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**Let the games begin! ... A guide to sports product fee and integrity approvals in Australia
Part 2 of Series “I have a bookmaking licence now what?”**

Do I need approval before accepting a bet on sporting events?

Before a bookmaker can legally offer a market on a particular sport, and accept bets on that sport, the bookmaker must first have in place a “product fee and integrity agreement” (also known as a “PFIA”) with the relevant sports controlling body that governs that sport in Australia (should one exist).

A bookmaker does not have to apply to all the sports controlling bodies should it decide not to. However, it must apply to, and receive approval from, all the registered sports controlling bodies that oversee the sports that it wants to offer markets on.

This requirement to have a product fee and integrity agreement is predominately located in New South Wales and Victorian law.¹ Other jurisdictions have a similar mechanism under licence conditions.

Is every sport governed by a “sports controlling body”?

No, not every sport is governed by a sports controlling body. There are thirteen (13) sports controlling bodies under Victorian law and eleven (11) sports controlling bodies under New South Wales law. The below table summarises these bodies:

Sport	Victoria ²	New South Wales ³
Aussie Rules	Australian Football League (AFL)	
Basketball	Basketball Australia Limited	
Bowls	Bowls Australia	
Cricket	Cricket Australia	
Golf	Professional Golfers Association of Australia	N/A
Hockey	Hockey Australia	N/A
Motorcycling	Motorcycling Australia Limited	
Motorsport	Confederation of Australian Motor Sports (trading as Motorsport Australia)	
Netball	Netball Australia	

¹ See *Gambling Regulation Act 2003* (Vic) ss 4.5.12 – 4.5.33; *Betting and Racing Act 1998* (NSW) ss 17A – 18D.

² See <https://www.vgccc.vic.gov.au/gambling/wagering-and-sports-betting/sports-controlling-bodies>.

³ See <https://www.liquorandgaming.nsw.gov.au/operating-a-business/gaming-licences/gaming-licences-permits/sports-wagering-in-nsw>.

Rugby League	National Rugby League (NRL)
Rugby Union	Australian Rugby Union (Rugby Australia)
Soccer	Football Australia Limited (formerly known as Football Federation Australia)
Tennis	Tennis Australia

What happens if there is not a sports controlling body for that sport?

If a sports controlling body does not exist for a particular sport, then there is generally no additional approval required of the licensed bookmaker. However, a licensed bookmaker must only accept bets on the kinds of events approved by the regulator in their home jurisdiction and in South Australia if they are an authorised interstate betting operator.

Are there penalties for offering markets and accepting bets without approval?

The penalties for offering betting markets on a sporting event without the approval of the relevant sports controlling body vary between jurisdictions. For example, in Victoria the maximum penalty is a fine of 120 penalty units (currently equating to \$23,077)⁴, whereas in NSW the maximum penalty is a fine of 1,000 penalty units (currently equating to \$110,000) and/or a term of imprisonment of 6 months.⁵ It may also constitute a breach of the bookmaker's licence conditions.

Are there generally conditions in a product fee and integrity agreement?

Yes, bookmakers must comply with the conditions contained in their product fee and integrity agreement. Whilst each sports controlling body has their own unique product fee and integrity agreement, approvals generally have one or more of the following:

1. Reporting conditions – this condition may include an obligation to provide regular reporting on the betting activity on that sport and/or an obligation to respond to specific requests for information made by the sports controlling body. This may or may not include audit rights, including after the term of the product fee and integrity agreement.
2. Bet types / events – there may be a condition that limits the kinds of bet types or the kind of events that can be offered by a bookmaker on that particular sport.
3. Payment of a fee – the payment of fees to the sports controlling bodies is a common condition. Each sports controlling body calculates the relevant fee differently. However, the fee structure is generally one of the following:
 - a greater of calculation between a percentage of turnover and a percentage of revenue;
 - a percentage of turnover calculation;
 - a percentage of revenue calculation; or
 - a percentage of turnover and a percentage of revenue calculation.

Each sports controlling body may also vary the fee depending on the kinds of bets and kind of sporting event or match.

⁴ *Gambling Regulation Act 2003 (Vic)* s 4.5.22.

⁵ *Betting and Racing Act 1998 (NSW)* s 18C.

Some sporting bodies are also instituting minimum fees which act as a floor for the payment of fees. These fees range from a couple of hundred dollars to several of thousand dollars.

How do operators apply for a product fee and integrity approvals?

Each sports controlling body has their own application process. For example, some sports controlling bodies require the payment of an application fee and detailed responses to due diligence questions, whereas other sports controlling bodies only require basic information about a bookmaker and a copy of the bookmaker's licence.

We have observed a trend that sports controlling bodies are increasingly making applicants complete a due diligence questionnaire.

How can Senet help me?

Senet tailors its legal advice for each bookmaker and can assist you in navigating and administering the application and approval process. We can help you prepare the relevant paperwork to ensure you are off to a good start and support you in reviewing and advising on any conditions of approval. Our services also extend to designing and implementing compliance frameworks and policies to ensure that your business operates compliantly and in a way that minimises administrative burden.