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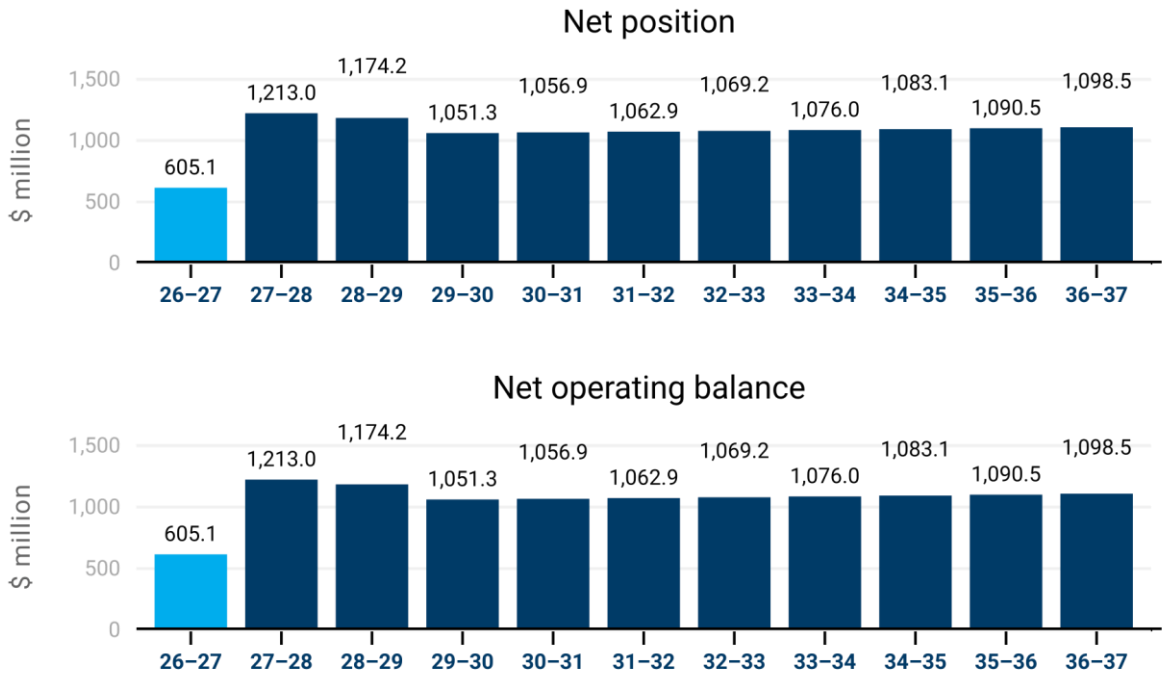
Election policy costing

Increase the tax on pokies up to 75%

Political party	Australian Greens Victoria
Requestor	Ms Ellen Sandell MP
Request date	12 November 2026
Response date	22 November 2026
Policy commencement	1 January 2027
Policy conclusion	Ongoing
Policy summary	This policy would increase the tax rate on all electronic gaming machines (EGMs) in Victoria to 75%.
Budget baseline	November 2026 Pre-Election Budget Update
Expiry date of this response	At the release date of the next Victorian Government budget or budget update.

Our response

Budget impact



Source: Parliamentary Budget Office.

Costing overview

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

- $4,043.6 million across 2026–27 to 2029–30
- $11,580.6 million across 2026–27 to 2036–37.

This is entirely due to an increase in operating revenue from applying the flat 75% tax rate to all EGM expenditure.

This costing is sensitive to changes in:

- the number of EGM users
- the number of EGMs in operation
- gambling harm minimisation policies.

We note that while this costing assumes the number of EGMs in Victoria would remain unchanged over the forward estimates, higher taxation of EGM expenditure may result in:

- changes in applications for, and the distribution of, EGM entitlements between venues
- venues no longer applying up to the cap of 30,000 machines.

The revenue estimate is sensitive to these possible outcomes where they would result in a change in total EGM gambling expenditure in Victoria.

Context

Under the *Gambling Regulation Act 2003* (Vic), the Victorian Government limits the number of operating electronic gaming machines (EGMs) in Victoria to 30,000. From 16 August 2022, the 20-year gaming machine entitlements allocate a maximum of:

- 13,273 club entitlements
- 14,099 hotel entitlements.

The Melbourne casino has been allocated a maximum of 2,628 EGMs.

2026 Victorian Pre-Election Budget Update forecasts for EGM revenue

The government expects EGM revenue growth to slow over the forward estimates to 2027–28, then fall in 2028–29 and 2029–30, reflecting the impact of gambling harm minimisation reforms.

Figure 1 – EGM tax revenue forecast, 2026 Victorian Pre-Election Budget Update

$ million	2026–27	2027–28	2028–29	2029–30
EGM tax revenue	1,557	1,605	1,595	1,458

Source: Department of Treasury and Finance.

Rates and thresholds

The current tax rates and thresholds for EGM revenue have been in effect since August 2022. Clubs pay a lower rate of tax due to the community benefit discount tax concession.

Figure 2 – Current EGM tax rates and thresholds for clubs and hotels

Monthly average per machine revenue ($)	Tax rate for hotels (%)	Tax rate for clubs (%)	Community benefit discount (%)
Less than 2,666	8.33	-	8.33
2,666 or more and less than 12,500	55.03	46.70	8.33
6,667 or more and less than to 12,500	57.50	51.17	6.33
12,500 or more	65.00	60.67	4.33

Source: Department of Justice and Community Safety.

Since 1 July 2023, EGMs operated by the Melbourne casino have been subject to the same tax structure as EGMs operated by venue operators with club entitlements.

The proposed policy would introduce a flat 75% tax rate across all EGMs, regardless of location or machine revenue.

Our approach

Assumptions

When costing this policy, we made several assumptions. In addition to those published in our standard assumptions protocols (available at pbo.vic.gov.au/document/standardassumptions), we made the following assumptions:

1. EGM revenue beyond the budget forward estimates would increase in line with historic EGM revenue growth rates, excluding impacts from harm minimisation measures.
2. The number of EGMs in clubs, hotels and the Melbourne casino would remain unchanged over time.
3. Harm minimisation policies would affect EGM tax revenue from the 2026–27 financial year, and would impact club and hotel EGM revenue to a similar extent.

Method

When costing this policy, we:

- forecasted ongoing annual EGM expenditure for hotels, clubs and the Melbourne casino
- estimated baseline tax revenue by applying current tax rates to EGM expenditure in each year
- estimated policy tax revenue by applying the proposed policy tax rates to EGM expenditure in each year
- adjusted the derived EGM tax revenue under the current and proposed tax rates to align with EGM tax revenue forecasts in the 2026 Victorian Pre-Election Budget Update
- calculated the difference in total tax revenue under the policy tax rates compared to the current tax rates.

We applied a part year impact to the first year of this policy to reflect a proposed 1 January 2027 commencement date.

Data sources

- Department of Justice and Community Safety Victoria. 2024. Gaming machine entitlements. [ONLINE] Available at: https://www.justice.vic.gov.au/safer-communities/gambling/gambling-licences/gaming-machine-entitlements [Accessed 17 November 2026]
- Department of Treasury and Finance Victoria. 2025. Community Support Fund. [ONLINE] Available at: https://www.dtf.vic.gov.au/community-support-fund [Accessed 17 November 2026]
- Victorian Budget 2026–27, 2026 Victorian Pre-Election Budget Update
- Victorian Gambling and Casino Control Commission. 2025. VGCCC Annual Plan 2025-26. [ONLINE] Available at: https://www.vgccc.vic.gov.au/sites/default/files/2025-10/VGCCC_Annual-Plan_2025-26_v2.0.pdf [Accessed 17 November 2026]

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- Victorian Gambling and Casino Control Commission. 2026. The Melbourne Casino. [ONLINE] Available at: https://www.vgccc.vic.gov.au/for-gambling-providers/melbourne-casino [Accessed 17 November 2026]

Attachment A – Detailed budget impacts

Year-on-year impacts

($ million)	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–37
Revenue	605.1	1,213.0	1,174.2	1,051.3	1,056.9	1,062.9	1,069.2	1,076.0	1,083.1	1,090.5	1,098.5
Expense	-	-	-	-	-	-	-	-	-	-	-
Net operating balance	605.1	1,213.0	1,174.2	1,051.3	1,056.9	1,062.9	1,069.2	1,076.0	1,083.1	1,090.5	1,098.5
Assets	-	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	-	-
Net position	605.1	1,213.0	1,174.2	1,051.3	1,056.9	1,062.9	1,069.2	1,076.0	1,083.1	1,090.5	1,098.5

Cumulative impacts

($ million)	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–37
Revenue	605.1	1,818.1	2,992.3	4,043.6	5,100.5	6,163.4	7,232.6	8,308.5	9,391.6	10,482.1	11,580.6
Expense	-	-	-	-	-	-	-	-	-	-	-
Net operating balance	605.1	1,818.1	2,992.3	4,043.6	5,100.5	6,163.4	7,232.6	8,308.5	9,391.6	10,482.1	11,580.6
Assets	-	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	-	-
Net position	605.1	1,818.1	2,992.3	4,043.6	5,100.5	6,163.4	7,232.6	8,308.5	9,391.6	10,482.1	11,580.6

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.