



Integrity Policy

This policy outlines the integrity matters to be considered by Racing Victoria (RV) in assessing applications made by domestic and international wagering service providers (WSPs), to publish or use Victorian thoroughbred race fields as required under Chapter 4, Part 2, Division 1A of the *Gambling Regulation Act 2003* (Vic) (Act). Additional integrity policy matters may be formulated as the operations of WSPs change and develop and as a result of RV's ongoing review of the operations of WSPs.

Where a WSP seeks an approval to publish or use Victorian thoroughbred race fields, the WSP must provide details of the following to RV:

- 1) the background and corporate structure of the WSP business (including its directors and other associates (as defined in the application form));
- 2) a copy of the WSP's wagering licence and details of the regulatory environment in which the WSP operates;
- 3) any past, current, pending or threatened regulatory investigations involving the WSP, its officers and/or its shareholders;
- 4) any prior dealings with RV or involvement in RV integrity matters;
- 5) the wagering offering the WSP intends to provide on VTR product (bet types etc);
- 6) the WSP's customer identification and AML/CTF processes;
- 7) the WSP's responsible gambling practices;
- 8) details of the WSP's bet recording and reporting capability, any relevant privacy obligations that RV should be aware of, and how they intend to share information with RV (on request);
- 9) a copy of the WSP's Terms & Conditions and betting rules; and
- 10) any other information which RV believes is relevant or necessary.

Whilst none of the above matters are conclusive in relation to the question of whether the WSP ought to be granted a race fields approval, they are issues which RV considers may give rise to integrity-related concerns and include:

- 1) where the WSP does not operate under the adequate supervision of a regulatory body;
- 2) where the WSP does not have adequate internal mechanisms for verifying account holders or for identifying suspect betting transactions whether made by or on behalf of account holders or by any other person;
- 3) where the WSP is not able to demonstrate adequate provision of access to betting information for RV stewards;
- 4) where the WSP's business may be in breach of a law in Victoria or another jurisdiction (including another Australian State or Territory);
- 5) where a related entity of the WSP that uses Victorian thoroughbred race fields fails to comply with any applicable laws or obligations imposed on it by RV;



- 6) where the WSP has a history of integrity breaches;
- 7) where the WSP, its directors and other Associates has prior criminal convictions;
- 8) where a director or other Associate of the WSP is not a Fit and Proper Person;
- 9) where the WSP accepts bets or wagers from, or makes bets or wagers with, a Non-Approved WSP;
- 10) where the WSP operates a betting exchange which may facilitate access to off-shore betting exchange operators who are Non-Approved WSPs;
- 11) where the following bet types are offered:
 - a) spread betting that allows profit from the poor performance of a horse; or
 - b) lay type betting where “lay” means the offering or placing of a bet on a horse:
 - i) to lose a race;
 - ii) to be beaten by any other runner or runners;
 - iii) to be beaten by any margin or range of margins; or
 - iv) that it will not place in a race in accordance with the provisions of AR 157.

The bet types or product offerings identified above, as a general proposition, may raise integrity concerns for Victorian thoroughbred racing.

While the bet types are identified as giving rise to integrity concerns generally, this does not necessitate a conclusion that RV will be unable to adequately ensure the integrity of Victorian thoroughbred racing in respect of the operations of WSP’s who offer the bet type. Any WSP that proposes to offer the bet types will have the opportunity to assuage the identified integrity concerns through their application, subject always to RV’s unfettered discretion.

Economic Contribution Fee Policy

1. *Gambling Regulation Act 2003 (Vic)*

Pursuant to section 4.2.3C of the Act, RV may grant a Publication and Use Approval to a WSP to publish, use or otherwise make available in the course of business, in Victoria or elsewhere, a Victorian thoroughbred race field. RV will only grant a Publication and Use Approval to the legal entity that is authorised to operate a totalisator or betting exchange, carry on the business of or act as a bookmaker or turf commission agent, or accept bets or make wagers, in the relevant jurisdiction.

Section 4.2.3C(4) of the Act enables RV to require, as a condition of any Publication and Use Approval, that the WSP pay, in the manner specified in the approval, a fee or a series of fees of an amount or amounts:

- (a) specified in the approval; or
- (b) calculated in accordance with a formula or formulae specified in the approval.



2. Fee Condition

- 2.1 An Approved WSP will be required, as a condition of its Publication and Use Approval, to pay economic contribution fees in relation to its use of Victorian thoroughbred race fields during the Approval Period, calculated in the manner set out in the *Publication and Use of Victorian Thoroughbred Race Fields: Standard Conditions of Approval*.
- 2.2 The economic contribution fee will be calculated on each Victorian race meeting which takes place during a Payment Period and will be payable within 10 days after the end of each Payment Period.
- 2.3 The economic contribution fee will be:
- 2.3.1 1% of Assessable Turnover whilst an Approved WSP's turnover in respect of Parimutuel Bets, Non-parimutuel Bets and Tote Derivative Bets for the Approval Period is less than \$5* million;
- 2.3.2 once an Approved WSP's turnover in respect of Parimutuel Bets, Non-parimutuel Bets and Tote Derivative Bets for the Approval Period exceeds \$5* million:
- (a) for Pari-mutuel Bets:
- (i) on Standard Meetings, 2% of Assessable Turnover;
- (ii) on Group and Listed Meetings, 2.5% of Assessable Turnover; and
- (iii) on Premier Meetings, 3% of Assessable Turnover; and
- (b) for Non-parimutuel Bets, the greater of:
- (i) on Standard Meetings, 1.6% of Assessable Turnover and 16% of Gross Revenue;
- (ii) on Group and Listed Meetings, 2% of Assessable Turnover and 20% of Gross Revenue; and
- (iii) on Premier Meetings, 2.5% of Assessable Turnover and 25% of Gross Revenue;
- (c) for Tote Derivative Bets:
- (i) on Standard Meetings, 2% of Assessable Turnover and 20% of Gross Revenue;
- (ii) on Group and Listed Meetings, 2.5% of Assessable Turnover and 25% of Gross Revenue; and
- (iii) on Premier Meetings, 3% of Assessable Turnover and 30% of Gross Revenue; and
- (d) 35% of Gross Revenue on all Race Meetings in relation to Betting Exchange Bets.



* Partnership of natural persons each of whom is licensed to undertake bookmaking activities may aggregate their individual "Turnover Thresholds" up to an aggregate of \$20 million (see the attached definition of Turnover Threshold).

Other Matters

1. Without limiting the discretion of RV, in its consideration of any application for approval under section 4.2.3C of the Act, RV may consider:
 - 1.1. the WSP's past compliance with Publication and Use Approvals granted by RV in relation to prior periods; and
 - 1.2. whether the WSP has published Victorian thoroughbred race fields or otherwise used Victorian thoroughbred race fields, on, or in connection with, any Non-Public Website without the consent of RV.
2. All instances of non-compliance (including unpaid fees) under any Publication and Use Approval granted to the WSP must be remedied to the satisfaction of RV, before RV will consider any application by the WSP for approval under section 4.2.3C of the Act for the period commencing 1 July 2016.

Interpretation

Unless the context requires the contrary, words and expression used in this Policy have the meaning ascribed to them in the *Publication and Use of Victorian Thoroughbred Race Fields: Standard Conditions of Approval*.