

## **FAQs**

### **What is the POC tax?**

Put simply, the Point of Consumption Tax is a new tax that state governments in South Australia, Victoria, New South Wales, Victoria and Western Australia have introduced to generate revenue from online betting.

“Point of Consumption” means the tax is payable where the bet was placed. Therefore, bets made in South Australia generate revenue for the South Australian government. Bets made in Victoria generate revenue for the Victorian government and so on.

### **What is the tax rate?**

It depends on the state. In South Australia, the rate is 15% which is the equal highest in Australia. Victoria has the lowest at 8%. New South Wales is 10%.

### **So how much money is raised?**

The SA Government retains about \$16 million a year from the tax.

### **So how has this hurt racing in SA?**

The betting companies reacted to SA’s 15% tax by promoting other States’ racing events instead of South Australian racing. That has seen less money bet on our events which, in turn, has had a big impact on our revenue.

### **By how much has revenue fallen?**

Our revenues from Betting Operations Contributions – which is what TRSA charges the bookmakers for the right to offer wagering on South Australian races – are down almost 6% compared with where they should be.

This is a very significant drop for any organisation. It’s particularly harsh when you consider that South Australian racing has been increasing its overall revenues by an average of almost 9% per year for the previous four years.

### **What effect has this had?**

For the past four years Thoroughbred Racing has been able to deliver strong growth in revenue, prizemoney and infrastructure spending. Since the POC tax was introduced, all three of those key measures have gone backwards.

With revenue falling, Thoroughbred Racing SA has been forced to announce prizemoney cuts of \$1.55 million which is a major blow to the industry. In the racing industry, prizemoney is directly connected to jobs. If there is less prizemoney, there is less employment.

Similarly, we have had to cut our annual investment in infrastructure by two-thirds... or more than \$4 million.

### **How is this affecting regional South Australia?**

Along with other sports like football and netball, racing clubs are often the heart of regional communities – so it’s hurting.

As well as lower prizemoney for regional trainers, the infrastructure funding reductions will cut deep because it’s often regional clubs that require the most support to improve their facilities.

**Why does a decrease in prizemoney matter?**

Prizemoney is crucial in the racing industry. It is directly connected to jobs because it provides the industry's wages – so less prizemoney means less employment.

Prizemoney in South Australia - while it was growing - has long been behind what is offered in other states, particularly New South Wales and Victoria.

Now we have been forced to cut South Australia's total prize pool by \$1.55 million a year, the gap between S.A. and the other states is only increasing.

This means there's less incentive to train horses here, and less incentive to race them here.

**What about the other states with a POC?**

The other states are in a much better position than we are.

The racing industries in Victoria, New South Wales, Queensland and Western Australia all receive substantial support - to the tune of 10s of millions of dollars - from their respective state governments.

Those governments have either pledged to provide a percentage of the POC tax or to directly invest set amounts of POC tax revenue for prizemoney and infrastructure.

Thoroughbred racing in South Australia receives nothing from the POC tax, nor any other funding from the State Government.

**So, it's the state government's fault?**

We'd like to be clear that the current state government did not create this problem. However, only the state government can fix it.

All we are asking is for the state government to level the playing field, so South Australian racing can be sustainable... keeping thousands of jobs and millions of dollars of investment in this state.

**What do you want the state government to do?**

We are asking for the government to do nothing more than match what the other states are doing - so we have a level playing field.

We need the POC tax here to be cut to 10% to bring South Australia more in line with the major racing states.

We also need the government to reinvest a substantial percentage of the POC tax money back into the racing industry.

1. This will give us a level playing field - putting us on an equal footing with the other states;
2. It will help make local racing sustainable in the long-term; and most importantly
3. It will help protect the thousands of jobs which make up thoroughbred racing industry.

**Why would the government cut its tax and reduce its income?**

Thoroughbred Racing SA understands the government's position in wanting to establish a POC tax.

However, in its current form, the tax is seriously damaging the industry on whose activity the tax is being generated.

It's far better to have a healthy racing industry, that's producing long-term, steady income for the government, proving jobs and investment for the state, and circulating through the local economy.

We believe a lower tax rate will generate growth, leading to better returns for the Government and for the industry.

**Isn't racing dying anyway?**

Not at all. In fact, the opposite is true.

Thoroughbred racing in South Australia has been growing revenues by an average of about 9% a year. Prizemoney has also steadily increased for the past four years.

South Australia has a long and proud racing history, and the industry has shown it can grow and prosper into the future ... given a level playing field.

**But aren't trainers leaving SA?**

At Thoroughbred Racing SA we are obviously in close contact with the trainers across the state and, in general, they are extremely concerned because they see their industry - their livelihoods - drying up.

The \$1.55 million we have been forced to cut from prizemoney is \$1.55 million that trainers and racing families can no longer access to pay wages and cover their operating costs.