to pay the credit.
  - Outcome: Information provided by the venue indicated the EGM had malfunctioned at the point that the Grand Jackpot was to be awarded. However, the venue has complied with section 3.5.20 of the Act by not allowing payment to be made due to the EGM malfunction.
2. On 07 January 2022, the complainant reported that they had inserted \$100 worth of credits into an EGM at Club Officer and did not win anything. The complainant believed that machines were paying out below the minimum 85% Return to Player (**RTP**).
  - Outcome: The complaint was unsubstantiated, as a follow-up review on the date of the complaint revealed the RTP was 90%, which is 5% higher than the minimum RTP of 85%.

### Tip-offs

There have been no tip-offs received against Cranbourne Pakenham Racing Club Incorporated or Club Officer.<sup>21</sup>

## Compliance History of the Applicant

The applicant had 36 separate inspections and compliance monitoring activities between 11 February 2017 and 16 November 2024 relating to multiple types of checks including code of conduct, financial and self-excluded audits, overt inspections, Your Play and TAB Outlet.<sup>22</sup>

Further to these inspections, the applicant was issued multiple warning letters on three separate occasions under the Gambling Regulation Act 2003.<sup>23</sup>

1. On 19 July 2022, the applicant was issued a warning letter under section 3.4.1B, for multiple breaches:
  - Venue failed to maintain a CCTV system in regard to having the auto-embedded time, date, and camera ID on all pictures - 4.2.1(c) - Accounting & Auditing Requirements.
  - CCTV system does not retain images of the gaming room for a minimum of 28 days as required (4.2.1 (e) - Accounting & Auditing Requirements). At time of audit, the CCTV system was only able to be rewound by 19 days to the (30/06/22).
2. On 13 October 2022, the applicant was issued a warning letter under section 3.8A.12(1):
  - Venue failed to ensure that the player account equipment installed in the approved venue is functioning in the manner in which it is designed and programmed to function – unable to encode a blank casual YourPlay card.
3. On 19 July 2022, the applicant was issued a warning letter under section 3.5.26:
  - CCTV system compromised on side on views of EGMs 20,21,29,33,38,47,49,50,51, and 57.

<sup>20</sup> Complaints Register accessed on 08 April 2026.

<sup>21</sup> Tip-Off Register accessed on 08 April 2026.

<sup>22</sup> Compass database was accessed on 08 April 2026.

<sup>23</sup> Compass database was accessed on 08 April 2026.

On 10 April 2026, VGCCC Inspectors attended the applicant's premises and conducted the following audits.<sup>24</sup>

1. **Gaming Venue layout audit:** Assessed compliance with technical and physical requirements, including approved GMA (gaming machine area) layout, security of monitoring and cashier equipment, electrical safety, signage, lighting, and CCTV standards.
2. **Overt Gaming Venue:** Audit encompasses intoxicated and underage gambling, mandated signage and responsible gambling information, cash transaction limits, credit and EFT restrictions, and verification of venue operator governance details.
3. **Code of Conduct:** Assessed compliance with Ministerial Directions, focusing on the presence of a Responsible Gambling Officer, availability of the venue's Responsible Gambling Code of Conduct, procedures for responding to signs of gambling harm, and adherence to requirements discouraging inducements, prolonged play, and simultaneous use of multiple EGMs.
4. **YourPlay:** Compliance with pre-commitment requirements under the Gambling Regulation Act 2003 and Ministerial Directions, including YourPlay kiosk functionality, staff assistance, availability of cards and brochures, signage, system connectivity, and player service point equipment.
5. **Self-Exclusion:** Compliance with self-exclusion program requirements, including provision of information to patrons, secure photo record management, staff training and breach reporting, loyalty program exclusions, database access, complaints handling, and procedures for managing self-excluded patrons.

**In summary, no offences were identified from the audits conducted.**

Following the above inspections/audits, the Lead Inspector noted that the following existing Harm Minimisation measures are in place:

1. No Digital IDs are accepted for large wins; with only physical IDs accepted.
2. Facial Recognition Technology was installed over a year ago - no Self Exclusion breaches have been detected since installation.
3. Extra training for staff in AML/CTF and RGO training.
4. Dog leg entry into the gaming room.
5. Screening near entry points of GMA to reduce visibility of the GMA from other areas of the venue.
6. 2 reception desks to mitigate the risks of minors entering the GMA, including patrons not signing in and intoxicated patrons entering.

## Probity Checks

The following probity checks were conducted by RIA:

1. CEO: Neil Michael Bainbridge, General Manager: Hussein Dergham, Cranbourne Pakenham Racing Club and Club Officer resulted in no matches on World Check<sup>25</sup> or VGCCC intelligence holdings.<sup>26</sup>
2. Cranbourne Pakenham Racing Club, Reporting Entity branch name: Club Officer has demonstrated compliance with AML/CTF obligations by reporting 3 Suspicious Matter Reports (SMRs) between 2019 and 2020.<sup>27</sup> The SMRs relate to counterfeit notes which was detected by Club Officer in 2019 and 2020 and unusual cheque issuance under the cheque limit threshold of \$2000 in 2018.
3. Subsequently, Club Officer contacted Victoria Police regarding the counterfeit notes in 2020.
4. OSINT for Club Officer has not revealed any adverse media.
5. Cranbourne Pakenham Racing Club, previously licenced as Pakenham Racing Club had submitted a similar proposal to increase EGMs from 60 to 80 at Club Officer in 2017. The application was rejected, as the Commission was not satisfied that the social and economic impact of the application would not be detrimental to the wellbeing of the community of the Shire of Cardinia.<sup>28</sup>

<sup>24</sup> Compass Case: 00447748 accessed on 27 April 2026.

<sup>25</sup> World Check accessed on 09 April 2026.

<sup>26</sup> VGCCC Intelligence holdings accessed on 09 April 2026

<sup>27</sup> AUSTRAC, Analyst Work Bench, accessed on 10 April 2026

<sup>28</sup> Club-Officer-EGM-decision 2017.pdf.

# Document Information

## Document Details

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## Document Approval

This document requires the following approval:

NAME	TITLE	ORGANISATION
[REDACTED]	[REDACTED]	VGCCC