

1996

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

BOOKMAKERS ACT 1985

EXPLANATORY MEMORANDUM

DETERMINATION OF SPORTS BETTING LICENCE FEE

NO. 15 OF 1996

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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. 140 of 1995 published in Gazette No. S250 of 29 September 1995.

This instrument determines the fees for a sports betting licence as two 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 initially established by Determination No. 140 of 1995.

The second component is a monthly fee based on a percentage of turnover in respect of the sports betting transactions. This component of the licence fee, calculated by reference to a percentage of 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 and US baseball and UK premiership and First Division soccer games. These sports were approved by Determination No. 134 of 1995 as sports betting events. 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.

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 component, 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%.

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 adjusted to provide greater ability for licensed sports bookmakers to compete with major service providers in other jurisdictions.

The targeted reduction in the licence fee will achieve a balance between providing a capacity for sports bookmakers to develop their business through a taxation regime consistent with interstate competitors and maximising the revenue to the Government from the sports betting initiative.

The boost to sports betting bookmakers from this revised licence fee arrangement is predicted to result in significant future growth in the sports betting service. This increased growth is estimated to increase economic activity in the Territory and provide considerable income to the Government over the life of the service.