

EXPLANATORY MEMORANDUM

Racing and Wagering Western Australia Tax Bill 2003

OVERVIEW

On 21 May 2002 the Government announced the restructuring of the racing industry governance system in Western Australia. It is proposed to merge the principal club functions of The Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Authority, together with the off-course betting activities of the TAB, into a single controlling authority to be known as *Racing and Wagering Western Australia* (RWVA).

To achieve this restructure, the following principal changes are proposed:

- RWVA will be established as the controlling authority for thoroughbred, harness and greyhound racing in Western Australia.
- The Western Australian Turf Club, the Western Australian Trotting Association, and the Western Australian Greyhound Racing Authority will each remain as racing clubs, responsible for the conduct of racing activities at their respective venues.
- The TAB will be abolished and RWVA will assume responsibility for the conduct of off-course betting.
- The Racecourse Development Trust will be abolished and the development of racing and training infrastructure will become a function of RWVA. The Trust's obligations, unallocated funds and funding source (unclaimed TAB dividends and refunds) will be transferred to RWVA.

To complement this restructure it is proposed to merge the Betting Control Board and the Gaming Commission of Western Australia to form the Gaming and Wagering Commission of Western Australia. The merger of the State's two gambling regulatory authorities was a recommendation of the 1998 Report of the Minister for Racing and Gaming to the Parliament of Western Australia on the review of the *Betting Control Act 1954*. The new authority will be responsible for regulating wagering and gaming in Western Australia on a common platform.

In addition, the opportunity has been taken to include the following initiatives in the legislative package.

- Recommendations emanating from the National Competition Policy Reviews of racing and gambling legislation.
- Provisions to establish controls over the activities of unlicensed offshore gambling operators betting into Western Australia.
- The transfer of provisions relating to the conduct and advertising of gambling from the Police Act to dedicated gambling legislation.

To manage these changes, four separate Bills have been prepared -

- *Racing and Wagering Western Australia Bill 2003*
- *Racing and Gambling Legislation Amendment and Repeal Bill 2003*
- *Racing Restriction Bill 2003*
- *Racing and Wagering Western Australia Tax Bill 2003*

The provisions of The ***Racing and Wagering Western Australia Tax Bill 2003*** are summarised as follows:

The *Racing and Wagering Western Australia Tax Bill 2003* proposes to apply the taxation regime that is currently in place in respect of the TAB under the *Totalisator Agency Board Betting Tax Act 1960* to RWWA's off-course wagering turnover.

Under this regime, off-course totalisator wagering on racing and sporting events attracts a five percent tax on turnover, while fixed odds race betting turnover is taxed at two per cent and fixed odds sports turnover at one half of one percent.

The *Racing and Wagering Western Australia Tax Act 2003* will come into operation on the appointed day when RWWA responsibility for the conduct of off-course wagering, at which time the *Totalisator Agency Board Betting Tax Act* will be repealed.

**[j1][j2]RACING AND WAGERING WESTERN AUSTRALIA TAX BILL 2003
 CLAUSE NOTES**

<u>Clause 1:</u>	Cites the <i>Racing and Wagering Western Australia Tax Act 2003</i> (RWWA Tax Act) as being the short title of the proposed Act.
<u>Clause 2:</u>	Specifies the commencement provisions.
<u>Clause 3:</u>	Provides definitions to support the proposed RWWA Tax Act.
<u>Clause 4:</u>	Fixes the rate of taxation payable under the RWWA Tax Act in relation to totalisator wagers at 5 per cent. This rate is consistent with that which existed under section 2 of the <i>Totalisator Agency Board Betting Act 1960</i> .
<u>Clause 5:</u>	Fixes the rate of taxation for fixed odds wagers as follows – <ul style="list-style-type: none"> • 2.0 per cent of all moneys paid to RWWA in respect of wagers made on horse or greyhound races. • 0.5 per cent of all moneys paid to RWWA in respect of wagers made on event, including sporting events. These rates are consistent with those which existed under section 3 of the <i>Totalisator Agency Board Betting Act 1960</i> .
<u>Note:</u>	The repeal of the <i>Totalisator Agency Board Betting Tax Act 1960</i> is provided for in clause 33 of the <i>Racing and Gambling Legislation Amendment and Repeal Bill 2003</i> .