

# Appropriation Bill (No. 2) 2014

## Explanatory Notes

### FOR

## Amendments To Be Moved During Consideration In Detail By The Honourable Tim Nicholls, MP, Treasurer and Minister for Trade

### Short title

The short title of the Bill is the Appropriation Bill (No. 2) 2014.

### Policy objectives and the reasons for them

The objective of the amendments to the Bill is to facilitate an extension to the term of the retail exclusivity arrangement associated with TattsBet Limited's (TattsBet) sports and race wagering licences for a further 30 years from 1 July 2014. The extension to the term of the exclusivities relates to an in-principle agreement between Tatts Group Limited (Tatts), Racing Queensland and the State of Queensland regarding the future of racing and wagering in Queensland and in particular, the future funding for the racing industry.

### Achievement of policy objectives

**Objective: To give effect to part of an in-principle agreement between Tatts, Racing Queensland and the State in relation to the future of racing and wagering in Queensland and the future funding for the racing industry**

Following an expression of interest process held earlier this year for an innovative and sustainable model for race wagering, the Government proposes to extend the term of the retail exclusivity relating to TattsBet's sports and race wagering licences for a further 30 years as part of an in-principle agreement and funding package for the racing industry.

It is important to note that the negotiated exclusivities relate to retail exclusivity whereby only TattsBet will be licensed in Queensland for terrestrial wagering outlets or terminals. Inter-jurisdictional operators will be able to continue to accept wagers online or over the telephone from gamblers in Queensland. As part of the in-principle tripartite agreement, TattsBet has agreed to pay a fee for the exclusive retail rights.

The exclusivity period for TattsBet's sports and race wagering licences is currently defined under section 4 of the *Wagering Act 1998* with reference to a 15 year period. The Bill amends section 4 of the Wagering Act by re-defining the exclusivity period, as agreed, for a further 30 years from 1 July 2014. The relevant retail exclusivity will only continue if the relevant wagering licence is in effect.

## **Alternative ways of achieving policy objectives**

The policy objectives underpinning the proposed changes to the Wagering Act can only be achieved by legislative amendment.

An alternative to the Bill is for the status quo to remain. However, this option would not facilitate the implementation of the stated policy objectives.

## **Estimated cost for government implementation**

There are no anticipated additional costs associated with the implementation of the extension to TattsBet's retail wagering exclusivities beyond the usual licensing administration costs.

## **Consistency with fundamental legislative principles**

### **Impact on rights and liberties of other entities**

The proposed wagering amendments will affect the rights and liberties of entities, other than TattsBet, by preventing them from applying for, or being granted, a sports or race wagering licence to operate from a terrestrial base in Queensland during a period of 30 years from 1 July 2014. However, it is important to note that TattsBet will be paying significant consideration (including in the form of a fee) for the exclusive retail rights, in addition to existing funding arrangements.

Retail exclusivity arrangements are required to ensure that TattsBet can leverage off exclusive retail networks to effectively compete against low cost corporate bookmakers licensed in jurisdictions with more favourable regulatory and tax regimes. Corporate bookmakers (and other interstate and international wagering operators) do not make the same equitable contribution to the Queensland racing industry as TattsBet which, in addition to wagering taxes, paid a variable product fee of its gross revenue. These corporate bookmakers (and other interstate and international wagering operators) only provide a small return where required under the State's race fields provisions. In the absence of a more even playing field, concerns have been raised by industry participants that the unrestrained growth of corporate bookmakers could rapidly erode TattsBet's market share and lead to a significant decline in income to the Queensland racing industry. This could, in turn, result in a reduced number of races conducted, closures of racecourses, and loss of employment and general economic benefits. An extension to the retail exclusivities assists in securing critical future funding arrangements for the industry over the next 30 years, and will importantly, provide to industry more than what it would have received under the previous arrangements with Tatts pre-1 July 2014.

### **Retrospective amendments required**

The proposed wagering amendments will be given retrospective effect from 1 July 2014. Retrospectivity is required to ensure there is continuity applied to TattsBet's retail exclusivities (which expired on 30 June 2014 under section 4 of the Wagering Act) for a further 30 years.

It is important to note that TattsBet has held exclusive licence rights since 1999. No other wagering operator currently has a terrestrial retail base in Queensland. Therefore, there will be no direct impact on any current operations from the extension of the exclusivity or the retrospective nature of the amendments.

## **Consultation**

On 20 January 2014, Racing Queensland sought expressions of interest from national and international wagering operators in relation to the development of an innovative (sole or multi-operator) model for wagering in Queensland. Submissions received were evaluated by a panel comprising of representatives from Racing Queensland and Projects Queensland (within Queensland Treasury and Trade). The outcome of the process was an in-principle agreement between Tatts, Racing Queensland and the State to establish a new racing and sports wagering framework for Queensland.

## **Consistency with legislation of other jurisdictions**

The extension to TattsBet's retail exclusivities is consistent with the operating models of a number of other Australian jurisdictions, including New South Wales, Victoria, South Australia and Tasmania, which have retained exclusive retail models for wagering.

## **Notes on provisions**

Clause 1 inserts a heading before clause 1 of the Bill.

Clause 2 inserts, before clause 2 of the Bill, a commencement provision for the new Part 3 of the Bill.

Clause 3 inserts, after clause 2 of the Bill, a new Part 3 which contains amendments to the Wagering Act to extend the exclusivity period for TattsBet's sports and race wagering licences for a further 30 years from 1 July 2014 or until TattsBet's race and sports wagering licences cease to be in effect, whichever is earlier. The amendments to the Wagering Act also replace all references to UNiTAB with TattsBet.

Clause 4 amends the long title of the Bill.