

THE POKIES PLAY YOU

Has Victoria capitulated to Conroy & the foreign bookies?

Tuesday, May 1, 2018

The Alliance for Gambling Reform today called on the Victorian Labor government to explain why it had failed to introduce a point of consumption tax on foreign bookmakers in today's state budget.

The 2017-18 Victorian budget included [this commentary on p162](#):

As agreed at the Council on Federal Financial Relations meeting on 24 March 2017, the states and Commonwealth will consider a common national approach on examining a point of consumption tax for online gambling. At the next Council, Treasurers will consider a potential model that includes a National Consumer Protection Framework and provides for Commonwealth oversight. As part of this work Victoria is developing a point of consumption tax. This initiative will better align Victoria's wagering tax system with the increasingly digital betting environment.

Twelve months later, the same page discussing gambling tax revenue in the 2018-19 budget ([page 156](#)) makes no reference at all to the point of consumption tax and no Federal deal has been reached.

Alliance director and spokesman Tim Costello questioned whether it was [more lobbying](#) by former Labor Senator Stephen Conroy on behalf of the NT-licensed foreign book-makers which had led to the failure to proceed with a logical tax that would partially level the playing field with Tabcorp.

"It is scandalous that the [24 licensed bookmakers](#) and betting exchanges in the Northern Territory were only budgeted to pay a miserly \$5.4 million in taxes (see [p80 of 2017-18 NT budget](#)) to Territorians in 2017-18 when Australians are losing [close to \\$2 billion a year](#) gambling with these companies," Mr Costello said.

"Why should Tabcorp be paying an estimated \$71 million to the Victorian Government in wagering taxes in 2017-18 and \$111 million to the NSW Government when its big foreign competitors like Sportsbet and Ladbrokes contribute nothing to taxpayers in our two largest states?"

"Sportsbet's parent company Paddy Power Betfair has been gloating (see p7 of [full year results presentation](#)) about its soaring profits in Australia and can well afford to make a modest contribution to Victorian taxpayers."

South Australia was the first state to move on a point of consumption tax which commenced in July 2017 at a headline rate of 15%, which Sportsbet has described as an effective rate of 7%.

The former West Australian Liberal Government followed suit with a scheme scheduled to start in January 2019 which Sportsbet has described as an 11% tax on gambling expenditure. The Queensland Government has announced it is following the South Australian model, with details expected to be released in the state budget next month.

The NSW Government recently released this [13-page consultation paper](#) on the point of consumption proposal and is expected to announce its decision in the June 19 budget.

Mr Costello called on the Victorian Government to work with the NSW Government and jointly announce a robust point of consumption scheme similar to other states when the NSW budget is unveiled next month.

“The only plausible reason for not including the point of consumption tax in today’s Victorian budget is to jointly announce the proposal with NSW next month and I call on Daniel Andrews and Gladys Berejiklian to work with their respective Treasurers, Tim Pallas and Dominic Perrottet, to ensure that happens,” Mr Costello said.

“South Australia has now been running this tax for almost two years and belatedly the two biggest states need to follow suit as it shouldn’t have taken this long and today’s Victorian budget was another missed opportunity.”

“The foreign bookies have been deluging our kids with ads because the super-profits from the failure to tax them has attracted a flood of new competition fighting for market share in the lucrative online market.”

“These foreign companies should give a bit back to the Australian community and their lobbyist, former Senator Stephen Conroy, should stop [trying to pressure](#) various state and territory governments to delay and minimise the tax.”

The Alliance also expressed concern about Victoria’s projected overall increase in gambling tax revenue revealed in today’s budget, which suggests Australians will continue to gamble at world record levels due to weak regulation and a proliferation of gambling options.

The 2017-18 budget (see [page 155](#) of the statement of finances) forecast poker machine tax revenue would be \$1126 million in 2017-18, rising gradually to \$1168 million in 2020-21. The 2017-18 forecast has today been downgraded by \$27 million to \$1099 million.

However, since last year’s budget, the Government [rushed through new 20 year pokies licences](#) and pocketed approximately \$45 million of additional pokies revenue in February when the first instalment was payable by incumbent licence holders.

The breakdown of gambling tax revenue on [page 142](#) of the statement of finances in today’s budget excludes both the pokies licence payments paid in February this year, plus the \$120 million Tabcorp will pay on July 1 as a lump sum for the [10 year extension](#) of their lotteries licence.

The lotteries licence payment means 2018-19 will see total Victorian gambling revenues hit \$2.03 billion without touching the foreign bookies.

Pokies tax revenue will represent a majority of this at \$1119 billion in 2018-19, rising by \$20 million a year across the forward estimates to \$1179 million in 2021-22.

“The Alliance for Gambling Reform is calling on both sides of Victorian politics to introduce a range of harm minimisation measures which actively manages annual pokies revenue back down to below \$1 billion a year,” My Costello said.

“When combined with a point of consumption tax on foreign bookies and the overall strong position of the budget, the Victorian Government can easily afford to accommodate reduced reliance on state-sponsored abuse through pokies into the future.”

Whilst disappointed with today’s budget, The Alliance acknowledges that Victoria’s level of gambling capture is still nowhere near as bad as NSW where pokies tax revenues continue to rocket. See page 7 of the [revenue section](#) of the 2017-18 NSW budget, plus this [Alliance press release](#) from last June.

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