

1997

**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**BOOKMAKERS ACT 1985**

**INSTRUMENT NO. 236 OF 1997**

**EXPLANATORY MEMORANDUM**

**DETERMINATION OF SPORTS BETTING LICENCE FEE**

A handwritten signature in black ink, appearing to be 'B. Stefaniak', with a long, sweeping horizontal line extending to the right.

Circulated by the Authority of BILL STEFANIAK MLA

Minister for Sport and Recreation

## Outline

The *Bookmakers Act 1985* (the Act) governs the activities of bookmakers in the Australian Capital Territory

Part IIIA of the Act provides for the conduct and control of sports betting. In particular, Section 39K provides that the determined fee for a sports betting licence is payable to the Territory within the determined period.

Section 55 of the Act provides that the Minister may determine fees, calculated by reference to turnover or otherwise and the percentage for the calculation of those fees.

This instrument repeals Determination No. 15 of 1996 notified in Gazette No. S30 of 22 February 1996 and establishes a revised licence fee framework.

This instrument determines the fees for a sports betting licence with regard to a number of components. The first component is an annual fee of \$5,000 in the case of an individual bookmaker or \$10,000 in the case of a syndicate or company. The Instrument also provides for a pro-rata annual licence fee in respect of the first year and last year of the period of the licence.

This part has not been varied from that established by Determination No. 15 of 1996.

The second component is a monthly fee based on a percentage of turnover in respect of fixed odds sports betting transactions. This component of the licence fee, calculated by reference to a percentage of fixed odds sports betting transactions, has been divided into three parts.

The first part concerns sports betting transactions in respect of a specific range of overseas sports, namely US football, US basketball, US ice hockey and US baseball and UK premiership and First Division soccer games. The fee to apply to these particular sports shall be 0.25%.

This concessional licence fee for these particular sports provides parity with the major international sports betting operations in the United States. Ice hockey has been added to the range of designated international sports and the range of international soccer fixtures has been broadened in accordance

with the approved sports betting events as outlined in Determination No. 67 of 1997.

The second part relates to bets on head-to-head contest. These contests have been defined as bets on contests where there are only two, three or four possible outcomes for the bet, such as:-

- a team to beat another team in a competition round,
- a win, loss or draw in soccer; or
- a player in the semi-finals of a tennis grand slam event to win the event.

The licence fee applying to bets of this nature is determined to be 0.50%.

The third part, which comprises the balance of sports betting transactions, relates to bets on "multi-outcome" events or contingencies, such as racing events, a team to win a premiership or a player to win a golf tournament, for example.

Betting contingencies of this nature provide capacity for a bookmaker to build in an appropriate margin to cover administrative overheads, the licence fee applying to this bet type will remain at the level previously determined - 1.00%

Evidence over 1996-97 indicates that, with the diverse nature and focus of each sports bookmaker operating in the ACT, the average fixed odds licence fee applying across all operators and all turnover types is 0.75%.

The third component of the Instrument sets the licence fee applying to spread betting transactions at 6.75% of the bookmakers turnover. This figure is consistent with the taxation rate applying in the United Kingdom on equivalent activities

This component represents the major change from the license fees as set out in Determination No. 15 of 1996

Finally, the Instrument defines what constitutes a bookmakers "turnover" as being the amount promised or pledged in respect of all bets accepted. A license fee is not payable in respect to those bets that have been refunded in accordance with the rules for sports betting made in accordance with Section 39C of the *Bookmakers Act 1985*

### **Financial Implications**

This instrument determines the license fee arrangements in respect of the sports betting service. The licence fee component, based on turnover, has been set at a level that provides significant capacity for licensed sports bookmakers to compete with major service providers in other jurisdictions.

The establishment of sports spread betting and the implementation of a competitive taxation regime will assist in the development of this innovative betting product.

Revenue of some \$450,000 has been achieved since the financial and administrative framework for sports betting was established. It is expected that the sports betting service will continue to develop and this increased growth will positively impact on the economic activity in the Territory and provide considerable income to the Government over the life of the service.

The potential revenue generated from the establishment of sports spread betting is expected to be significant over the long term.