

For discussion on
10 July 2009

Legislative Council Panel on Home Affairs

Proposals on Horse Racing Activities

Purpose

This paper sets out our position on proposals submitted by the Hong Kong Jockey Club (HKJC) on horse racing related activities.

Background

2. In accordance with section 6GB of the Betting Duty Ordinance (Cap 108), the Secretary for Home Affairs (SHA) may, by issuing a licence to a company, authorise the company to conduct horse race betting. HKJC Horse Race Betting Limited is the only licensed operator for horse race betting in Hong Kong. In 1989, the Government permitted HKJC to simulcast and conduct betting on a maximum of ten prestigious overseas races on approved local race days. In 1998, the Government approved to increase the number of local race days from 75 to 78 per season with effect from the 1998/99 racing season with a summer break lasting from early July to the end of August. Under the current betting duty system, a progressive duty rate of 72.5% to 75% is applied to the net stake receipts (or gross profits, i.e. betting turnover minus payouts and rebates) on horse race bets. HKJC is allowed to cooperate with its overseas partners to arrange for commingled pools, whereby overseas customers would place bets via HKJC's overseas partners into HKJC's pools on Hong Kong races, and payouts to be determined by HKJC centrally. The progressive duty rate is also applicable to the net stake receipts of commingled pools.

3. Recently, some Asian cities are keen to develop its gaming industry. The number of gambling outlets is on the increase, which have become new tourist attractions because of their marketing strategies, posing a competitive challenge to Hong Kong.

HKJC's Proposals

(A) Local Race Days

4. HKJC proposes to introduce five additional local race days per racing season. HKJC estimates that the proposed five additional local race days would create 1 500 jobs within the operation of HKJC immediately upon implementation, and help sustain the 2 500 jobs planned for its Telebet cum Volunteers and Training Centre in Tin Shui Wai¹. Without the five additional local race days, HKJC anticipates that the 2 500 jobs will be under pressure because of the continual drop in horse race revenue². Moreover, HKJC estimates that the proposal would help sustain its charity work when other donation sources to charity have become limited under the financial tsunami. HKJC also estimates that the five additional race days would bring in revenue of around \$670 million, of which around \$480 million would form betting duty to the Government.

(B) Simulcast Overseas Races

5. HKJC proposes that it be allowed to simulcast prestigious overseas races on 20 non-local race days per racing season and to accept bets on such races. Under the current regime, HKJC cannot simulcast

¹ HKJC's Telebet cum Volunteers and Training Centre in Tin Shui Wai will create 2 500 job opportunities in two phases. Phase one, offering 1 000 job opportunities, came into operation in mid-May 2009. Apart from offering job-related training to its staff, the Centre will provide "Wholesome Human Resources Development Programme" for both its staff and Tin Shui Wai residents. The development programme aims at improving the trainees' emotional quotient, self-management, communication skills, etc. in order to help the trainees maintain healthy living and achieve whole person development, thereby enhancing the working capabilities of people in the district.

² Revenue generated by HKJC from horse racing has dropped from \$11.8 billion in 2004-05 to \$11.2 billion in 2008-09. Correspondingly, horse racing betting duty received by the Government has dropped from \$8.3 billion to \$8.0 billion (estimated) in 2008-09. HKJC also projects that starting from 2008-09, its net operating surplus (after tax) will be insufficient to support its charitable appropriation. HKJC has to utilize the accumulated reserves of its charity trust fund to maintain its level of donation to charities. On the contrary, a survey conducted by an independent institution commissioned by HKJC suggests that the amount of money lost by Hong Kong people to Macao casinos has increased more than twofold since 2004-05.

overseas races outside the 78 local race days. HKJC points out that many prestigious overseas races or many overseas races featuring Hong Kong runners fall outside the 78 local race days which are typically Wednesdays and Sundays. The number of these races, which are much welcome by international racing fans, well exceeds the current limit of 10 races (details at **Annex I**). If HKJC cannot simulcast and accept bets on these races, some racing fans may resort to illegal betting channels.

6. HKJC does not foresee much need to open its two racecourses to the public for the additional simulcast races. While bettors may place bets on simulcast races through HKJC Off-course Betting Branches (OCBBs), HKJC does not plan to extend the opening hours of OCBBs. For races which take place beyond the opening hours of OCBBs due to the time difference between the host cities and Hong Kong, HKJC will accept bets through its Telebet Centre. In this connection, the proposal would, to a certain extent, increase the manpower needs of OCBBs, Telebet Centre and the back-up computer centre.

(C) Revision of Taxation Structure to Facilitate Commingling

7. HKJC opines that the current taxation regime has made the pricing of commingled pools unattractive to its overseas partners and proposes to change the regime. In gist, HKJC proposes to allow commercial negotiations between HKJC and its overseas partners to determine the share of gross margin between Hong Kong and an overseas partner, while the gross margin for Hong Kong will be split between the Administration and HKJC on an equal basis.

(D) Reduction of Betting Duty Rates

8. The HKJC considers the current progressive duty rate too high and proposes to lower it to 67%.

Public Consultation

9. In response to our invitation, the Betting and Lotteries Commission³ (the Commission) has since November 2008 met with HKJC at a number of its meetings and set up sub-committees to study the details of the proposals. To gauge public views, the Commission invited interested organizations and members of the public to provide written submissions. As at end of June this year, the Commission received written submissions from over 70 organisations and over 80 individuals. The Commission has also conducted a special meeting in April 2009 to collect views. Representatives of 35 organisations and 14 individuals attended the special meeting. The majority indicated support for HKJC's proposals on five additional local race days and 20 additional simulcast days mainly in view of the positive implications on job opportunities, betting duty revenue, Hong Kong's leading role in the international racing community, and the sustainability of HKJC's development and charity work. Some organisations/individuals, mostly anti-gambling concern groups, pointed out that HKJC should not be allowed to expand its horse racing business for the reason of a declining turnover and opined that the approval of the proposals would be contradictory to the Government's policy of not promoting gambling. Extracts of some of the public views received are at **Annex II**. The Commission also noted the concern of the education sector about the impact of the proposals on young people, and considered it important to maintain a summer break during the school holidays of local schools.

10. Having taken into account HKJC's arguments and public views received, the Commission considered that five additional local race days would not lead to serious proliferation of gambling opportunities. Also, the Commission has no principled objection for HKJC to simulcast more international prestigious races, but requested the Government to consider whether the proposed magnitude of increase was appropriate. On HKJC's proposals to introduce more commingled races and to reduce the betting duty rate, the Commission considered the matters outside its ambit and should be discussed between the Government and HKJC. A copy of the Commission's letter to SHA is at **Annex III**.

³ The Betting and Lotteries Commission is established under the Betting Duty Ordinance (Cap 108) to advise SHA on matters relating to the regulation of the conduct of horse race betting, football betting and lotteries.

11. In May 2009, we presented HKJC's proposals and summary of views gathered by the Commission to District Councils through circulation of an information paper. The issue has not aroused strong reaction at the district level.

The Administration's Consideration

12. Our policy is not to encourage gambling. We publicize the problems of excessive gambling to the public, particularly among young people. Regarding gambling activities that exist in the society, we seek to direct the conduct of such activities to the regulated regime. Horse racing in Hong Kong is of international standard. Local races are of appeal to overseas racing fans and have positive impact on our tourist industry. We have considered HKJC's proposals in the overall economic interests of Hong Kong, in particular the job market. We also note that as a non-profit-making organization, HKJC shows unfailing support to charity work. In 2008, HKJC has donated \$1.052 billion to various areas including community services, education and training, sports, recreation and culture as well as medical and health (details at **Annex IV**). We consider it necessary to balance all relevant factors and that the following position should be adopted :

(A) Local Race Days

13. We agree with the view of the Commission that the introduction of five additional local race days on top of the 78 local race days per racing season would not encourage the growth of a gambling culture, given that Hong Kong people are used to horse racing.

14. We note the merits of the proposal from a job-creation perspective. The proposal would not only create 1 500 new job opportunities and help sustain the 2 500 jobs planned for the Telebet cum Volunteers and Training Centre in Tin Shui Wai, it would also generate additional job opportunities in a wide range of supporting industries such as the media industry, transport sector, food and beverage and the supplier chains, security and cleansing. Besides, HKJC would be able to sustain

its financial support in charity, benefiting mainly the charitable organizations.

15. Allowing HKJC to conduct additional races during the summer would, to a certain extent, help HKJC retain its customers. However, summer is traditionally a period for family gatherings. We agree with the Commission's view that it is important to retain a summer break for each racing season in order to encourage family gatherings, which is in line with our initiative to promote family core values.

16. On balance, we consider that HKJC should be allowed to, with effect from the 2009/10 racing season, increase the number of local race days from 78 to 83 per season, on the condition that no local races should take place between 16 July and 31 August.

17. To uphold our policy of not to encourage gambling, we will require HKJC to display on its premises more warnings on adverse consequences of excessive gambling. We will also invite HKJC to consider further sponsoring projects and activities funded by the Ping Wo Fund⁴.

(B) Simulcast Overseas Races

18. We agree with the view of the Commission that additional simulcast races would have minimal impact on local gambling activities. On the contrary, the simulcast of prestigious overseas races would be an added attraction to tourists, especially those coming from the host cities of the races. Allowing HKJC to simulcast more overseas races can also provide a legal channel for expatriate professionals or executives stationed in Hong Kong to place bets on these overseas races. This will complement the Government's policy to attract more international organizations to set up its Asian headquarters in Hong Kong. We anticipate an increasing demand for the simulcast of overseas races since Hong Kong horses are progressing to an international standard and more local horse owners will invest in overseas horses and for these horses to take part in international races overseas. Hence, we agree in principle

⁴ The Ping Wo Fund was established in September 2003 to finance preventive and remedial measures to address gambling-related problems.

that HKJC be permitted to simulcast more prestigious overseas races, but the magnitude of increase should be set at an appropriate level.

19. We consider that a prudent approach is to institute a cap on the number of additional simulcast days permitted and that the cap should be set at 15 days. In other words, we consider that in addition to the ten simulcast races falling on local race days, HKJC should be allowed to simulcast prestigious overseas races on 15 non-local race days each racing season. We will impose restrictions that HKJC should not be allowed to simulcast for over four hours per simulcast day.

(C) Revision of Taxation Structure to Facilitate Commingling

20. From the perspective of regulating gambling opportunities, we have no objection to allowing HKJC to introduce more commingled races because this would not lead to serious proliferation of gambling opportunities in Hong Kong. More commingling activities would enable HKJC to raise its international profile and enhance Hong Kong's status as Asia's equine capital. We also believe that the revenue risk is relatively low. Hence, we have indicated to HKJC that the Government is willing to explore the proposal.

(D) Reduction of Betting Duty Rate

21. Reduction of betting duty rate will lead to a significant loss of betting duty revenue. We consider that this request should not be considered at the moment.

Conclusion

22. Under the current regime, the Licence for Horse Race Betting (the Licence) issued to HKJC by SHA has an annual term. The Licence for the 2008/09 racing season will expire on 31 August 2009. The Licence for the 2009/10 racing season, which takes effect on 1 September 2009, shall incorporate the five additional local days and 15 simulcast days on non-local race days as described above.

23. We attach great importance to preventing gambling among young people and will continue to launch targeted public education programmes, with a view to raising their awareness of problems related to excessive gambling. The Government will continue its commitment and effort in promoting youth development through collaboration with District Councils, uniformed groups and district organizations in organizing various activities to instill in youngsters positive and healthy values and to encourage them to develop a wider range of interests. For example, more than 5 300 events are planned under the 2009 Summer Youth Programme for young people. In addition, in the second half of 2009, the Government, District Councils and district organizations will arrange over 350 district and sports activities to complement the East Asian Games. Other non-government organizations such as the Hong Kong Federation of Youth Groups will also organize over 3 500 summer programmes for young people to use their leisure time meaningfully.

Home Affairs Bureau
July 2009

Prestigious overseas races worthwhile for broadcasting on non-local race days in 2009/10

Races	Country
Cox Plate	AUS
Melbourne Cup	AUS
Dubai World Cup Trials	UAE
Dubai World Cup Meeting	UAE
Kentucky Derby / English 2000 Guineas	USA / UK
English Derby / Belmont Stakes	UK / USA
King's Stand	UK
Golden Jubilee	UK
July Cup	UK
King George VI & Queen Elizabeth	UK
Underwood Stakes	AUS
Kelt Capital / Turnbull	NZ / AUS
Caulfield Guineas	AUS
Lightning Stakes	AUS
Futurity Stakes / NZ Derby	AUS / NZ
Caulfield Cup / Champion Stakes	AUS / UK
Victoria Derby	AUS
Macau Hong Kong Trophy	MAC
Maurice De Gheest	FRA
Jacques Le Marois	FRA
Irish Champion Stakes	IRE
GP Von Baden	GER
Manikato Stakes - Aust vs HK Jockeys	AUS
Jockey Club Invitational Day	USA
Australia Stakes	AUS
Blue Diamond Stakes	AUS
Golden Slipper Stakes	AUS
Doncaster Stakes	AUS
Randwick Guineas	AUS
Sydney Cup Day	AUS
Lockinge Stakes	UK
Coronation Cup/English Oaks Day	UK
Ascot Gold Cup	UK
Singapore Derby	SING
Sussex Stakes	UK
Arlington Million	USA
Prix Gontaut Biron Hong Kong Jockey Club	FRA

Note: Rationale for broadcasting

- 1 Coverage of Hong Kong horses competing internationally
- 2 Coverage of feature international race series within which Hong Kong is part of i.e. Asian Mile Challenge and Global Sprint Challenge.
- 3 Coverage of races in which future Hong Kong International runners qualify for races in Hong Kong.
- 4 Coverage of Globally recognised International races that are part of Major racing events/carnivals
- 5 Coverage of Horses owned by Hong Kong Interests and those ridden by Hong Kong Jockeys

公眾對馬會建議的意見節錄

- 作為賽馬傳媒工作者及賽馬報章《專業馬訊》的營運者，本人深深體會賽馬運動的興衰對近千賽馬傳媒從業員和賽馬報章員工及其家人生計帶來的影響。事實上，編制一份馬報牽涉的人力包括記者、編輯、排版、印刷、發行及運輸等林林總總的工作崗位；雖然部分後勤員工僅屬兼職性質，但他們於馬季「抖暑」時，收入無可避免會大幅減少。在當前經濟前景不明朗的情況下，若落實增加五個賽馬日及增加轉播海外賽事的建議，無疑令所有全職及兼職賽馬傳媒工作者及其家庭的生計多一分保障。(香港評馬同業協會)
- It is well known that horse racing has long been an icon of Hong Kong. Every year, tens of thousands of overseas and Mainland visitors flock to Hong Kong to experience the excitement of the races. The suggestion of adding five racedays and 20 simulcast race meetings and to extend the racing season to mid July each year is something the travel trade would warmly welcome. We believe the extra races during the summer travel peak season will be added onto the itineraries of many overseas visitors. (*Gray Line Tours of Hong Kong Limited*)
- 中國人賭博是講求技巧和興趣的，那些喜歡馬的人便多賭馬，因為他們覺得他們的投注是講眼光，而不是講彩數的。而那些喜歡賭百家樂的賭客就只是喜歡百家樂，甚至認為這種賭法才是公開、公平的、他們也會覺得贏錢是因為技巧而非靠幸運，這些賭徒甚少能調換位置去賭的。在一年 78 天賽事中，增加 5 天賽馬日，看似不是太大問題，但在比率來計算則增加 6.41%。(工福問題賭徒復康中心)
- 賽馬日的訂單，相較非賽馬日增加大約 20-30%，因此增加五天賽馬日為本公司帶來的額外生意額。有助「拉上補下」，原因目前馬季「抖暑」長達接近兩個月，並且碰上學校放暑假，對本公司的生意額有一定影響。(華記菜檔)
- 我們認為馬會提不出任何合理數據，證明增加總共 25 個賽馬日(包括 5 個本地賽馬日及 20 個海外賽馬日，後者已可能高達 130 場之賽事。)可以在不影響其他經濟活動，以及政府其他稅收的情況下增加博彩稅收益，並為整個本地勞市場帶來積極正面的刺激作用。我們認為除非特區政府立法，限制港人在暑假期間進出澳門，否則增加賽馬日實不能把港人在澳門賭場的投注，吸納於香港賽馬活動之中。我們認為賭博只是其中一項非必要的

消費活動，同樣受宏觀經濟環境影響，是以投注額下跌實屬合理現象，沒理由成爲馬會大肆擴張賭業之理據。我們堅決反對增加賽馬日，特別是馬會擬在七月暑假期間多增之場數。此舉實屬剝削賭徒年中之冷靜期，以及僅有易於與家人相聚的時間，非但會擴大賭風及進一步破壞家庭生活，更會令暑期中青少年易於沾染賭博惡習。(監察賭風聯盟)

- Increase in number of race days offers greater choice to leisure and recreation for the majority of self-disciplined race goers and more opportunity for keen horse owners. Competitions from Macau, Singapore and the internet are clearly evident and threatening the status quo..... by unilaterally restraining the HKJC is unlikely to solve their problems. (Eric K C Li)
- 很多馬迷仍然鍾情從印刷報章這傳統媒體獲取賽馬資訊。賽馬日的銷紙量，較非賽馬日約多出百分之二十。同時一般報販在賽馬日都需要另外多聘一名兼職工，處理排紙等工作。增加賽馬日及增加轉播海外賽事，將有增助加及穩定報販的收入。亦可製造就業機會，在現時低迷的環境中，可說是一個喜訊。(全港報販大聯盟)
- I have never considered the Club as a place of “gambling”, instead I have always looked at it as one of the main charity organization in Hong Kong. Many of Hong Kong’s world renown health care institutions are the result of charitable donation and funding from the Jockey Club. (Dr. C. H. LEONG)
- 對於政府研究讓馬會增加賽馬日，本公司十分支持，因爲賽馬日同時帶動馬場內、外的餐飲業生意，令包括本公司在內的供應商訂單增加。本公司其他酒樓、食肆客戶亦反映，賽馬日在馬場鄰近的酒樓食肆，生意都明顯較其他日子暢旺，因此，同業都殷切期望政府能夠通過增加五天賽馬日。(青山海鮮有限公司)
- The Hong Kong Jockey Club Charities Trust (HKJCCT), in our views, served the Hong Kong Society well in the following aspects:
 - The HKJCCT supplemented and complemented the Hong Kong Government in providing, sustaining, enhancing and further developing the many essential public services to the community as a whole and in particular, to the underprivileged.
 - supported a vast number and range of non-governmental organizations and charitable organizations with missions to fill out “gaps” in the many aspects of social and public services for the people of Hong Kong. The HKJCCT’s support and guidance are especially treasured when new NGO’s are at their budding stages, and whenever huge financial support are essential and difficult to be raised for new capital projects.

- plays a most crucial role in encouraging and promoting the piloting of many new and innovative services delivery models, as well as the development and advancement of science and technologies and their application in industries and economy.
 - Through its many initiatives in supporting the services activities of public services organizations and non-governmental organizations, The HKJCCT has fostered and promoted the spirit of volunteering, and beneficence. The HKJCCT's effort has also contributed most significantly to social development and advancement of Hong Kong. (*The Hong Kong Anti-Cancer Society*)
- 本人代表本機構，希望就香港賽馬會在本港慈善福利事業方面之功能及角色，向博彩及獎券事務委員會(博獎會)表達如下意見。第一，香港賽馬會具有長久而鮮明的慈善功能。第二，香港賽馬會一直支持創新的社會服務，迅速回應社需要。第三，香港賽馬會為本港非政府服務機構提供穩定和可靠的財政資助。(香港青年協會)
 - Everybody knows that gambling is no good, particularly gambling among the young. But the fact is that there is always a demand for betting in the community and if this gambling need is not met by the provision of regulated betting in a socially responsible manner, those who choose to gamble will have no alternatives but to turn to illegal and unregulated gambling. The result is an obvious lose-lose to the whole community and to those who bet.....Although I don't know the details of how illegal bookmakers operate, I do know that they are the real evil because they operate 24 hours a day and are not subject to any regulation and do not even bother to verify the age of those who place bets.....The Jockey Club, on the contrary, judiciously guards against underage betting and credit betting in its effort to minimize the harm of the inevitability of gambling. I therefore see the Club's endeavor to increase the number of racing days and simulcasts as a move to further protect betting revenues from being diverted to other forms of unregulated gambling. As a non-profit organizations, the Club cannot possibly be driven by profit or self-interest. It is for these reasons – not for the self-serving reason that the HKUST has received donations from the Jockey Club – that I stand ready to lend my support to the Club in its effort to serve Hong Kong better. I know no other betting operators who have contributed so much to the community and one so much to minimize the harm of betting. (*Prof Paul Chu, the Hong Kong University of Science And Technology*)
 - 香港教育專業人員協會堅決反對增加賽馬日。我們持的理由是：
 1. 賭博有年輕化的趨勢；
 2. 增加青少年接觸賭博的機會；
 3. 增加賽馬日影響家庭生活；
 4. 剝削賭徒的冷靜期；
 5. 增加賽馬日與政府政策相背離。
 (香港教育專業人員協會)

- 因賭博而帶給社會、家庭等的重大損失，實在絕不能用金錢可以計算，對於青少年來說，所帶來的禍害是更加深遠。特別在經濟不景的環境下，人們藉賭博來「增加收入」或「減壓」，有時實在有其困難及理由，但一旦當這不良的嗜好成爲一種沉溺行爲時(歷史及經驗告訴我們病態賭博是從「少」開始，包括年齡及金額)，便要付出沉重的代價，對個人、家庭及社會都會是一樣。(循道衛理中心)
- I think the development of racing industry is at its crossroads. While the standard of racing have reached the world's highest level, the present political environment and existing government structure have sadly and greatly hindered the long-term development of horse racing. Many in our profession including jockeys and trainers have growing concerns about the long-term sustainability of horse racing in Hong Kong. (*Casper Fownes, Horse Trainer*)
- 很多人以爲，只增加五日賽馬日對社會不會有大的影響，更有人認爲，自澳門開放賭博專營權後，氣勢已蓋過本地賭博，賭馬、賭波等玩意不會助長賭風。但據政府委託，於 2008 年 12 月發表的理大應用社會科學系進行的「香港人參與賭博活動情況」研究中，我們卻可以看到一些叫人意想不到的香港賭博情況。據研究顯示，受訪者的每月平均賭博投注額，最高的並不是要是「過大海」的澳門賭場(428.2 港元)，而是被視爲「昨日黃花」的賽馬投注(732.7 元)……若說馬會鋪天蓋地的賭馬賭波廣告，和定時定候「提醒」六合彩巨額金多寶宣傳(這裡還未計算那些由馬會贊助製作的軟性節目，如最近開始播出的「馬會保職創職全爲您」，甚至提到連接載乘客往返馬場的的士司機、售賣馬經雜誌的報販、甚至於馬場及場外投注處旁經營的食肆，都因賽馬日而大做生意，「一場賽事養百樣人」云云)是不會助長賭風的話，無疑是張大眼睛說瞎話！現時馬會建議增加賽馬日，旨在將馬季由六月延伸至七月，這將使馬迷「抖暑」的冷靜期進一步縮短。隨之而來，更多青少年因放暑假而大有機會在家收看節目接觸賽事，或是進一步剝削很多家庭相處的時間，甚至有可能因家長賭輸錢，打消了暑假出外旅行的計劃，各種各樣，無一不影響香港家庭，和青少年身心發展。(明光社)
- 我的家人對我的事業發展，十分支持和替我感到驕傲……鑑於我認爲騎馬是一項有益身心的活動，騎術更是一種運動，而騎師是職業運動員。我認爲應該跟其他職業運動員一樣受到尊重。然而，社會傳統觀念把賽馬與賭博劃上等號，等同邪惡的行爲，主觀地認爲一旦染指這個圈子，便一定會變成問題賭徒甚至病態賭徒，從此走上沉淪賭海的不歸路！爲什麼增加五個賽馬日和轉播海外賽事，不能被視爲推動賽馬業發展，加強競爭力，拓闊賽馬愛好者視野的行爲，而狹隘把它扣上鼓吹賭博的帽子？(*香港賽馬會騎師—鄭雨濱*)

- 非常反對加賽馬日及海外賽事轉播，因為這會讓香港的賭博風氣大大增強，不論大人細路都會被感染，而且這與政府「不鼓勵賭博」的方針矛盾，更令本港賭民人數加增，包括青少年，對家庭的經濟及溝通有很大的負面影響(特別在這經濟困難的時候)。(一香港市民)
- 明愛不是提倡賭博，我亦不認為香港明愛會贊成推廣賭博活動。不過，客觀的事實是，香港市民已經普遍接受賽馬為一種健康的體育、康樂和社交活動，甚至有助香港的旅遊事業。大家……又認同馬會絕不會將來自賽馬的收益中飽私囊，而只會用於支持慈善社會活動，為社會的貧苦大眾謀福利。(香港明愛總裁楊鳴章神父)

Moses Mo-chi Cheng, LL.B., LL.D, GBS, OBE, JP

17th June 2009

Mr. Tsang Tak-sing, JP
Secretary for Home Affairs
31/F, Southorn Centre
130 Hennessy Road
Wan Chai
Hong Kong

Dear Mr. Tsang,

Hong Kong Jockey Club's Proposals on Horse Racing Activities

Thank you for inviting the Betting and Lotteries Commission (Commission) to provide advice in respect of the proposals submitted by the Hong Kong Jockey Club (HKJC) concerning its horse race betting activities.

In response to your request, the Commission invited the HKJC to present at the Commission meeting in November 2008 the Club's operating situation and proposed measures to improve the long-term viability of its horse racing activities. Two Sub-committees, namely a Sub-committee on Horse Race Betting and a Sub-committee on Review of Horse Race Betting Duty, were subsequently formed under the Commission to examine HKJC's proposals in detail. Both Sub-committees further met with HKJC separately before concluding their discussions in March 2009. Reports of the Sub-committees were considered and deliberated by the Commission at its meeting in April 2009.

The Commission was aware of the need to consider views from all sectors of the community. To gauge public views, the Commission has invited members of the public to provide written submissions on HKJC's proposals and arranged a special open meeting in late April 2009 to receive deputations. A total of 157 written submissions (74 from organizations and 83 from individuals) have been received; and representatives of 35 organizations and 14 individuals attended the special open meeting to express their views.

With the benefit of views received, the Commission met again in late May 2009. After thorough deliberation, the Commission has agreed that the following consolidated advice and recommendations be conveyed to the Government –

(a) Five additional local race days

- Insofar as proliferation of excessive gambling is concerned, the Commission considered that the implication of five additional local race days should be minimal. However, it is important to maintain a summer break during the summer holidays of local schools as the summer break is traditionally a period for family gatherings.

.../2

(b) Twenty additional simulcast days

- The Commission has no grave objection for HKJC to simulcast more international prestigious races. However, it is worth the Government's further consideration whether the proposed magnitude of increase is appropriate. In this connection, the Commission recommended the Government to request HKJC to list out the international prestigious races intended to be simulcast.
- While noting that the broadcasting arrangement of the simulcast races on local television programmes is outside the Commission's ambit, the Commission is concerned with the impact on young viewers arising from the broadcasting of such TV programmes on specific time slots.

(c) Revision of taxation structure to facilitate commingling

- The Commission has no comment on HKJC's proposal to export more of its races abroad. As to whether and if so how the taxation structure should be revised, the Commission considered that the matter is outside the Commission's ambit and should be discussed between the Government and HKJC.

(d) Reduction of betting duty rates

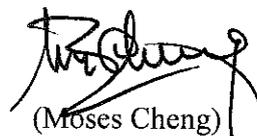
- The Commission considered that the issue is outside the Commission's ambit and should be taken up by HKJC with the relevant bureau of the Government.

I would like to point out that in the past seven months or so, the Commission has undergone due process in considering HKJC's proposals – HKJC was given fair opportunities to present its arguments, members of the public were invited to submit their views in writing and the Commission conducted a 4-hour long open meeting to collect views from interested individuals and organizations. In reaching the above recommendations, the Commission has endeavored to strike a fine balance. During the discussions, the Commission has considered a host of factors including the possible proliferation of gambling opportunities in Hong Kong, the social roles of HKJC in providing job opportunities and in supporting various charitable and community projects, as well as the views of different stakeholders.

May I also take the opportunity to draw your attention that it was the Commission's consensus that the Government should continue to monitor the proliferation of gambling opportunities in Hong Kong and make more effort to promote the message of healthy living. In particular, the Commission would be pleased to see the Government introduce more measures which aim to protect the youngsters from participating in excessive gambling.

With best regards,

Yours sincerely,



(Moses Cheng)

Chairman, Betting and Lotteries Commission

c.c. Members, Betting and Lotteries Commission

Annex IV

Major donations of the Hong Kong Jockey Club Charities Trust (1 July 2007 to 30 June 2008)

- Major items supported by the Trust

<i>Category</i>	<i>Amount (HK\$)</i>
Community services	0.151 billion
Education and Training	0.114 billion
Sports, Recreation and Culture	0.113 billion
Medical and Health	0.674 billion
Total	1.052 billion

- Donation to support the reconstruction of Sichuan : HK\$1 billion
- East Asian Games : HK\$40 million