

Gambling Review : A Consultation Paper
Consultation Report

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EXECUTIVE SUMMARY

Background

It is Government's long-established policy to restrict gambling opportunities to a limited number of authorized outlets only. In recent years, however, there have been mounting challenges to our gambling regime. Most notably, soccer betting has become increasingly popular since the 1998 World Cup. Unauthorized bookmakers in Hong Kong and abroad are taking a growing amount of bets from an increasing number of punters in Hong Kong.

2. Against this background, the Home Affairs Bureau (HAB) has conducted a review (the Gambling Review) to identify challenges to the existing regime and recommend possible measures to tackle the problems. The findings of the review are summarized in a public consultation document entitled "Gambling Review: A Consultation Paper" (the consultation paper) which was released on 22 June 2001. The consultation paper seeks to solicit views from the public on the following issues –

- (a) whether the Government should, as a matter of principle, adhere to its existing policy of restricting gambling opportunities to a limited number of authorized outlets only;
- (b) whether, as one of the possible ways to tackle the growing problem of illegal soccer betting, the Government should put soccer betting under control and supervision by providing limited authorized outlets for soccer betting in Hong Kong and, if yes, whether the possible operational framework set out in the consultation paper should be further considered; and
- (c) whether the Government should, in the light of the findings of gambling researches, implement preventive measures and provide services to address the negative impact of gambling.

3. The public consultation ended on 5 October 2001. During the consultation period, we received 7,169 written submissions and 83,645 signatures. We held briefings for the Legislative Council (LegCo) Panel on Home Affairs and the 18 District Councils (DCs) and attended a number of public forums, for the purpose of gauging feedback on the issues.

Major Findings

4. The views collected on the three issues under consultation (see paragraph 2 above) are summarized below –

(A) Gambling Policy

Only very few submissions and parties consulted commented on this issue. Of those who did so, the majority is in support of the current policy to restrict gambling opportunities to a limited number of authorized outlets only.

(B) Provision of Authorized Soccer Betting

An overwhelming majority of the submissions, signatures and views received are against the proposition of providing authorized outlets for soccer betting. Their main arguments are –

- (a) provision of authorized outlets for soccer betting would have adverse impact on the values of the young people. It would convey a wrong message to the young people that it is legitimate to participate in soccer gambling activities. It would increase the number of underage gamblers and result in high social costs;
- (b) the provision of authorized soccer betting outlets would encourage more people to gamble and increase the number of pathological gamblers. It would help foster the concept of “gain without pain”, which is detrimental to the healthy development of our society; and
- (c) illegal soccer bookmaking activities could not entirely be taken over by authorized outlets due to the inherent competitive edge of the former over the latter, including the absence of age restriction and tax obligation, the availability of credit betting, discounts and loans, and the wider choice of betting options. This is evidenced by the fact that illegal bookmaking on horse racing has never ceased to exist despite the availability of an authorized outlet for more than two decades. The Government should therefore strengthen enforcement efforts and tighten anti-gambling legislation to tackle the problem,

instead of authorizing soccer betting.

For those who are in favour of the proposition, their main arguments are –

- (a) people bet on soccer regardless of whether authorized outlets are available. Provision of authorized outlets will at least divert bettors and betting money from illegal operators, thereby depriving criminals of a lucrative source of income and reducing criminal activities;
- (b) provision of authorized outlets will increase Government revenue as well as funding for worthy causes (such as sports development); and
- (c) gambling is not morally wrong. It is a matter of personal choice. Legal outlets should be made available for those who enjoy soccer betting. It would enable them to bet in a regulated environment, thereby reducing the negative impact of gambling.

(C) Ways to Address the Negative Impact of Gambling

Most respondents agree that there is a need to do more to address gambling-related problems in Hong Kong. Most support the measures proposed in the consultation paper, which include (a) launching public education to enhance public understanding about gambling and other preventive measures; (b) strengthening services and treatment for pathological gamblers; and (c) conducting gambling-related research on a regular basis.

5. To gauge the views of a wider spectrum of the community, we commissioned/conducted several opinion surveys around the consultation period. The results of these surveys show that public opinion was split on the proposition of providing authorized soccer betting outlets, with 43-57% in support and 36-42% in opposition. Respondents, however, expressed overwhelming support for the current gambling policy and the proposed measures to reduce the negative impact of gambling.

CHAPTER 1

INTRODUCTION

Background

1.1 The long-established Government policy is to restrict gambling opportunities to a limited number of authorized outlets only. Authorized gambling outlets in Hong Kong include mainly betting on horse racing run by the Hong Kong Jockey Club (HKJC) and the Mark Six Lottery by the Hong Kong Lotteries Board. In recent years, however, there are clear signs that unauthorized gambling activities have been on the rise, with soccer betting being increasingly popular among Hong Kong people and local and offshore bookmakers actively involved. Against this background, HAB conducted a review for the purpose of identifying challenges to our gambling regime with a view to devising suitable measures to tackle the problems.

Consultation

1.2 In view of the wide community interest in the subject of gambling, HAB conducted a public consultation on the findings of the review. The objective was to gauge the views of a wide spectrum of the community and to engage the public in informed discussions of the relevant issues. A consultation document entitled “Gambling Review: A Consultation Paper” was released on 22 June 2001. Specifically, the paper invited public views on the following issues –

- (a) whether the Government should, as a matter of principle, adhere to its existing policy of restricting gambling opportunities to a limited number of authorized outlets only (Chapter 2 of the paper, paragraphs 2.2 - 2.7);
- (b) whether, as one of the possible ways to tackle the growing problem of illegal soccer betting, the Government should put soccer betting under control and supervision by providing limited authorized outlets for soccer betting in Hong Kong and, if yes, whether the possible operational framework set out in the consultation paper should be further considered (Chapter 4 and Annex of the paper); and
- (c) whether the Government should, in the light of the findings of

gambling researches, implement preventive measures and provide services to address the negative impact of gambling, including –

- (i) launching and co-ordinating preventive and educational measures against the negative impact of gambling;
- (ii) working with the relevant Government and non-Government agencies to strengthen treatment/services provided to those affected by pathological gambling; and
- (iii) conducting and supporting gambling-related researches on a regular basis (Chapter 5 of the paper).

1.3 The public consultation was originally scheduled to close on 21 September 2001. On 14 September, the Hong Kong Polytechnic University (Poly U) released a report on the “Study of Hong Kong People’s Participation in Gambling Activities”, a study commissioned by HAB. In response to the requests of some sectors of the community that there should be sufficient time for them to study the findings and convey their views to Government, HAB extended the consultation period for two weeks to 5 October.

1.4 During the consultation period, copies of the consultation paper and leaflets summarizing the contents of the paper were made available at the 18 district offices. The document was accessible from the HAB’s and Government Information Centre’s websites. Around 15,000 copies of the consultation paper and 17,000 leaflets were distributed to the public. We conducted briefings for the LegCo Panel on Home Affairs, the 18 DCs and the Commission on Youth, and took part in a number of other public forums and programmes conducted by the electronic media to explain the contents of the consultation paper and to gauge the views of different sectors of the community.

1.5 Upon the close of the public consultation, 7,169 submissions and 83,645 signatures were received¹. The “submissions” include letters and e-mail messages from individual members of the public, as well as completed questionnaires (2,488 in total) designed by concerned groups on the issues. The category of “signatures” covers signatures collected by interested groups (around 16,000), co-authors of a submission (around 300) and proforma

¹ Of all the submissions received, 5,070 were by post, 664 were by fax and 774 were emails, while the other 661 were handed in to HAB in person. Of all the signatures, 16,379 were sent to us by post and the other 67,266 are handed in to us in person.

submissions (more than 60,000). It should be noted that individual signature campaigns, submissions with more than one author and proforma submissions have each been counted as one “submission”. The respondents were from all walks of life, including students, teachers, parents, religious groups, academics from tertiary institutions, political parties, lawyers, social workers, doctors and others.

1.6 It should also be noted that HAB had neither checked nor verified the identities of respondents in submissions received or signatures collected. Every submission or signature has been counted as a separate item, with the exception of those very obvious cases of duplication, such as e-mails with identical contents and names.

1.7 To better gauge the views of the community at large, we commissioned the MDR Technology Limited to conduct an opinion survey on the three issues under consultation (see paragraph 1.2 above) immediately after the close of the consultation (the MDR survey). 3,015 persons were successfully interviewed. We also inserted a question on whether the respondent supports the provision of authorized outlets for soccer betting in a survey conducted by the Poly U² (the PolyU survey) and a survey conducted by HAB³ (the HAB survey).

The Compendium

1.8 The consultation paper expressly states that “all the submissions made in response to the consultation paper is not intended to be confidential and may be inspected by the public on request, unless there is a specific request to treat all or part of a response in confidence” (paragraph 1.7 of the paper). In this connection, we have compiled a “Compendium of Public Views” (the Compendium) which contains copies of all individual submissions (except where the above request has been made). It also contains representative copies of all proforma submissions and questionnaires, together with an indication of the actual number of the proforma submissions and completed questionnaires. It also contains the relevant extracts of minutes of the meetings at which HAB representatives conducted briefings on the matter. A copy of the Compendium will be available at HAB’s head-office, Yau Tsim Mong District Office and Sha Tin District Office for inspection by members of the public from 25 March 2002 to 30 September 2002.

² This survey is part of the study conducted by the PolyU referred to in paragraph 1.3. It was conducted in May 2001. 2,004 persons were interviewed.

³ This is one of the regular bi-monthly survey conducted by HAB in July 2001. It involves 1,500 respondents.

CHAPTER 2

SUMMARY OF PUBLIC RESPONSES

2.1 We have carefully studied and analyzed all the submissions and views received during the consultation period, the minutes of the various meetings held for this purpose, as well as the results of the opinion polls. The views are summarized below.

(A) Views on Gambling Policy

2.2 Only a small proportion (170 or 2.3%) of the submissions received commented on whether the Government should adhere to its existing policy, i.e. to restrict gambling opportunities to a limited number of authorized outlets. Among these 170 submissions, the majority (157 or 92%) indicated support for the policy. The rest suggested that the Government should adopt a more liberal gambling policy through authorizing more forms of gambling and allowing commercial operators to run legal gambling activities⁴. The gambling policy objective did not feature specifically in questionnaires, proforma submissions and proforma letters designed by interested groups. Nor was it specifically discussed at meetings attended by HAB representatives. The MDR survey indicates that 70.5% of the respondents supported the current policy while 19.3% did not.

(B) Views on Provision of Authorized Outlets for Soccer Betting

Submissions and views from consultation meetings

2.3 Almost all of the submissions received and parties consulted commented on the proposition of whether authorized outlets for soccer betting should be provided, or, in the words of many of them, whether soccer betting should be “legalized”. Indeed, many of them addressed only this issue.

Views on Reasons for Proliferation of Soccer Betting

2.4 Chapter 3 of the consultation paper discusses the prevalence of unauthorized soccer betting activities in Hong Kong. A number of

⁴ Both the HKJC and the Hong Kong Lotteries Board are non-profit oriented gambling operators.

respondents commented on why soccer betting had been increasingly widespread in recent years. The two underlying reasons cited by the majority of these respondents are:

- (a) the extensive coverage of soccer betting information (e.g. tips and odds) and publication of gambling-related advertisements in local newspapers and magazines (found in 1,069 submissions and backed by 1,519 signatures); and
- (b) the inadequacy of Police enforcement actions against illegal soccer betting (found in 824 submissions and backed by 2,386 signatures).

Views from those in opposition to the proposition

2.5 A vast majority of the respondents objected to the proposition of authorizing soccer betting (6,261 (87%) submissions and 80,466 (96%) signatures). Many of these submissions and signatures are in the form of completed questionnaires and proforma submissions. The majority of the opposing views came from educational associations, Christian groups and social service agencies. Most notably, a “Coalition Against Legalization of Soccer Betting ” (反對賭波合法化大聯盟), composed of teachers’ associations, religious groups and churches, handed in to HAB more than 60,000 signatures towards the end of the consultation period. An association also forwarded to us 671 essays from students (which are counted as individual submissions), with 642 expressing objection to the proposition (others were in support or neutral). As regards consultation with the 18 DCs, ten passed motions against “legalization of soccer betting”.

2.6 The main arguments of those opposing the proposition are –

- (a) provision of authorized outlets for soccer betting would have an adverse impact on the values of the young people, especially because soccer was a popular sport among them (found in 2,204 submissions and backed by 6,644 signatures);
- (b) it would convey a wrong message to the young people that it is legitimate to participate in soccer gambling activities (found in 500 submissions and backed by 6,466 signatures);

- (c) it would increase the number of underage gamblers and result in high social costs (found in 424 submissions and backed by 2,666 signatures);
- (d) it would encourage more people to gamble and would increase the number of pathological gamblers, thus giving rise to more family and social problems (found in 1,200 submissions and backed by 9,514 signatures);
- (e) it would undermine social morals and help foster the concept of “gain without pain”, which is detrimental to the healthy development of our society (found in 2,587 submissions and backed by 7,935 signatures);
- (f) illegal soccer bookmaking activities could not entirely be taken over by authorized outlets due to the inherent competitive edge of the former over the latter, including the absence of age restriction and tax obligation, the availability of credit betting, discounts and loans, and the wider choice of betting options. This was evidenced by the fact that illegal bookmaking on horse racing has never ceased to exist despite the availability of an authorized outlet for more than two decades (found in 2,918 submissions and backed by 11,919 signatures);
- (g) authorizing soccer betting would distort the public perception of soccer and sports. Soccer would be perceived as a tool for gambling rather than a healthy sport. The development of local soccer would be hindered as people would only be interested in betting on soccer matches (found in 1,029 submissions and backed by 7,377 signatures);
- (h) “legalization” of soccer betting would mean that other forms of sports betting and other illegal and immoral activities, e.g. sale of drugs and prostitution, could also be “legalized” (found in 970 submissions and backed by 6,717 signatures); and
- (i) authorizing soccer betting would lead to keen competition among legal gambling operators and thus resulting in excessive

marketing and promotional activities (found in 395 submissions and backed by 818 signatures).

2.7 A substantial number of respondents who objected to the proposition (including many DC members) considered that the Government had not yet exhausted all possible means to combat soccer betting. They suggested that the Government should, instead of authorizing soccer betting, –

- (a) step up enforcement against illegal soccer betting, as stated in paragraph 4.5 of the consultation paper (found in 964 submissions and backed by 1,838 signatures);
- (b) update the Gambling Ordinance as soon as possible so as to tackle cross-border gambling activities, as stated in paragraphs 4.2 – 4.4 of the consultation paper (found in 887 submissions and backed by 3,393 signatures); and
- (c) impose stricter control over promotion of gambling and dissemination of gambling-related information (e.g. odds and tips relating to soccer betting) in the mass media (found in 452 submissions and backed by 1,351 signatures).

2.8 A sizeable number of those who were in opposition to the proposition (133 submissions and 3,613 signatures) expressed the view that the Government should not launch a consultation exercise on such an important matter before detailed research on gambling and its impact had been conducted. Some others (407 submissions and 4,523 signatures) commented that the Government was only concerned about the revenue to be generated by authorized soccer betting, and that it had under-estimated the negative impact gambling would bring. Some (58 submissions and 686 signatures) suggested that the Government should put more emphasis on fostering the development of the spiritual health and values in the community, while some others (30 submissions and 1,140 signatures) pointed out that more resources should be directed to organizing healthy recreational activities for the public.

Views from those in support of the proposition

2.9 885 (13%) submissions and 3,155 (4%) signatures expressed support

for the proposition of providing authorized soccer betting outlets. Most of the submissions were from individuals. Of the signatures received, about 1,200 were from a “Coalition in Support of Legalization of Soccer Betting” (支持足球博彩合法化大聯盟) set up by the Hong Kong Football Association and a few other persons.

2.10 The main arguments of the supporters are –

- (a) people bet on soccer regardless of whether authorized outlets are available (found in 141 submissions and backed by 249 signatures);
- (b) provision of authorized outlets would divert bettors and betting money from illegal operators, hence depriving criminals of a lucrative source of income and reducing criminal activities (found in 298 submissions and backed by 755 signatures);
- (c) it would increase Government revenue as well as funding for worthy causes (such as sports development) (found in 183 submissions and backed by 1,677 signatures);
- (d) betting money would continue to flow into the hands of offshore sports bookmakers if there is no authorized soccer betting outlet in Hong Kong (found in 242 submissions and backed by 721 signatures);
- (e) gambling is not morally wrong. It is a matter of personal choice. Legal outlets should be made available for those who enjoy soccer betting, as in the case of betting on horse racing and the Mark Six (found in 141 submissions and backed by 313 signatures);
- (f) there is no reason why there should be differential treatment for different forms of gambling, i.e. there is an authorized outlet for betting on horse racing but none for soccer betting (found in 114 submissions and backed by 371 signatures);
- (g) provision of authorized soccer betting outlets would enable punters to bet in a regulated environment, thereby reducing the

negative impact of gambling (found in 89 submissions and backed by 212 signatures);

- (h) it could stimulate the local economy and increase employment opportunities (found in 65 submissions and backed by 440 signatures); and
- (i) gambling, though not socially desirable, has permeated every level of the society. Police resources would continue to be stretched if soccer betting remains unregulated (found in 59 submissions and backed by 69 signatures).

Views on Operational Framework

2.11 Only a small proportion of the respondents (222 submissions) expressed views on the possible operational framework of authorized outlets and most of them were in support of the proposition of authorizing soccer betting. As regards the operator(s) of authorized soccer betting (112 submissions), of the three possible options put forward in the consultation paper (paragraphs 4.28 – 4.32 of the consultation paper), most of them (78 submissions and 85 signatures) supported the option of licensing the HKJC as the sole operator. They were of the view that given the HKJC's experience and resources in managing gambling activities, the negative impact and nuisance to the public caused by authorized soccer betting could be minimized. Fewer respondents (20 submissions) supported the other two options, namely to license another not-for-profit entity to run the operation and to license one or more commercial entities for the purpose. 86 submissions (with 889 signatures) commented on the use of proceeds from authorized soccer betting (paragraph 4.34 of the consultation paper), with the majority of them (77 submissions and 618 signatures) suggesting that the proceeds could be directed to sports development.

2.12 Similar to the issue of operators and use of betting proceeds, the possible licensing conditions outlined in the Annex to the consultation paper attracted only a few responses (103 submissions). Most of them were from those who were in favour of authorizing soccer betting and they were generally in support of those licensing conditions. In particular, many respondents considered that the age restriction for betting (supported by 36 submissions and

134 signatures) and constraint on the types and number of soccer matches on which betting was allowed (supported by 17 submissions) should be strictly enforced to protect young people and the integrity of the local soccer matches.

Results of Opinion Surveys

2.13 As far as the proposition of authorizing soccer betting is concerned, the surveys conducted yielded the following results –

| | <u>For</u> | <u>Against</u> |
|-------------------------|------------|----------------|
| PolyU survey (May 2001) | 51.2% | 36.2% |
| HAB survey (July 2001) | 43.2% | 41.6% |
| MDR survey (Oct 2001) | 57% | 39.1% |

2.14 The MDR survey also reveals the following –

- (a) 64.5% of the respondents considered soccer betting activities widespread in Hong Kong, 7.5% average and 13.5% not widespread;
- (b) 62.3% of the respondents considered tightening gambling legislation and stepping up law enforcement not adequate to tackle the problem of soccer betting; while 28% considered it adequate;
- (c) apart from the 57% of the respondents who supported the proposition, another 19% (comprising 40.7% of those who opposed and 78.3% of those who had not expressed any views) would support if the Government implemented all the following measures –
 - (i) direct part of the proceeds to public cause;
 - (ii) prohibit underage gambling;
 - (iii) levy tax on the proceeds of authorized soccer betting;
 - (iv) restrict promotion/advertisement related to soccer betting;
and
 - (v) require operators to implement preventive measures against pathological gambling.
- (d) regarding operator of authorized soccer betting, 68% of those who

supported the proposition considered that the HKJC should be authorized to operate soccer betting, 21.3% considered that other non-profit oriented entities should be authorized to do it and 21.8% considered that it should be run by government departments. Only 8.9% considered that commercial entities should be authorized for the purpose.

(C) Views on the Proposals to Address the Negative Impact of Gambling

2.15 2,778 submissions (with 6,519 signatures) gave views on measures to address the negative impact of gambling proposed in the consultation paper. An overwhelming majority (2,776 submissions and 6517 signatures) indicated support for the proposed measures. A breakdown according to the three categories of measures proposed is set out below.

Preventive and Educational Measures

2.16 There was general support for the preventive and educational measures proposed in the consultation paper, including public and school education programmes (supported by 1,819 submissions and 3,256 signatures), providing gamblers with more information on the risks of gambling and counselling services available (supported by 7 submissions), and promotion of the use of Internet filtering tools (supported by 6 submissions). In particular, the proposed public education programme was strongly supported by most of the respondents commenting on this issue. They were of the view that such a programme is urgently needed as a means to arrest the deteriorating moral standards of our society. Some of those opposing the proposition of authorizing soccer betting (272 submissions and 4,481 signatures) however considered that the Government should not advocate “legalization” of soccer betting on the one hand, and shift the responsibility of educating young people against the evils of gambling to the educational sector on the other.

Counselling Services for Pathological Gamblers

2.17 Many respondents (887 submissions and 3,183 signatures) and many DC members supported the proposal to strengthen the provision of treatment and counselling services for pathological gamblers and their family members. Some (11 submissions and 215 signatures) went further to suggest that the

Government and welfare agencies should find out how best to offer help to every individual pathological gambler. In short, those who commented on this matter considered that more resources should be directed to this cause.

Further Research

2.18 Relatively few submissions (53) commented on this issue. Of those which did, almost all agreed that further research on gambling should be conducted on a regular basis in order to gain a better understanding of the subject and to monitor the relevant trends of developments. A few (9) submissions suggested that the Government should review overseas studies and practices on how to treat pathological gamblers, and learn from their experiences.

2.19 The MDR survey also sought respondents' views on the above measures. The results indicate that the proposed measures have general public support. 91.8% of the respondents considered that the Government should launch public and school education programmes to enhance the understanding of the impact of gambling among the general public and the youth, and 7.2% held the opposite view. 83.1% considered that gambling operators should provide more information to punters to remind them of the risks of gambling and odds of winning, while 14.2% considered it unnecessary. 81.3% considered that the Government should strengthen professional counselling and treatment services for pathological gamblers and their family members and 15.8% expressed the opposite view. On gambling-related research, 85.8% of the respondents considered that the Government should conduct or support such research on a regular basis, while 11.6% considered that the Government needed not do so.

Epilogue

2.20 It is encouraging to see the tremendous interest taken by the community in the consultation exercise. The views and suggestions so received has provided the Government with useful information on how the community looks at the existing gambling policy and related issues. We would take full account of them in deciding the way forward.

Home Affairs Bureau
March 2002