

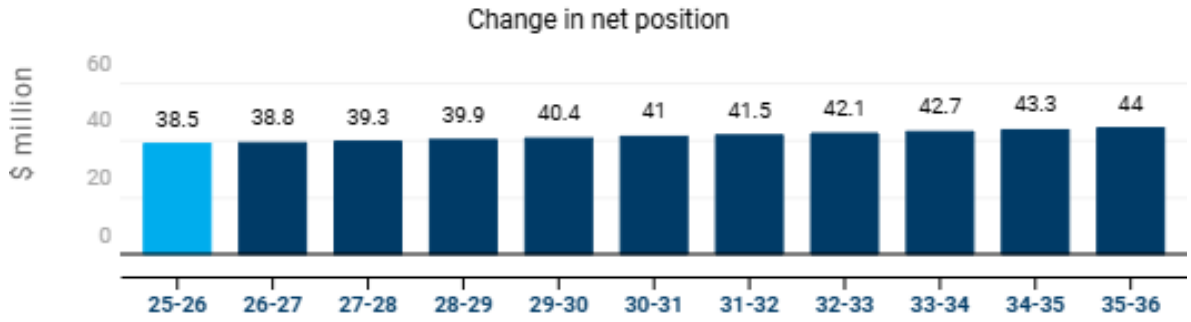
Policy costing

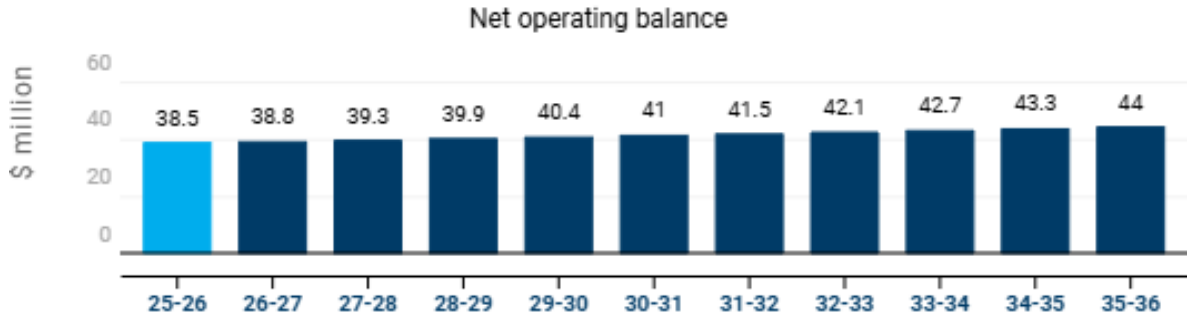
Shut down the greyhound racing industry in Victoria

Political party	Animal Justice Party
Requestor	Ms Georgie Purcell MP
Request date	13 February 2025
Response date	12 August 2025
Policy commencement	1 January 2026
Policy conclusion	Ongoing
Policy summary	This policy would: ▪ shut down the greyhound racing industry in Victoria ▪ cease all subsidies to the greyhound racing industry. This policy would also adjust the distribution of wagering and betting point of consumption tax revenue, so as not to redirect greyhound racing industry subsidies to other racing codes.
Budget baseline	May 2025 budget
Expiry date of this response	At the release date of the next Victorian Government budget or budget update.

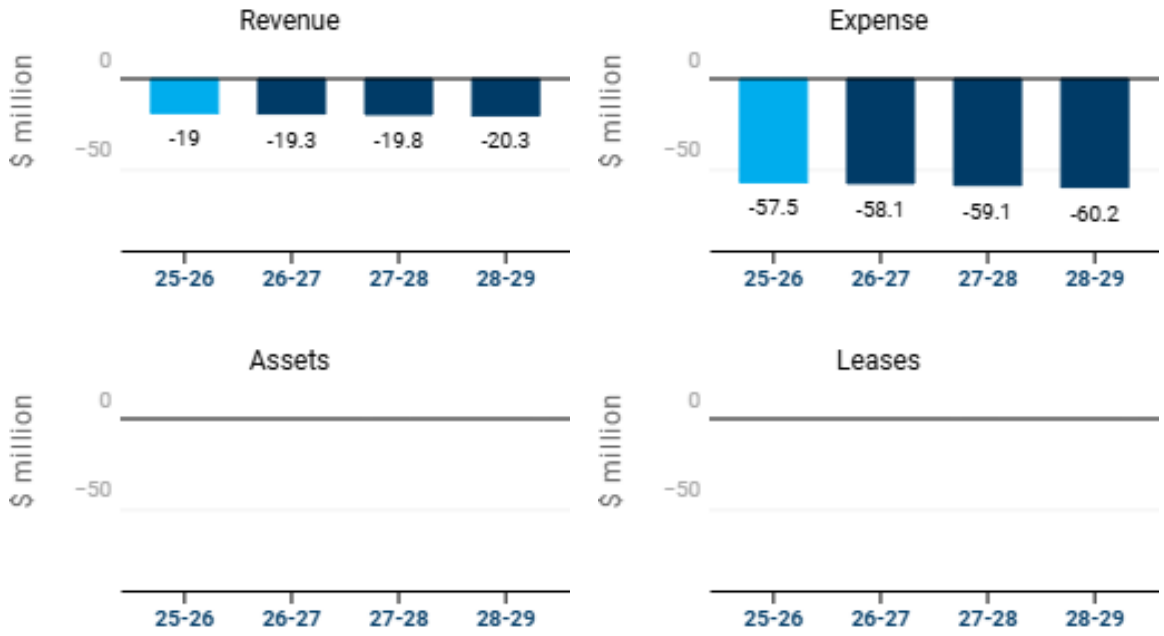
Our response

Budget impact





Costing components



Source: Parliamentary Budget Office.

Context

In 2024, the Victorian Government increased ongoing support to the Victorian racing industry (VRI) – comprising the thoroughbred, harness and greyhound racing codes.

- From 1 July 2024, the point of consumption tax (POCT) rate increased from 10% to 15% of net wagering revenue derived from customers located in Victoria. The government distributes 50% of this tax revenue to the VRI.
- The VRI also agreed to a Funding Deed with the Victorian Government to provide annual payments to the VRI of $90 million per full year.

These changes followed the agreement to grant Tabcorp an exclusive Wagering and Betting Licence for 20 years from August 2024. This followed the end to the industry's agreement with Tabcorp, which provided the industry with a share of Tabcorp's wagering revenue.

Greyhound Racing Victoria (GRV) is the statutory body responsible for operating, regulating and promoting greyhound racing in Victoria. GRV is a public non-financial corporation.

Costing overview

We expect this policy to increase the state's budgeted net position by:

- $156.5 million across 2025–26 to 2028–29, this reflects:
  - a decrease in operating expenses of $234.9 million due to the cessation of payments to the greyhound racing industry under both the POCT and separate racing portfolio funding
  - an offsetting decrease in revenue of $78.4 million due to the loss of POCT revenue from Victorians no longer betting on greyhound races held in Victoria.
- $451.6 million across 2025–26 to 2035–36, this reflects:
  - a decrease in operating expenses of $687.4 million due to the cessation of payments to the greyhound racing industry under both the POCT and separate racing portfolio funding
  - an offsetting decrease in revenue of $235.8 million due to the loss of POCT revenue from Victorians no longer betting on greyhound races held in Victoria.

Our estimate does not consider second-round behavioural impacts relating to wagering and betting. It excludes substitution from wagering and betting on greyhound racing to other gambling.

We make no judgement regarding the risk of any financial claims against the Victorian Government that may arise relating to breaches of agreements, including existing racing club or racecourse licences, and new contractual agreements with Tabcorp.

This cost estimate is sensitive to:

- changes in the drivers of wagering and betting revenue
- behavioural impacts resulting from the cessation of wagering and betting on Victorian greyhound races
- the risk of potential financial claims against the Victorian Government associated with the decision to shut down greyhound racing.

Our approach

Assumptions

When costing this policy, we made the following assumptions:

1. The POCT rate and redistribution rate to the VRI would remain constant from 1 July 2025.
2. POCT revenue would increase in line with current budget estimates beyond 2028–29.
3. The proportion of the POCT distribution that goes towards greyhound racing would remain constant at its historical average.
4. The share of Victorian net wagering revenue that relates to greyhound races held in Victoria would remain constant at its historical average.
5. Revenue from wagering and betting licence premium payments would remain constant and reflect the current terms of licences.
6. In relation to the new Funding Deed between the Victorian Government and VRI:
    a. annual payments would continue between 2025–26 and 2035–36
    b. the proportion of funding allocated to greyhound racing would be consistent with the greyhound share of Victorian TAB wagering revenue.
7. Greyhound Racing Victoria would:
    a. pay all remaining financial commitments relating to broadcasting and distribution rights
    b. forfeit expected revenue relating to broadcasting and distribution rights.
8. No financial liability would legally arise from any default of contractual arrangements surrounding existing arrangements—primarily related to the agreement granting Tabcorp an exclusive Wagering and Betting Licence, and the VRI Funding Deed.
9. The total amount granted to the Backing Jobs in Victorian Racing (BJVR), Victorian Racing Industry Fund (VRIF) or Major Racing Events Fund would not change.
10. The Victorian Government would not recoup funding:
    a. expensed prior to 1 July 2025
    b. for ongoing greyhound racing infrastructure projects sourced from the above funds.

Method

When costing this policy, we:

- estimated the baseline POCT revenue, escalated annually by the relevant growth rate
- estimated the proportion of POCT revenue generated from greyhound races held in Victoria
- calculated the loss in POCT revenue from shutting down greyhound races in Victoria
- estimated the baseline POCT distributions to the racing industry across all racing codes
- estimated the proportion of POCT distributions to the greyhound racing industry
- calculated the reduction in payments to greyhound racing from shutting down the industry
- calculated the reduction in payments to other racing codes, factoring in the loss in POCT revenue under the policy
- estimated the reduction in racing portfolio funding payments (Funding Deed between the Victorian Government and VRI) to greyhound racing from shutting down the industry
- assessed whether there were other direct subsidies to the greyhound industry beyond 1 July 2025 that would generate savings under the policy.

Data sources

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Attachment A– Detailed budget impacts

Year-on-year impacts

($ million)	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36
Revenue	-19.0	-19.3	-19.8	-20.3	-20.8	-21.4	-21.9	-22.5	-23.0	-23.6	-24.2
Expense	-57.5	-58.1	-59.1	-60.2	-61.2	-62.3	-63.4	-64.6	-65.8	-67.0	-68.2
Net operating balance	38.5	38.8	39.3	39.9	40.4	41.0	41.5	42.1	42.7	43.3	44.0
Assets	-	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	-	-
Change in net position	38.5	38.8	39.3	39.9	40.4	41.0	41.5	42.1	42.7	43.3	44.0

Cumulative impacts

($ million)	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36
Revenue	-19.0	-38.3	-58.1	-78.4	-99.3	-120.6	-142.5	-165.0	-188.0	-211.6	-235.8
Expense	-57.5	-115.6	-174.7	-234.9	-296.1	-358.5	-421.9	-486.5	-552.3	-619.2	-687.4
Net operating balance	38.5	77.3	116.6	156.5	196.9	237.8	279.4	321.5	364.2	407.6	451.6
Assets	-	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	-	-
Change in net position	38.5	77.3	116.6	156.5	196.9	237.8	279.4	321.5	364.2	407.6	451.6

Notes: Figures may not sum due to rounding. Consistent with Victorian Budget Paper No.3 – Service Delivery, we do not consider changes to interest, depreciation expense nor non-cash adjustments. The net operating balance measures the gap between government revenue and expenses, and is an indicator of the policy's impact on operating sustainability. A positive change indicates that this policy would improve the net operating balance of the state budget. The net position measures the gap between government revenue and expenses, and movements in financial and non-financial assets. It is an indicator of the policy's impact on the state budget, and is more appropriate for comparing policy costings. A positive change indicates that this policy would improve the net position of the state budget.

Source: Parliamentary Budget Office.