

**BETTING TAX BILL 2018**

*Receipt and First Reading*

Bill received from the Assembly; and, on motion by **Hon Stephen Dawson (Minister for Environment)**, read a first time.

*Second Reading*

**HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment)** [5.40 pm]: I move —

That the bill be now read a second time.

The Betting Tax Bill 2018 seeks to introduce a new point-of-consumption betting tax from 1 January 2019 to replace the existing wagering tax arrangements in Western Australia. Introducing a point-of-consumption betting tax will significantly reform Western Australia's taxation regime and improve its integrity by ensuring that all wagers placed by Western Australian punters are taxed consistently. This will level the playing field between the Western Australian TAB, which is currently subject to wagering tax, and online and overseas-owned corporate bookmakers that currently pay no tax in Western Australia. Current taxes are levied on a place-of-supply basis, which means that tax is paid to the state or territory in which the operator is licensed. The arrangements were implemented when betting mainly occurred through physical outlets and have not kept pace with the development of technology and the rapid increase in online betting in Australia. Most online betting operators are based in the Northern Territory, but offer their products to Western Australians. Due to the betting operator's location, the Western Australian community has missed out on revenue that could be used to fund essential services.

The point-of-consumption betting tax was announced as part of the 2017–18 state budget to simplify the taxation system, ensure Western Australians benefit from the tax revenue associated with Western Australian betting activities, and help the Western Australian TAB—which is integral to the funding of the local racing industry—compete on a level footing with online and overseas-owned corporate bookmakers. The betting tax will apply when bets are placed by Western Australian customers located in Western Australia, regardless of where a betting operator is based within Australia. The tax is proposed to apply at a rate of 15 per cent of a betting operator's taxable betting revenue above a tax-free threshold of \$150 000. Taxable betting revenue does not include revenue from lotteries or the casino, which are subject to separate tax regimes, or equivalent bets placed in other jurisdictions.

Western Australia's current wagering taxation arrangements are complicated, with different betting activities taxed very differently. The current taxation arrangements include wagering tax, the racing bets levy, and the bookmakers' betting levy. The point-of-consumption model will simplify betting taxation in Western Australia by rationalising these taxes and applying only one tax, with the exception of the racing bets levy, to all forms of betting activity. The racing bets levy will be retained, as it acts as a product fee paid by betting operators—including online and overseas-owned corporate bookmakers—to the Western Australian racing industry for the right to offer bets on Western Australian races. The government and the industry are keen to retain this important source of revenue for local racing.

In developing the point-of-consumption betting tax regime, the government consulted with the local racing industry and betting operators. This consultation helped shape the form of the model introduced into the Parliament. The government also consulted with other jurisdictions to ensure that outcomes under Western Australia's point-of-consumption betting tax model are broadly consistent with the regimes in other jurisdictions. This will minimise compliance costs for businesses. In addition, the state and territory Treasurers have agreed to work together on the ongoing operation of the respective point-of-consumption betting tax regimes to ensure as much consistency as possible across the jurisdictions.

When this measure was announced in the 2017–18 state budget, the government gave an undertaking to ensure the racing industry would be adequately funded following the introduction of the tax. The government has been carefully consulting with the industry right throughout this process to ensure it receives a sufficient level of funding. On the basis of that consultation the racing industry will receive 30 per cent of revenues raised from the point-of-consumption tax. This approach will increase overall industry funding and ensure that funding grows in line with future growth in wagering in Western Australia, including from online betting.

Racing and Wagering Western Australia, the Western Australian TAB operator, is required to pay 25 per cent of its after-tax sports-betting revenue into the sports wagering account. Funds from this account are used to provide grants to community-based sport and recreation organisations. It would be difficult for the Western Australian TAB to offer competitive sports-betting odds if it were required to contribute to the sports wagering account and pay the point-of-consumption betting tax. It would also essentially mean the TAB must pay two separate taxes, which is inconsistent with the aim of the bill to replace multiple betting taxes with a single point-of-consumption

betting tax. For these reasons, the Western Australian TAB will no longer be required to contribute a proportion of its sports-betting revenues to the sports wagering account. Instead, the government has allocated more than \$10 million over the period 2018–19 to 2021–22 that it will pay directly into the sports wagering account. Consistent with the arrangements for the racing industry funding, this will continue beyond 2021–22. In coming to this position, the government consulted closely with RWWA and the WA Sports Federation.

The point-of-consumption betting tax is estimated to raise net revenue of approximately \$94 million more than existing wagering taxes over the period from 2018–19 to 2021–22, after the racing industry and sports funding contributions are taken into account. A significant portion of this additional revenue will be contributed by online and overseas-owned corporate bookmakers. The racing industry will be adequately funded, and in addition will benefit from a simpler tax system and by being able to finally compete on a level footing with online and overseas-owned corporate bookmakers.

Other amendments necessary for the implementation of the point-of-consumption betting tax are contained in the Betting Tax Assessment Bill 2018. The associated explanatory memorandum contains further details of the bill and consequential amendments.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the government of the state is a party; nor does this bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the commonwealth.

I commend this bill to the house and table the explanatory memorandum.

[See paper 2143.]

Debate adjourned, pursuant to standing orders.