

# THE POKIES PLAY YOU

## Alliance supports belated Victorian move to tax foreign bookies

Monday, May 14, 2018

The Alliance for Gambling Reform today supported the proposed [new point of consumption tax](#) on foreign bookmakers announced by the Victorian Government and called on all political parties and state governments to get on with passing similar legislation as soon as possible.

Alliance spokesman and director Tim Costello recently met with Victorian Treasurer Tim Pallas and said he broadly supports [today's measures](#), although a higher tax rate than 8% and an earlier start date than January 1, 2019, would have been preferable.

"This is a long overdue reform but it is better late than never so The Alliance supports today's initiative by Victoria and hopes this is a catalyst for belated national action," Mr Costello said. "It would have been better to have national legislation but when negotiations with the Commonwealth fell apart last year, a state by state approach was the only remaining option."

"Victoria's proposed 8% tax on net wagering revenue could have been higher but at least the government has committed to review its operation in 2020, so I call on the Victorian opposition and upper house cross-benchers to support the forthcoming legislation to get this done."

The Alliance has long argued that lowly taxed foreign bookmakers operating through the Northern Territory have been the main cause of the deluge of gambling advertising indoctrinating future generations and poisoning Australian sport.

"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 state governments across Australia, such as what is proposed today by the Victorian Government."

South Australia was the first state to move on a point of consumption tax which commenced on July 1, 2017, at a headline rate of 15%, which Sportsbet has described as an effective rate of 7%. Victoria's proposed 8% rate will be similar, although transferring 1.5% to the racing industry will dilute the benefit for taxpayers.

The former West Australian Liberal Government announced a scheme scheduled to start on January 1, 2019, which Sportsbet has described as an 11% tax on gambling expenditure. Last week's first budget by the new WA Labor Government showed overall gambling tax revenues are forecast to rise from \$260 million in 2017-18, to \$295 million in 2018-19 and \$328 million once the point of consumption tax is fully operational in the 2019-20 financial year, but legislation still needs to be passed.

The Queensland Government has announced it is following the South Australian model, with details expected to be released in the state budget next month.

“It is disappointing only South Australia has actually passed legislation and imposed this tax so the onus is now on all states to get on with legislating so we can have a uniform start date of January 1, 2019,” Mr Costello said.

The NSW Government has been the slowest to move and only 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.

“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,” Mr Costello said.

“Introducing new state taxes across Australian which collectively brings in revenues of more than \$200 million once fully operational will clearly reduce the profits available for advertising which should benefit long-suffering consumers and protect our kids from saturation gambling ads,” Mr Costello said.

“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.”

### **Background**

Today’s [press release](#) by Tim Pallas.

Treasury [fact sheet](#) on proposed new tax and last year’s [Victorian consultation paper](#).

Latest [Alliance newsletter](#).

Alliance [press release](#) after May 1 Victorian budget made no mention of new tax.

[Tim Costello interview](#) with Jon Faine on May 14.

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