

Paper for the Bills Committee

Betting Duty (Amendment) Bill 2003

Administration's response to the views of the Bills Committee

Purpose

This paper sets out the Administration's response to the points raised by Members at the meeting of the Bills Committee on 6 June 2003.

Request to specify licensing conditions by law

2. In addition to the proposed new Section 6G of the Bill, the Administration was requested to consider prescribing the specific licensing conditions relating to the following areas as mandatory conditions in any football betting licence issued under the Bill:

- (a) age restriction for participation in football betting and for entry into betting premises, i.e. the licensee should not accept bets from, nor allow entry to betting premises of, any person under the age of 18;
- (b) prohibition of credit betting;
- (c) restrictions on advertising and promotion relating to football betting;
- (d) adoption of measures to prevent gambling-related problems;
- (e) location of premises where football betting is conducted and their operating hours; and
- (f) categories of football matches on which betting may be conducted and types of bets.

3. Having considered Members' views, we agree to prescribe specific conditions relating to age restriction, prohibition of credit betting, restrictions on promotion and advertising and measures to prevent

gambling-related problems set out in paragraph 2(a) to 2(d) above as mandatory conditions in any football betting licence issued by the Secretary for Home Affairs (SHA) under the Bill. These conditions seek to minimize the possible negative impact of authorized football betting on the community. The relevant draft Committee Stage Amendments will be issued for Members' consideration shortly.

4. We agree to specify in the licence both the locations and operating hours of betting premises and require the licensee to seek SHA's prior approval for any changes. However, we do not agree to specify such conditions in the Bill, on the following grounds:

- (a) The locations of betting premises and operating hours of such premises vary from one licensee to another licensee. We do not consider it appropriate to specify such details in the proposed generic licensing system under the Bill.
- (b) The locations of betting premises and their operating hours might require frequent adjustments from time to time for different reasons, including changes in population size in the neighbourhood, changes in landlords and rental conditions; and changes in the operating environment. Specifying them in the law would unduly and unnecessarily restrict the operational flexibility of the licensed operator in responding to changes in the market.

5. As regards conditions relating to the specific types of matches available for betting and types of bets, we consider it appropriate to set out only the generic match types and bet types in the licence, instead of spelling out a finite list of specific match types and bet types (even with a mechanism for seeking SHA's approval for revisions) in the legislation or the licensing conditions. The reasons are as follows:

- (a) Given the highly competitive nature of the global football betting market, the flexibility to promptly adjust the bet types, betting rules and match types within the generic categories set out in the licence is essential to ensuring the licensed operator could effectively compete with illegal bookmakers round the world. Any attempt to specify such operational details in the licence or the legislation would seriously undermine the

licensee's competitiveness and henceforth the effectiveness of authorized football betting to combat illegal gambling activities. This would defeat the objective of authorizing and regulating football betting in Hong Kong.

- (b) Given the dynamic nature of the football betting business, it would be practically difficult to conclusively set out both the names and technical descriptions of the various matches and bet types in the licence or the legislation for the purpose. This would also mean the need to seek approval for changes from time to time, hence impacting adversely on the licensee's flexibility and competitiveness.

6. In fact, it is not the usual practice of regulating football betting in other jurisdictions to specify the match types or bet types in the relevant legislation. Extracts of enabling legislation on authorized betting activities of some overseas jurisdictions are at the *Annex*. We are not aware of any jurisdictions where the specific bet types and match types of authorized sports betting activity are set out in the licensing conditions.

Codes of Practice

7. The Administration was requested to provide information on the codes of practice that may be issued in relation to football betting and lotteries. Under section 6X, the Secretary for Home Affairs could issue code of practices from time to time to give guidance on how the licensing conditions may be compiled with. This would enable SHA to prescribe detailed guidelines on particular aspects of the operation of football betting and to tackle any specific issues of concern which may arise after the licence has been granted. Having regard to the codes of practice for regulated gaming activities in some overseas jurisdictions and the codes of practice in other regulatory regimes in Hong Kong, we would consider including the following provisions in the code(s) of practice, as and when they are considered necessary in future:

- (a) Advertising and Promotion

Any advertisements for football betting and lotteries should –

- (i) not allow any children or adolescents under the age of 18 to

- participate in the presentation;
- (ii) not feature any personality with particular appeal to children or adolescents;
- (iii) not state or imply praise for those who participate in gambling or denigrate those who abstain;
- (iv) not promote the consumption of alcohol while engaged in gambling activities;
- (v) not feature excessive or reckless betting;
- (vi) not promote gambling as a means of relieving financial or personal difficulties; and
- (vii) not promote gambling as a means of enhancing social standing, employment or social prospects.

(b) Measures to prevent gambling-related problems

The licensee should-

- (i) adopt a responsible gambling policy seeking to protect punters from the risk of excessive gambling;
- (ii) provide sufficient information to punters about the probability of winning and betting costs;
- (iii) provide adequate information and messages at its betting premises and through different betting channels about the risk of excessive gambling and avenues available for counselling and treatment services for problem and pathological gambling;
- (iv) provide suitable training for staff on responsible gambling measures, as well as issues relating to problem and pathological gambling; and
- (v) properly manage its betting premises to prevent problem and pathological gambling.

Operational Guidelines

8. Members also requested information on how the licensed operator could ensure compliance with the licensing conditions, in particular those relating to age restriction and protecting the privacy of winners.

9. We understand from the Hong Kong Jockey Club (HKJC) that it has in place measures to prohibit persons under age of 18 from participating in

betting, to prohibit the disclosure of identity of the winners and, to prevent problem and pathological gambling.

10. The existing measures taken by HKJC to prohibit underage to participate in betting include the following:

- (a) The betting rules set out that no person under age of 18 years or in school uniform shall be permitted to tender a bet, to enter any betting premises, to open a telephone betting account, or to use self-vending terminal. The bets found to be placed by a person under 18 may also be declared void;
- (b) The operation manual for the staff of betting premises require them to request the underage or suspects who fails to present identification to leave the premises immediately; and
- (c) Posters and signage are displayed in betting premises and on self-vending terminals to warn that persons under the age of 18 are prohibited from entering the betting premises, placing bets or collecting dividends.

11. HKJC has an internal control mechanism to protect the privacy of the personal information of the winners. All its employees are required to sign an undertaking whereby they would not divulge to any outsider, or retain or use any confidential information (including personal information of winners) unless it is necessary for the performance of their duties. There is also a Data Privacy Compliance Officer to ensure compliance with the principles and requirements of the Personal Data (Privacy) Ordinance to safeguard customers' privacy with respect to personal data.

12. HKJC has formulated a "Responsible Gambling Policy" in order to minimize the negative impact of gambling and to promote responsible gambling among gamblers. To implement this policy, HKJC has displayed responsible gambling messages in its betting premises, publication and websites. Responsible gambling messages are also announced during the waiting time of telephone betting service. HKJC will also organize employee awareness programmes to ensure that their staff understand the issues relating to problem gambling, and that they are able to act according to the responsible gambling policy. The major responsible gambling

messages are as follows:

- (a) Set and stick to a budget
- (b) Only gamble what you can afford to lose
- (c) Don't borrow to gamble
- (d) Balance gambling with other leisure activities
- (e) Don't chase losses

Fit and proper person requirement

13. Taking into account Members' concerns about the need for safeguards to ensure compliance with specific licensing conditions for conducting football betting and lotteries, we propose to introduce a "fit and proper person" requirement for the licensed operators of authorized football betting and lotteries. Specifically, we propose that any licensed operator and its related persons (including its principal officers, directors and major shareholders) will be subject to the "fit and proper person" requirement. In determining whether a person is fit and proper, SHA shall take into account the following factors:

- (a) the person's financial status and financial integrity;
- (b) the person's qualifications and experience;
- (c) the person's ability to act competently, honestly and fairly;
- (d) the person's reputation and reliability;
- (e) whether the person has been charged with or convicted of any offence, whether in Hong Kong or elsewhere; and
- (f) any other matter that the SHA considers relevant.

14. We proposed that SHA could only issue licences for football betting and lotteries if the principal officers, directors and major shareholders are fit and proper persons. The licensed operator and its related persons should also remain to be fit and proper during the licence period and SHA could revoke the licence if it fails to comply with the requirement. The relevant draft Committee Stage Amendments will be issued for Members' consideration shortly.

**Home Affairs Bureau
June 2003**

*Division 2—Applications for, and issue of, wagering authorities***16 Application for race wagering licence**

(1) An application for a race wagering licence may only be made by a corporation.

(2) During the exclusivity period for a race wagering licence, an application for a race wagering licence may be made only by the TAB or a TAB subsidiary.

17 Application for sports wagering licence

(1) An application for a sports wagering licence may only be made by a corporation.

(2) During the exclusivity period for a sports wagering licence, an application for a sports wagering licence may be made only by the TAB or a TAB subsidiary.

18 Application for oncourse wagering permit

An application for an oncourse wagering permit may only be made by a race club.

19 Requirements about applications

An application for a wagering authority must—

- (a) be made to the Minister; and
- (b) be in the approved form; and
- (c) be accompanied by any application fee prescribed under a regulation.

20 Further information or documents to support application

(1) The Minister may, by written notice given to an applicant for a wagering authority, require the applicant to give the Minister further information or a document about the application within the reasonable time stated in the notice.

Northern Territory – Australia

Racing and Betting Act

PART IV – BOOKMAKERS

Division 1 – General

70. Licensing of bookmakers, &c.

(1) A person shall not conduct the business of a sports bookmaker at licensed premises or a racing venue unless the person is the holder of a current bookmaker's licence, granted by the Commission, permitting the conduct of the business of a sports bookmaker at those licensed premises or that racing venue.

Penalty: For a first offence – not less than \$7,500 and not more than \$12,500.

For a second offence – not less than \$12,500 and not more than \$25,000.

For a third or subsequent offence – not less than \$25,000 and not more than \$50,000.

(1A) A person shall not be employed or engaged by a bookmaker at licensed premises or a racing venue unless the person is the holder of a current permit or bookmaker's clerk's licence granted by the Commission.

Penalty: For a first offence – not less than \$7,500 and not more than \$12,500.

For a second offence – not less than \$12,500 and not more than \$25,000.

For a third or subsequent offence – not less than \$25,000 and not more than \$50,000.

(2) A club shall not permit a person to carry on bookmaking, or to be employed or engaged by a bookmaker, at a meeting held by it at a racing venue unless that person has in his possession at that racing venue a current permit or licence permitting the conduct of that business.

Penalty: For a first offence – not less than \$7,500 and not more than \$12,500.

For a second offence – not less than \$12,500 and not more than \$25,000.

For a third or subsequent offence – not less than \$25,000 and not more than \$50,000.

(3) A person who is or appears to be carrying on bookmaking or who is or appears to be employed or engaged by a bookmaker at licensed premises or

a racing venue shall, on demand made by a betting inspector, produce and deliver to that inspector the bookmaker's licence or permit, as the case may be, or the bookmaker's clerk's licence, issued to that person.

Penalty: \$1,000.

New Zealand

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RACING ACT 1971

[PART 5B - SPORTS BETTING

[99K. Board may operate systems of sports betting—

[99K. Board may operate systems of sports betting—



(1) Subject to this Act and to any rules for the time being in force under section [99J](#) of this Act, the Board may establish and operate totalisator betting or fixed-odds betting, or both, on any sporting event or events, whether held in New Zealand or outside New Zealand, or on any contingency arising from a sequence of sporting events, whether held in New Zealand or outside New Zealand or both, if—

(a) In respect of a sporting event or events held in New Zealand, there is a New Zealand national sporting organisation which administers the sport concerned or under whose auspices or control the event or events are being conducted; or

(b) In respect of a sporting event or events held outside New Zealand, there is a New Zealand national sporting organisation which administers the sport concerned in New Zealand or under whose auspices or control the event or events would be conducted if held in New Zealand—

and the New Zealand national sporting organisation meets the criteria laid down by the [\[\[Sport and Recreation New Zealand for receiving financial support from that agency\]\]](#), whether or not it is actually receiving such support.

(2) Any system of fixed-odds sports betting established under this section—

(a) Subject to any rule in force under section [99J\(4\)\(b\)](#) of this Act, may allow for any fixed-odds sports bet to be laid off by the Board on to other betting systems on the same event or events for the purpose of limiting the Board's exposure on that particular event or events:

(b) May allow for the placing and acceptance of bets at any time before the completion of any specified event to which the bets relate, as the Board from time to time determines.

(3) The Board shall have such powers and may perform such functions as are reasonably necessary for establishing such sports betting systems.]

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Singapore

Sports betting duty

4. —(1) Subject to the provisions of this Act, there shall be charged a sports betting duty in respect of any betting at fixed odds on any football game or sporting event where the betting is promoted in Singapore by or on behalf of any exempt organisation.

[14/99]

(2) Sports betting duty shall be an amount equal to 20%, or such other rate as the Minister may prescribe by order in the *Gazette*, of the gross betting profit of the exempt organisation in respect of any betting at fixed odds it promotes in connection with any particular football game or sporting event.

[14/99]

(3) Sports betting duty shall be paid by the exempt organisation promoting the betting at fixed odds on any particular football game or sporting event within 15 days (or such further period as the Commissioner of Stamp Duties may allow in any particular case) after the date on which the football game or sporting event, as the case may be, takes place.

[14/99]

(4) For the purposes of subsection (2), the gross betting profit of an exempt organisation in relation to any particular football game or sporting event shall be the amount, if any, by which the value specified in paragraph (a) exceeds the value specified in paragraph (b) —

(a) the aggregate value in money of the stakes on all bets at fixed odds received or negotiated in Singapore by or on behalf of the exempt organisation in connection with that football game or sporting event; and

(b) the value in money of the winnings paid by or on behalf of the exempt organisation on the results of that football game or sporting event.

[14/99]

(5) In calculating the amount of the stake on a bet under subsection (4) (a), the amount of goods and services tax charged on the supply of the betting transaction shall be excluded.

[14/99]

(6) For the purposes of this section, a bet is a bet at fixed odds only if the person making it knows or can know, at the time he makes it, the amount he will win, except in so far as the amount is to depend —

(a) on the result of the event or events betted on;

(b) on any such event taking place or producing a result;

(c) on the numbers taking part in any such event;

(d) on the starting prices or totalisator odds for any such event;

(e) on there being totalisator odds for any such event; or

(f) on the time when his bet is received by any person with or through whom the bet is made.

Nevada - US

11. "Outstation book" means a book, other than a satellite book, that shares the computerized bookmaking system and certain management or administrative functions of a book operated by an affiliated licensee, as defined in NRS 463.430(3)(b).

12. "Post time" means, unless an earlier time is required by regulation in the state where the race is run:

(a) For users of live broadcasts and for buyers of audible announcements of post time from disseminators of live broadcasts, the later of either the time when the disseminator transmits an audible announcement of the post time, or when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the chairman.

(b) For races broadcast live on a national television network for which an agreement has been reached with a disseminator to provide an audible announcement of post time, that time when the disseminator relying upon information obtained independently of the television broadcast, transmits an audible announcement of post time which must be no later than when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the chairman.

(c) Except as provided in paragraph (b) of subsection 12, for races provided by means other than a live broadcast and for races broadcast live on a national television network for which no agreement has been made with a disseminator to provide an audible announcement of post time, not later than 2 minutes before the scheduled post time as announced by the disseminator.

13. "Race book" means a business that accepts wagers on horse or other races.

14. "Satellite book" means a book that has been licensed pursuant to the provisions of NRS 463.245(3).

15. "Sports pool" means a business that accepts wagers on sporting events or other events, other than horse or other races. The term includes, but is not limited to, a business that accepts sports parlay card wagers as defined in Regulation 22.090.

16. "Wagering communication" means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology.

(Adopted: 7/85. Effective: 9/1/85. Amended: 7/87; 11/98; 6/20/02. Effective: 6/20/02.)

22.020 License required; applications.

1. No person may operate or own any interest in a race book or sports pool in Nevada unless that person holds a nonrestricted gaming license specifically permitting the person to do so.

2. Applications for a license to operate a race book or a license to operate a sports pool must be made, processed, and determined in the same manner as applications for nonrestricted gaming licenses, using such forms as the chairman may require.

3. Each application for approval must be accompanied by an internal control system prepared and submitted in accordance with Regulation 6 and this regulation.

(Adopted: 7/85. Effective: 9/1/85. Amended: 6/88.)

22.030 [Repealed: 1/1/99.]

22.035 Registration of employees.

1. Any individual who fulfills the function of race book or sports pool manager, race book or sports pool supervisor, or who determines race book or sports pool betting odds, point spreads or betting lines must register with the board. Such registration must be made on a form provided by the chairman and shall include the individual's:

(a) Full legal name and any aliases, nicknames, maiden name and any other change, legal or otherwise;

(b) Social security number and current driver's license number;

(c) Date and place of birth;

(d) History of residence for the past 5 years;

(e) History of employment for the past 10 years;

(f) Complete history of arrests, detentions, or litigations including any which have been sealed or expunged by court order;

(g) Consent to a full licensing investigation, subject to the provisions of subsection 3, by the board and commission; and

(h) Such other information as required by the chairman.

2. Licensed key employees or key employees in applicant status are not required to register pursuant to this section.

Individuals required to register at the time this section is adopted shall have 60 days to file such forms. All other individuals must file within 30 days of assuming such duties.

3. After reviewing the registration forms, the chairman may request that the individual file a completed application form. Individuals who object to the request for submission of a completed