

# Media Release

**The Hon Martin Pakula MP**

Minister for Industry Support and Recovery

Minister for Trade

Minister for Business Precincts

Minister for Tourism, Sport and Major Events

Minister for Racing



Tuesday, 19 January 2021

## BACKING VICTORIA'S RACING INDUSTRY

The Andrews Labor Government is supporting thousands of jobs in Victoria's racing industry with the decision to increase the point of consumption tax paid by betting companies.

The point of consumption tax (POCT) will increase from 8 per cent to 10 per cent of net wagering revenue from 1 July 2021, bringing Victoria into line with the rate that applies in New South Wales. Western Australia, South Australia, Queensland and Tasmania have implemented a 15 per cent rate.

In the first 12 months of the POCT's operation more than \$23 million was provided to the Victorian Racing Industry in direct funding. The new POCT rate will enable the Government to lift the amount of net wagering revenue that is returned to the Victorian Racing Industry from 1.5 per cent to 3.5 per cent. The increased pass through is expected to increase the VRI's net receipts from the POCT by around \$20 million per annum from 2021-22.

The balance of the revenue from the tax will continue to be distributed to the Hospitals and Charities Fund.

The Victorian Racing Industry is a significant economic contributor, injecting \$4.3 billion annually into Victoria's economy and sustaining more than 33,000 full-time equivalent jobs among over 121,000 participants. Racing is particularly important to regional Victoria, where more than 100 clubs support over 9,700 full-time equivalent jobs and provide \$1.15 billion annually in economic value.

Victoria introduced a POCT to replace a "place of supply" tax in January 2019. The POCT ensures that wagering and betting companies pay their fair share of Victorian taxes and better aligns Victoria's tax system with the growing digital betting environment.

These changes reflect the recent review of the POCT and the Government's commitment to work closely with the racing industry to respond to challenges and ensure that thousands of jobs are not only retained, but Victoria maintains its edge when it comes to attracting overseas and interstate investment, jobs and visitation.

The new POCT rate and increased industry return will help bridge the gap between the New South Wales and Victorian racing industry funding frameworks. The additional funding will create and attract new participants, re-homing services, owners and enthusiasts to racing in Victoria.

Smaller wagering operators, including Victorian licensed bookmakers who predominantly operate on course, will continue to be protected by a \$1m tax-free threshold.

The Government will introduce legislation to bring the changes into effect.

### Quotes attributable to Minister for Racing Martin Pakula

*"The increased financial support for the Victorian racing industry will ensure that we maintain our status as Australia's pre-eminent racing state."*

*"These changes recognise the importance of the racing industry to our economy and will assist the industry in closing the gap on funding frameworks that exist interstate."*

**Media contact:** Stephanie Hobbs 0429 275 437 | [stephanie.hobbs@minstaff.vic.gov.au](mailto:stephanie.hobbs@minstaff.vic.gov.au)

**Quote attributable to Treasurer Tim Pallas**

*“The reforms and alignment with interstate jurisdictions strike the right balance in providing additional support to Victoria’s vibrant racing industry and encouraging ongoing investment that underpins thousands of jobs across the state.”*

**Quote attributable to Minister for Consumer Affairs, Gaming and Liquor Regulation Melissa Horne**

*“The introduction of a point of consumption tax in 2019 was critical in ensuring that online betting agencies paid their fair share of taxes, and these changes will ensure that they continue to do so.”*