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POINT OF CONSUMPTION TAX ON WAGERING AND BETTING – 2020 REVIEW

SUBMISISON OF COALITION OF MAJOR PROFESSIONAL AND PARTICIPATION SPORTS (COMPPS)

The Coalition of Major Professional and Participation Sports (COMPPS) and its members appreciate the opportunity to make a submission to the Point of Consumption Tax on Wagering and Betting – 2020 Review.

1 INTRODUCTION

COMPPS consists of the following member organisations:

- (a) Australian Football League;
- (b) Cricket Australia;
- (c) Football Federation Australia;
- (d) National Rugby League;
- (e) Netball Australia;
- (f) Rugby Australia; and
- (g) Tennis Australia.

Each of these sports is the governing body and custodian of a major professional and participation sport in Australia. COMPPS members play an important role in developing, promoting and presenting sport in Australia from the grass roots through to the international level.

All COMPPS members are not-for-profit bodies and are responsible for the long-term development and sustainability of their sports. Between them, they have over 9 million participants through 16,000 clubs. COMPPS members provide a wide range of public benefits through a self-funding business model. A large portion of the revenue of COMPPS members is devoted to enhancing, promoting and developing sport for all Australians both at national and community level.

One of COMPPS' roles is to facilitate a response to public inquiries on behalf of its member sports.

COMPPS has previously submitted to the Victorian government (and other state governments) on the damage to be experienced by its members and the flow-on detriment to the sporting communities they serve by the introduction of Point of



Consumption Taxes on wagering on sporting events. Whilst continuing to maintain this position, this submission is focused on responding to the review of the impact of the POCT's introduction.

2 POINT OF CONSUMPTION TAX REVIEW

COMPPS does not propose to respond to the specific questions outlined in the Department's targeted consultation paper. Instead it wishes to focus on a key aspect of the POCT framework that is of particular importance to COMPPS, namely the inconsistency of treatment by the Government of the Victorian Racing industry (VRI) and the sporting sector.

In fact, in advising that the COMPPS' submission does not respond to the specific questions in the paper, COMPPS notes that none of the questions are in fact directed at the impact on sport, but rather concern themselves with the impact on wagering operators and the VRI. This illustrates and heightens COMPPS' concern regarding the inequitable treatment of sport in this context. One question (and answer) is specifically directed at what appears to be a policy concern that the POCT not have a "*relatively stronger impact on Victorian racing than on other racing and sports events*". The paper observes that, since the wagering and betting tax is applied neutrally across all wagering products (across racing events from all locations and across racing and sports events equally) it was not expected to have such an impact. It is disturbing to COMPPS that such policy concern is not also voiced in respect of the sports sector and that while the tax itself is noted to apply neutrally, a counter-measure that is a feature of the POCT system does not. This counter measure is the VRI payment (currently set at 18.75%) which reflects the Government's intention to ensure that the VRI is no worse off as a result of implementing the Victorian POCT on wagering and betting. A similar policy does not apply to the sports sector.

COMPPS respects the intention behind the establishment of the VRI payment. However COMPPS does not understand or accept that there is a basis for distinction between the racing industry and the sporting sector. This is particularly the case when taking into account the not-for-profit nature of the COMPPS members and the extent of investment they each make in their respective grassroots communities and the indirect social, economic and public benefits derived from sport as a whole.

In the area of sports wagering in particular, the COMPPS members have been leaders in working with government and wagering operators and investing in measures to protect and enhance the integrity of their sports. The revenue from wagering on their sporting events is a critical element in the sports' ability to continue to invest in integrity management resources, personnel and technology.

COMPPS understands that a basis for establishment of the VRI payment was that a portion of VRI funding has always been sourced through the wagering and betting licensing arrangements. Whilst this may reflect and be a product of historical circumstances, it is equally relevant to note that wagering on sports events is relatively new and is growing. Governments naturally benefit from this new and growing market. The Report of the Review of Australia's Sports Integrity Arrangements conducted for the Commonwealth Government by Justice James

Wood and Messrs David Howman and Ray Murrphy (the Wood Review) reported on the growth of sports wagering, turnover and government revenue. This included the following points:

- Of total gambling turnover, wagering has the highest growth of any sector;
- Much of this growth in the wagering sector is attributable to the increasing popularity of sports wagering
- Turnover attributable to sports wagering (as a subset of overall wagering) is growing fast, increasing by 35% from 2014-15 to 2015-16
- Levies on gambling represent an important element of state and territory (government) revenue. Gambling tax collected across Australia in 2015-16 was estimated at \$6.0 billion of which about \$36 million was attributable to sports wagering. [NB: prior to introduction of state and territory POCT]¹.

It is within this context of a relatively new and growing market and increasing revenue source for government that COMPPS submits for equitable treatment with the VRI. It seeks introduction of a rebate payment on sports event revenue akin to that applying to the VRI. This would evidence that the Victorian government's intention that the VRI be no worse off from the introduction of the POCT applies also to the sporting sector and the grassroots communities they serve.

Yours sincerely



Jo Setright
Executive Director, Policy

¹ Report of the Review of Australia's Sports Integrity Arrangements – the “Wood Review” released 1 August 2018 – Appendix A pp190-191.