

Paper for the Bills Committee

Betting Duty (Amendment) Bill 2003

Administration's response to the views from the public (2)

A consolidated account of views from members of the public who attended the meeting of the Bills Committee on 28 May, 10, 13 and 16 June on the proposal to authorize and regulate football betting, and the Administration's response is set out in the following table:

	Views [the relevant items in the summary table prepared by LegCo Secretariat]	Administration's Response
A.	Authorization and regulation of football betting—objective and effectiveness, timing and consultation process	
	(i) Effectiveness	
1.	Authorization of football betting may not be an effective means to combat illegal football gambling activities. This may even lead to increase in illegal gambling activities.	<ul style="list-style-type: none"> • We agree that unauthorized soccer gambling activities, owing to their inherent competitive edge over their legal counterparts (e.g. no betting duty and the availability of credit betting), could not be completely eliminated by the provision of an authorized outlet.

	<p>[2(c), 3(c), 5(h), 8(b), 10(a), 11(d), 14(b), 15(a), 20(d), 24(c), of 28/5</p> <p>1(b), 3(b), 4(d), 6(b), 7(c), 8(a), 12(c), 13(b), 18(b), 19(e), 28(i) of 10/6</p> <p>3(b), 4(e), 5(b), 10(d), 12(b), 17(b) of 13/6</p> <p>3(d), 5(h), 9(b), 13(b), 16(b) of 16/6]</p>	<p>However, we believe that authorization and regulation could divert the bets placed with illegal operators to the authorized channel. This would considerably reduce the magnitude of illegal gambling problem and income for illegal operations. The Police could then focus their enforcement efforts on clamping down on illegal gambling syndicates. As a result, the problem caused by illegal soccer gambling could be considerably alleviated and the associated social costs reduced.</p>
2.	<p>The Government should take vigorous enforcement action instead of authorizing football betting to combat illegal gambling.</p> <p>[2(c), 3(c), 10(b), 11(c), 11(d) of 28/5,</p> <p>1(d)(ii), 4(d), 6(c) of 10/6</p> <p>4(b), 4(d), 10(c) of 13/6</p> <p>3(g)(ii), 8(h) of 16/6]</p>	<ul style="list-style-type: none"> As mentioned in our response to item 1 above, we propose to authorize football betting primarily as a means to supplement the law enforcement efforts of the Police in combating the growing problem of illegal football betting. We consider that this would enhance the overall effectiveness of our measures against illegal gambling. Following the authorization and regulation of football betting, the Police would continue to take vigorous enforcement actions against illegal gambling. We would also step up public education on the consequences of participating in illegal gambling.

	(ii) Gambling policy	
3.	<p>Authorization of football betting contravenes the underlying rationale of the Government's policy not to encourage gambling.</p> <p>[5(g), 24(c), 29(b) of 28/5, 3(c), 7(e), 13(f) of 10/6 9(d), 12(c), 15(b) of 16/6]</p>	<ul style="list-style-type: none"> • The Government's long-standing gambling policy is to restrict gambling opportunities to a limited number of authorized and regulated outlets only. The underlying rationale is not to encourage gambling. The proposal to authorize and regulate football betting is in line with this policy. • The Government considers it appropriate and necessary to provide an authorized outlet for football betting now, on the following grounds: <ul style="list-style-type: none"> a) There has been a sufficiently large and persistent demand for football betting (both in terms of estimated number of participants and betting money), despite tightened anti-gambling legislation and enhanced enforcement efforts; b) The demand is being satisfied by illegal means (which in turn are linked to other criminal activities), and the problem cannot practically and fully be tackled by law enforcement alone even with the devotion of substantial resources; and c) The proposition commands majority public support (around 70% in support).

		<ul style="list-style-type: none"> • The primary objective of authorizing and regulating football betting is to combat the growing problem of illegal football gambling by diverting the existing demand for football betting into a regulated channel. To this end, authorization serves to <u>supplement</u> the following two existing measures against illegal gambling: <ul style="list-style-type: none"> a) effective anti-gambling legislation (under the existing Gambling Ordinance, all gambling activities by way of trade and business are unlawful, except expressly exempted or authorized by the Government); and b) vigorous law enforcement efforts. • We would put in place appropriate measures to minimize any negative social impact of the proposal. These include: <ul style="list-style-type: none"> a) setting up an independent Gaming Commission to ensure effective regulation; b) a stringent operational and regulatory framework (no underage betting, no credit betting, restriction on advertising and mandatory preventive measures against gambling-related problems etc.); and
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		c) setting up a dedicated fund for addressing gambling-related problems.
4.	<p>The strong and persistent demand or the survey results showing public support alone is not sufficient to justify authorization of football betting.</p> <p>[5(a) of 10/6 5(c) of 16/6]</p>	<ul style="list-style-type: none"> • The Government decided to authorize football betting for the following reasons: <ul style="list-style-type: none"> (a) There has been a sufficiently large and persistent demand for football gambling (both in terms of estimated number of participants and betting money); (b) The demand is now being satisfied by illegal means (which in turn are linked to other criminal activities) and the problem cannot practically and fully be tackled by law enforcement alone even with the devotion of substantial resources; and (c) The proposition of authorizing football betting commands public support. • The decision of authorizing football betting is based on all the above considerations taken together, instead of strong and persistent demand, and favourable results of opinion survey alone.
5.	Authorization of football betting contravenes the principle of the	• While the Government's policy is to restrict gambling outlets to a few authorized and regulated channels, the Government

	gambling policy to confine gambling to a few regulated outlets. [10(b) of 13/6]	would consider the authorization of new gambling outlet if the three conditions mentioned in item 4 above are met.
	(ii) Public consultation	
6.	The Government has not paid enough attention to the views of the members of the public who are in opposition to the authorization of football betting during the consultation process. [2(d), 5(j), 11(b) of 28/5 23(b), 28(f) of 10/6 4(c) of 13/6]	<ul style="list-style-type: none"> • The views expressed in the consultation exercise have all been considered carefully, and would be addressed through various aspects of our proposal as far as possible. • Specifically, the Government's package of proposals to authorize football betting, a number of measures to minimize the possible negative impact of authorized football betting have been included, such as prohibition of credit betting and underage betting, requirement on the licensed operator to put in place preventive measures against gambling-related problems, and setting up a Football Betting and Lotteries Commission to enable public monitoring of the regulatory practice.
7.	The survey conducted by the Government may be misleading. [28(e) of 10/6 8(g) of 16/6]	<ul style="list-style-type: none"> • The interviewees were asked in the survey commissioned by the Government whether they support the proposition of authorizing football betting as a means of combating illegal football betting and the support rate was over 70%. When asked whether they supported the proposition if tax would be charged on the proceeds from authorized football betting, part

		<p>of the proceeds from authorized football betting could be used to finance community projects, etc, over 80% of the respondents supported the proposition. The Government had not misled the interviewees in order to boost the support rate.</p>
	(iii) Timing	
8.	<p>The Government should consider whether to authorize football betting only when the remedial, preventive, and educational measures to address gambling-related problems have been implemented.</p> <p>[1(g), 2(k), 5(b), 5(o), 14(e), 25(a) of 28/5</p> <p>1(c), 1(d)(i), 1(d)(iii), 2(b), 5(g), 9(f), 21(e) of 10/6</p> <p>1(d), 3(g)(iv), 3(g)(v), 5(l), 6(d), 10(b), 15(g) of 16/6]</p>	<ul style="list-style-type: none"> • We plan to implement the preventive and remedial measures for addressing gambling-related problems on a <u>long-term</u> basis through the dedicated fund set up for this purpose. The various measures would start to be implemented as from mid-2003. This would be done regardless of whether and when our legislative proposal on authorizing football betting is passed or not. • Given the increasing prevalence of the illegal football gambling problem and its associated problems to the community, we see an imminent need to combat it through authorization and regulation of football betting. This seeks to supplement the anti-gambling legislation and the Police's enforcement efforts. <p>On the other hand, it would take time for preventive and remedial measures on gambling-related problems to produce any material impact on the community.</p> <p>We therefore consider the concurrent implementation of law</p>

		enforcement, authorization and regulation, as well as preventive and remedial measures for gambling-related problems a pragmatic and effective approach in tackling the problems caused by illegal football gambling.
9.	<p>The Government should conduct thorough research on the impact of and effectiveness of authorization of football betting before introducing authorized football betting.</p> <p>[5(b), 15(e), 18(b), 22(b), 22(d) of 28/5</p> <p>1(c), 4(c), 10(c) of 10/6</p> <p>3(g)(iii), 5(e), 6(c), 6(e), 10(c), 15(e), 15(f) of 16/6]</p>	<ul style="list-style-type: none"> • Given the increasing prevalence of illegal football gambling activities and their association with triad and other criminal activities, we consider that there is an imminent need to authorize and regulate football betting as a means of combatting the illegal football gambling problem. This serves to supplement the effects of anti-gambling legislation and the vigorous enforcement efforts by the Police. We would closely monitor the effectiveness of this measure in achieving its intended objective and its impact on the community after it has been implemented. • In mid-2001, we commissioned the Hong Kong Polytechnic University to conduct the first study on Hong Kong people's participation in gambling activities. Its findings, which were released in September 2001, include an assessment of the prevalence of problem and pathological gambling, as well as other aspects of the social impact of gambling in Hong Kong. • On the basis of findings of the above study, we plan to conduct

		<p>continual research and studies on gambling-related issues, making use of the dedicated fund set up to address gambling-related problems. Such studies would include the following:</p> <ul style="list-style-type: none"> a) tracking surveys on the impact of gambling participation, and prevalence of problem and pathological gambling in Hong Kong; and b) the effectiveness of different types of screening methodology as well as counselling and treatment services for problem/pathological gamblers and their family members. <ul style="list-style-type: none"> • Appropriate measures to address gambling-related problems would also be put in place taking into account the findings of the studies. We would also take into account the views of all concerned parties in this regard.
	(iv) Others	
10.	The Government should provide more moral education to adolescents rather than to encourage them to participate in speculative activities.	<ul style="list-style-type: none"> • The main objective of authorization of football betting is to divert the existing demand for football gambling into regulated channel. It is definitely not our gambling policy to encourage the public to participate in speculative activities.

	<p>[22(g) of 28/5 12(e) of 10/6]</p>	<ul style="list-style-type: none"> • We would devote special efforts on gambling-related education for the youth, making use of the dedicated fund. We would start with launching a public education programme targetting school students and young people. The objectives are: <ul style="list-style-type: none"> i) to enhance the understanding of young people about the nature, inherent risks, and potential adverse consequences of gambling problems on individuals, families and the society; ii) to strengthen the ability of adolescents to exercise self-control so as to prevent themselves from becoming addicted to any activity including gambling; and iii) to increase their awareness of problem and pathological gambling, including symptoms and warning signs, the associated personality traits, behavioural and risk factors as well as when and how to seek help in case of need.
11	<p>The Government should have long-term policy to promote sports activities.</p> <p>[27(b) of 28/5]</p>	<ul style="list-style-type: none"> • The Government is committed to promoting public participation in sports. This has nothing to do with authorization of football betting.

12.	<p>Gambling is not a right protected under the Basic Law or international human rights convention. To outlaw gambling would not be challenged from the legal perspective.</p> <p>[1(a), 19(c) of 10/6]</p>	<ul style="list-style-type: none"> The primary objective of authorizing football betting is to combat illegal gambling by diverting the demand for football betting from illegal channel into authorized outlets. Whether gambling is a personal freedom or right conferred under international human rights convention or the Basic Law is not one of the considerations.
13	<p>The Hong Kong Jockey Club (HKJC) should not launch any recruitment exercise or other preparatory work for authorized football betting as this would exert pressure on Legislative Council Members to pass the Bill.</p> <p>[3(b), 5(k), 15(b), 21(c) of 28/5</p> <p>5(b), 9(b) of 10/6</p> <p>15(l) of 16/6]</p>	<ul style="list-style-type: none"> It is our intention to introduce authorized football betting as soon as practicable, preferably by August 2003, so as to be in time for the next international football season. HKJC, as the proposed licensed operator, need to start the preparatory work ahead so that it would be ready to operate when the football betting licence is issued.
B	Impact of authorizing and regulating football betting on the community	
	(i.) Overall Impact	
14.	<p>The tax revenue from authorized football betting has been</p>	<ul style="list-style-type: none"> Having regard mainly to indicators of prevalence of illegal football gambling in Hong Kong, we consider our rough

	<p>overestimated and its cost will outweigh the benefit to the community.</p> <p>[2(b), 5(I), 9(b), 10(c), 11(f), 15(a), 19(c), 24(h) of 28/5</p> <p>19(f), 28(a) of 10/6</p> <p>1(f), 2(c), 5(e), 11(e), 12(e) of 13/6</p> <p>8(b) of 16/6]</p>	<p>estimate of \$30 billion annual betting turnover on average, and hence \$1.5 billion annual betting duty (at 50% of gross profits) reasonable.</p> <ul style="list-style-type: none"> • The Government’s package of proposals relating to authorization and regulation of football betting should not give rise to a significant increase in prevalence of pathological gambling, or social problems associated with gambling. • The implementation of preventive and remedial measures with the dedicated fund on gambling-related measures would also have the effect of alleviating the negative impact of gambling.
15.	<p>Gambling would lead to deteriorating moral standards in the community.</p> <p>[6(b), 16(b), 16(e), 18(c) of 28/5</p> <p>2(c), 4(b), 10(b), 10(d), 19(h), 21(b), 27(a) of 10/6</p> <p>3(c), 5(d), 7(e), 9(b), 9(d), 14(g), 19(b) of 13/6</p> <p>2(b), 7(c), 10(f), 12(b) of 16/6]</p>	<ul style="list-style-type: none"> • Gambling in different forms has been in existence for a long period of time. The objective of authorizing football betting is not to create any new form of gambling, but to divert the existing demand for football betting into regulated channel so as to minimize the social problems associated with illegal gambling. It does not seek to pass any moral judgment on gambling.

<p>16.</p>	<p>Authorization of football betting would lead to increase in the prevalence rate of problem and pathological gambling, and henceforth create more family problems.</p> <p>[3(d), 4(c), 4(e), 5(f), 12(a), 13(c), 15(f), 18(e), 19(f), 20(b), 20(d), 23(a), 23(b), 24(i) of 28/5</p> <p>1(g), 2(c), 2(d), 5(e), 6(d), 7(d), 8(b), 8(c), 8(e), 11(b), 15(d), 19(d), 24(d) of 10/6</p> <p>1(d), 2(b), 6(a), 7(g), 8(d), 9(b), 9(c), 12(d), 12(e), 14(e), 15(b), 17(c) of 13/6</p> <p>1(f), 2(d), 3(d), 4(c), 9(c), 11(b), 17(b), 17(c) of 16/6]</p>	<ul style="list-style-type: none"> • We believe that the provision of authorized outlets could divert the bets placed with illegal operators to the authorized channel, and henceforth displace a considerable number of illegal gambling operations. As such, the decision would not necessarily bring about any net increase in the overall gambling opportunities (including legal and illegal) already available in Hong Kong. • Given the strong and persistent demand for football gambling in the community, the number of people taking part in football betting would continue to increase substantially even without the provision of an authorized outlet. We therefore do not consider that our decision to authorize football betting would add significantly to this on-going rising trend. • There is no conclusive evidence that the prevalence rate of pathological gambling would definitely increase with the increase in the number of “legal” gambling outlets. <p>According to a study conducted by the Hong Kong Polytechnic University in 2001, while over 70% of the population in Hong Kong have participated in at least one form of gambling, around 1.85% of the adult population have displayed signs which characterize them as “probable pathological gamblers”.</p> <p>In many overseas countries, despite the availability of various</p>
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		<p>forms of legal gambling, the prevalence rates of pathological gambling are by no means higher than Hong Kong. The prevalence rate is 0.6-0.8% in the UK, 2.3% in Australia, 1.1% in the US, 1.2% in New Zealand, 1.4% in Spain and 0.6% in Sweden.</p> <ul style="list-style-type: none"> • The Government's package of proposals relating to the authorization and regulation of football betting (a prudent regulatory system under the draft legislation, stringent licensing conditions and a Gaming Commission), taken together, should not give rise to a significant increase in the prevalence of pathological gambling, or social problems associated with gambling. • The implementation of preventive and remedial measures with the dedicated fund on gambling-related problems would have the effect of alleviating the negative impact of gambling.
17.	<p>The cross-border gambling activities would increase following authorization of football betting and the licensed operator may henceforth be allowed to offer credit for betting in future.</p>	<ul style="list-style-type: none"> • We believe that authorization of football betting would divert the demand for football betting from illegal channel, including the offshore betting website, into authorized outlet. • As one of the licensing conditions, the licensed operator would not be allowed to offer credit for betting, including the acceptance of credit card. This seeks to protect the public

	[29(e) of 28/5]	form the danger of excessive gambling. We do not consider that this restriction should be removed.
18.	The dedicated fund to address gambling-related problems would not be able to resolve the problem caused by gambling. [6(e) of 10/6]	<ul style="list-style-type: none"> • We will put in place a number of measures to address the gambling-related problems including: <ul style="list-style-type: none"> a) research and studies on gambling-related issues and problems; b) public education and other measures to prevent gambling-related problems; and c) counselling and treatment as well as other remedial services for problem and pathological gamblers, and those affected by them. • We believe that the above measures taken together should be able to minimize the negative impact of gambling on the society.
19.	It is difficult to help problem and pathological gamblers to get rid of their gambling problems. [15(f), 22(f) of 10/6]	<ul style="list-style-type: none"> • Experience in other jurisdictions reveals the provision of dedicated counselling and treatment services could help problem and pathological gamblers to overcome problems arising from their dependence on gambling. We plan to provide similar services on a pilot basis under the dedicated

	11(c) of 13/6 11(e) of 16/6]	<p>fund, with a view to devising best practices which are best suited for the environment in Hong Kong.</p> <ul style="list-style-type: none"> The proposed public education programme should also be able to help alleviate the gambling-related problems by preventing the gambling population from developing problem and pathological gambling behaviour.
	(ii.) Impact on adolescents	
20.	<p>The association of football with betting will damage the integrity of football as a sports activity and render it difficult for teachers to conduct moral education through organization of football activities.</p> <p>[1(c), 3(a), 4(b), 4(d), 8(d), 13(a), 16(c), 16(d), 27(c) of 28/5</p> <p>[2(e) 17(a), 21(c), 25(b), 27(b) of 10/6</p> <p>2(d), 3(e), 5(c), 15(c), 19(c), 19(d) of 13/6</p> <p>1(h), 2(c), 4(d), 7(a) of 16/6]</p>	<ul style="list-style-type: none"> Under the proposed regulatory framework for football betting, underage betting is strictly prohibited and the licensed operator is forbidden to target young people in its promotion and advertisement. This could alleviate the possible negative impact of gambling on adolescents. As mentioned in our response under item 10 above, we would devote special efforts on gambling-related education for the youth, making use of the dedicated fund.

21.	<p>Football is popular among the adolescents and the association of football with betting would be conducive to the increase in prevalence rate of problem and pathological gambling among the adolescents.</p> <p>[2(f), 5(n), 6(d), 13(a), 19(d), 24(g) of 28/5</p> <p>1(f), 3(e), 5(f), 7(e), 9(d), 11(c), 13(e), 14(b), 15(c), 16(b), 18(b), 20(c), 21(d), 27(c) of 10/6</p> <p>1(g), 3(f), 10(e), 11(b), 14(b), 14(d), 19(c) of 13/6</p> <p>1(b), 1(c), 1(g), 2(a), 2(e), 3(c), 5(g), 7(c), 10(g), 14(e), 17(c) of 16/6]</p>	<ul style="list-style-type: none"> • Underage betting or entry into betting premises is prohibited under the proposed regulatory framework and the licensed operator is forbidden to target young people in its promotion and advertisement. This could alleviate the possible negative impact of gambling on adolescents. • As mentioned in previous response, we would devote special effort on gambling-related education on the youth to prevent them from developing problems associated with gambling.
22.	<p>Following authorization of football betting, students over 18 years of age could place bet through legal channel, and this would make it difficult for</p>	<ul style="list-style-type: none"> • While students over 18 years old could place bet through legal channels, we will consider requiring the licensed operator to prohibit the admission of persons in uniform into the betting premises probably through the issuance of codes of practice.

	<p>the school to monitor the students and conduct moral education.</p> <p>[1(d), 2(h), 13(b) of 28/5 9(e), 25(b) of 10/6]</p>	<p>This would minimize the opportunities of students (in particular secondary school students) participating in football betting.</p> <ul style="list-style-type: none"> As mentioned in other related responses, we will put particular emphasis on the education for adolescents and students about the inherent risk of gambling and the problems associated with excessive gambling, and also to strengthen their ability to exercise self-control, so as to prevent themselves from becoming addicted to, or developing compulsive or pathological behaviour in, any activity
23.	<p>Authorization of football betting would lead to more adolescents being involved in triad activities.</p> <p>[2(g) of 28/5 1(c) of 16/6]</p>	<ul style="list-style-type: none"> We consider that authorized football betting could displace a considerable number of illegal gambling operations, and thereby making it more difficult for adolescents to place bets with illegal bookmakers. This should help prevent the association of adolescents with the triad activities.
24.	<p>Authorization of football betting represents the double standard of the adults towards gambling and may lead to discontent among adolescents.</p> <p>[15(b) of 10/6]</p>	<ul style="list-style-type: none"> The proposed licensing condition for authorized football betting to prohibit underage betting seeks to protect adolescents from being encouraged to gamble. This is also in line with the existing practice for horse racing and lotteries.

	(iii.) Economic impact	
25.	<p>Authorization of football betting would affect productivity as the gamblers would need to stay up at night to watch the football matches.</p> <p>[2(i), 17(b), 19(e), 29(c) of 28/5 8(d), 24(c) of 10/6 6(b) of 16/6]</p>	<ul style="list-style-type: none"> Football is a popular sport activity in Hong Kong. The popularity of viewing of overseas football matches is not directly associated with authorization of football betting.
26.	<p>Authorization of football betting would lead to lower consumer spending which is detrimental to the economy.</p> <p>[2(j), 5(l), 22(e), 22(f) of 28/5 9(h) of 10/6 8(I), 8(j) of 16/6]</p>	<ul style="list-style-type: none"> While the expansion of gaming industry may have a negative impact on consumer spending in certain areas of the retail sector due to the switch of spending according to some overseas experience, it is not expected that this will apply in the case of authorization of football betting in Hong Kong. As illegal football gambling is already prevalent in Hong Kong and authorization seeks to combat this problem by diverting the demand from illegal channels into the authorized avenue, the impact on consumer spending should be minimal. Moreover, authorization of football betting would give rise to increase in employment opportunities in the licensed gambling organization, this may to some extent have a positive impact on

		the economy.
27.	<p>The actual need of HKJC for additional staff to organize football betting would be offset by the unemployment problem arising from the authorization of football betting.</p> <p>[29(a) of 28/5]</p>	<ul style="list-style-type: none"> • Taking into account the recent recruitment campaign of HKJC, authorization of football betting would in fact give rise to increase in employment opportunities and henceforth have a positive impact on the local economy. • We do not consider that unemployment rate would rise as a result of authorization of football betting.
28.	<p>The lower-income group would spend more money on gambling following the authorization of football betting.</p> <p>[3(b) of 10/6 3(d) of 13/6]</p>	<ul style="list-style-type: none"> • We are not aware of any information or data to support the proposition that the lower-income group would spend more money on gambling following authorization of football betting.
29.	<p>The Government should not authorize football betting for achieving the short-term economic benefit.</p> <p>[6(c), 9(k), 16(a) of 10/6 14(a), 14(b) of 16/6]</p>	<ul style="list-style-type: none"> • Authorization of football betting seeks to combat illegal football gambling, which is an existing social problem. Revenue-raising is not the main objective of the exercise. Nevertheless, the imposition of a betting duty on football betting would bring in additional recurrent revenue for the Government and help alleviate the budget deficit.

30.	Gambling is merely a form of wealth redistribution and cannot create wealth. [9(g) of 10/6]	<ul style="list-style-type: none"> The major objective of authorizing football betting is to combat illegal football gambling. The value of gambling as an economic activity is not part of the consideration.
31.	Authorization of football betting would aggravate polarization of wealth in Hong Kong. [19(a) of 10/6]	<ul style="list-style-type: none"> There is no concrete evidence to demonstrate that authorization of football betting would aggravate the polarization of wealth in the society.
32.	The Government should conduct study on how the betting information would influence the public. [23(f) of 10/6]	<ul style="list-style-type: none"> We will consider conducting a study on this in the future.
C	The commercial viability of authorized football operation in Hong Kong	
33.	The profit margin of overseas bookmakers fall within the range of 5% to 15% , the figure quoted by the Government is not accurate.	<ul style="list-style-type: none"> The profit margin varies among the overseas bookmakers as it depends on a number of factors such as the products they offer and their mode of operation. The figures quoted in the previous paper were based on the

	[8(a) of 16/6]	information contained in the website of Ladbrokes which is public information.
34.	The turnover of horse racing would be affected by authorized football betting. [8(b), 8(d), 8(e) of 16/6]	<ul style="list-style-type: none"> • The objective of authorizing football betting is to divert the existing strong and persistent demand for football betting into authorized outlet, rather than to divert the demand for other legal gambling outlets to football betting. • While we would not rule out the possibility that some betting money on horse racing may switch to football betting after authorization, we believe this would not have a serious impact on the turnover of horse racing, since the market niche for betting on horse racing and football betting is not entirely the same.
D	Betting Duty (Amendment) Bill 2003 and its implementation	
	(i) Advertising and promotion	
35.	There is no prohibition of the broadcasting of advertisement for football betting during family viewing hours in the Bill. [1(b) of 28/5]	<ul style="list-style-type: none"> • We agree to prescribe in the Bill that any football betting licence would contain a licensing condition to prohibit the licensed operator from broadcasting advertisement on football betting on radio and television from 4:30 to 10:30 p.m. every day.

36.	<p>How to monitor the mass media and entertainment business which may publicize football betting in order to increase its business opportunities.</p> <p>[1(f), 2(k) of 28/5 3(f) of 16/6]</p>	<ul style="list-style-type: none"> • While we cannot rule out the possibility that the mass media and entertainment business may make use of authorized football betting to attract customers, this should be part of their normal business operation (subject to statutory and licensing conditions in the broadcasting purview) and the Government does not intend to impose any restriction on such activities through the Betting Duty Ordinance.
37.	<p>The Bill should prohibit the broadcast and reporting of betting forecast and odds.</p> <p>[10(k) of 28/5]</p>	<ul style="list-style-type: none"> • While there will be restriction on the promotion and advertisement by the licensed operator, we consider that the broadcast and reporting of betting forecast, as a means to provide betting information, should not be prohibited.
38.	<p>All kinds of advertisement on football betting should be prohibited</p> <p>[13(a) of 13/6 15(v) of 16/6]</p>	<ul style="list-style-type: none"> • We agree that there should be restriction on the advertising and promotion of football betting so that the public would not be unduly exhorted to bet or misled, and the underage would not be targeted in the promotional activities. However, a total prohibition of advertisement on football betting would significantly affect the ability of the licensed operator to compete with the illegal bookmakers and henceforth undermine the effectiveness of authorized football betting to combat illegal gambling.

	(ii) Protection of adolescents	
39.	<p>Following the authorization of football betting, the adolescents below 18 years of age could place bet with licensed football betting conductor through intermediaries.</p> <p>[1(e) of 28/5 22(d) of 10/6]</p>	<ul style="list-style-type: none"> • Under the proposed regulatory framework of authorized football betting, underage betting is strictly prohibited and the licensed operator is not allowed to target young people in its promotion and advertisement. This could alleviate the possible negative impact of gambling on adolescents. • As a matter of fact, some adolescents are already participating in illegal soccer gambling which is a criminal offence. While this is not our objective to divert their demand for soccer betting to the authorized channel, we believe authorized soccer betting offered by the licensed operator could displace a considerable number of illegal soccer gambling operations, thereby making it more difficult for adolescents to place bets with illegal bookmakers. • It is an offence to sell or offer to sell a betting ticket, and these could deter the adults from selling betting tickets to the underage. • We would set up a dedicated fund on problem gambling. As one of the initiatives under the fund, we would launch an education programme targetting the adolescents. The programme seeks to provide the adolescents information about

		the risks of gambling as well as how to identify and tackle gambling-related problems. Such measures should be able to help prevent adolescents from developing gambling-related problems, hence minimizing the negative impact of gambling on the adolescents.
40.	The Bill has not set out clearly how the persons under 18 years of age would be prohibited from placing bets. [10(j) of 28/5]	<ul style="list-style-type: none"> We propose to set out in the Bill that the licence for authorized football betting would be issued subject to the conditions that the licensed operator could not accept bets from persons under 18 of age, nor allow underage to enter betting premises or claim dividends. The detailed requirement, if necessary, could be set out in the codes of practice to provide practical guideline to the licensed operator.
41.	The Government cannot prevent adolescents from placing bets through the Internet or telephone. [14(d) of 13/6]	<ul style="list-style-type: none"> As a mandatory licensing condition in the Bill, the licensed operator could not accept bets from underage, nor to allow underage to enter the betting premises or claim dividends. SHA could provide practical guidelines on the compliance with this condition by issuing codes of practice if necessary, such as not to allow underage to open betting account so as to minimize the opportunity for them to place bets.
	(iii) Evaluation	

42.	<p>The Bill should set out the mechanism of how to evaluate the effectiveness of authorized football betting.</p> <p>[5(c), 10(e) of 28/5 12(b), 13(e) of 10/6 7(b), 15(h), 15(k) of 16/6]</p>	<ul style="list-style-type: none"> • Having regard to other regulatory regimes, we do not consider that the mechanism of evaluating the effectiveness of authorized football betting should be set out in the legislation. • In evaluating the effectiveness of authorized football betting, we would take into account <u>all</u> relevant factors such as prevalence of illegal football gambling situation, results of the police enforcement against illegal football gambling; public perception of the problem of illegal football gambling and the prevalence of problem and pathological gambling.
43.	<p>It would be difficult to revoke the licence 5 years later even if the authorized football betting proved to be ineffective to combat illegal gambling.</p> <p>[5(e), 8(b), 14(d) of 28/5 7(c) of 16/6]</p>	<ul style="list-style-type: none"> • We will conduct a review on the effectiveness of authorized football betting in achieving its intended objective, and this would be taken into account among other factors in considering whether a licence should continue to be granted after the initial five-year period.
44.	<p>The Bill has not set out the criteria for renewal of licence in the future</p> <p>[5(m), 15(d) of 28/5]</p>	<ul style="list-style-type: none"> • SHA would decide whether the licence should be renewed before the licence expires, and the Football Betting and Lotteries Commission would advise the SHA on the issue.

		<ul style="list-style-type: none"> In deciding whether to grant a licence to the same operator in future, we would take into account all relevant factors including the performance of the licensed operator.
	(iv) Gaming Commission (proposed to be retitled as Football Betting and Lotteries Commission) (the Commission)	
45.	<p>The Commission should be given executive power to handle complaints relating to contravention of licensing conditions, and to monitor the effectiveness of authorized football betting, to conduct research and study on gambling-related problems; and to allocate funding for measures to address gambling-related problems.</p> <p>[10(e) of 28/5, 15(m), 15(o) of 16/6 1(c) and 4(g) of the note on provisions]</p>	<ul style="list-style-type: none"> As the licensing authority is vested in SHA, we consider the proposed structure whereby the Commission could advise the SHA on the licensing and regulatory issue appropriate. This should also enhance the transparency and enable public participation in the regulation of the relevant gambling activities. We have committed to set up a dedicated fund to finance the gambling-related measures and a committee will be set up to advise SHA on the management and application of the fund.
46.	The composition of the Commission	<ul style="list-style-type: none"> We agree to set out in the Bill that there must be one member

	<p>should include representatives from educational, religious, social welfare and academic sector, and also from counselling and treatment centre for problem and pathological gamblers, opposition groups against authorization of football betting and gambling-related concern group.</p> <p>[10(f) of 28/5, 15(h) of 16/6 1(b) of the note on provision]</p>	<p>from each of the educational, religious and social welfare sector in the Commission. The relevant Committee Stage Amendment has been submitted for Members' consideration.</p>
<p>(v) Preventive and remedial measures to address gambling-related problems</p>		
<p>47.</p>	<p>The organizations intending to conduct authorized football betting should be required to make a contribution to finance the preventive measures for gambling-related problems.</p> <p>[25(b) of 28/5 23(e) of 10/6</p>	<ul style="list-style-type: none"> • We have already reached an agreement with HKJC whereby the latter would contribute to the dedicated fund to address gambling-related problems during the first five years of the football betting licence. We will review the funding arrangement for the dedicated fund after the measures are implemented.

	15(w) of 16/6]	
48.	<p>The Bill should provide for the establishment of the dedicated fund for measures to address gambling-related problems and to designate a certain percentage of the proceeds from authorized football betting to finance the dedicated fund and support football development.</p> <p>[10(g), 10(h) of 28/5</p> <p>13(b) of 13/6]</p>	<ul style="list-style-type: none"> • We have reached an agreement with HKJC whereby the latter would contribute to the dedicated fund. We will review the funding arrangement after the measures are implemented. • We do not consider it appropriate to hypothecate part of the proceeds from authorized football betting to finance measures to address gambling-related problems, for the following reasons: <ul style="list-style-type: none"> (a) As problem and pathological gambling behaviour is attributable to all kinds of gambling activities instead of football betting alone, the dedicated fund should not be tied to proceeds from authorized football betting; and (b) This arrangement would immunize the fund from the risk inherent in the operation of authorized football betting, hence ensuring certainty of funding availability. This would also facilitate the planning of preventive and remedial measures on gambling-related problems. • We also do not consider it appropriate to hypothecate part of the proceeds from authorized football betting to finance local football development. The major reason is that the

		development of local football activities should primarily be funded by public expenditure from the Government. The primary objective of authorizing and regulating football betting is to combat illegal football gambling problem. This has nothing to do with raising funds for developing local football or any other kinds of sports activities.
49.	<p>There may be conflict of interest to require the licensed operator to adopt measures to prevent problems relating to gambling under the proposed new section 6G(3)(g) and 6S(3)(g).</p> <p>[10(c) of 28/5, 2(d) of the note on provisions]</p>	<ul style="list-style-type: none"> • Under the proposed new section 6G(3)(g) and 6S(3)(g), the licensed operator for football betting and lotteries will be required to adopt preventive measures against problems relating to gambling. These measures include displaying warning notices against excessive gambling and providing information about the avenues available for problem and pathological gamblers to seek help. This is in line with responsible gambling practice adopted by gaming providers in other jurisdictions. There should not be any conflict of interest to require the licensed operator to adopt such measures. • Separately, the Government will set up a dedicated fund to implement the remedial and preventive measures to address gambling-related problems.
50.	The Government should set up a committee comprising members from	<ul style="list-style-type: none"> • We will set up a committee to advise SHA on the use and management of the dedicated fund to finance gambling-related

	educational, academic, social welfare and religious sector to implement measures to address gambling-related problems. [12(c), 12(d), 12(e), 19(h) of 28/5]	measures. The committee would consist of members from different sectors, including educational, academic, social welfare and religious, etc.
51.	Warning message should be displayed in all the betting channels. [25(c) of 28/5]	<ul style="list-style-type: none"> As mentioned in our response under item 49 above, the licensed operator for football betting and lotteries will be required to adopt preventive measures against problems relating to gambling. These measures include displaying warning notices against excessive gambling and providing information about the avenues available for problem and pathological gamblers to seek help.
52.	There should be restriction on the amount and frequency of betting on the punters. [15(s) of 16/6]	<ul style="list-style-type: none"> This requirement is highly restrictive and would undermine the effectiveness of authorized football betting to divert the existing demand for football gambling into regulated channels. This restriction is also not in line with practice in other jurisdictions.
53.	All information related to football betting should carry warning message similar to the cigarette advertisement.	<ul style="list-style-type: none"> As mentioned in our response under item 49, the licensed operator would be required to display warning message against excessive gambling. We consider such requirement should ensure the provision of sufficient warning to the general public

	[25(d) of 28/5]	against excessive gambling. We will review the effectiveness of the measures after they have been implemented.
54.	The Government should provide funding for the measures to address gambling-related problems. [4(e) of 10/6 13(d) of 16/6]	<ul style="list-style-type: none"> As mentioned in our previous response in item 47, the Government has reached an agreement with HKJC whereby the latter would contribute to the dedicated fund. We will review the funding arrangement after the measures have been implemented.
	(vi) Licensing conditions and codes of practice	
55.	The licensing conditions should be prescribed in the legislation. [10(l) of 28/5 5(d) of 10/6]	<ul style="list-style-type: none"> We agree to set out in the Bill that the licence must be issued subject to certain conditions relating to: <ul style="list-style-type: none"> a) the age restriction for placing bets and entry into betting premises; b) the restriction on advertising and promotion; c) the prohibition of credit betting; and d) the requirement to put in place preventive measures to prevent gambling-related problems. The relevant Committee Stage Amendments have been submitted for Members' consideration.

56.	<p>The Government should clarify whether it should allow flexibility for the licensed operator to offer different bet types in order to enhance the competitiveness of the licensed operator.</p> <p>[19(b) of 28/5 24(a) of 10/6 5(b), 15(q), 15(u) of 16/6]</p>	<ul style="list-style-type: none"> • In order to ensure the competitiveness of the licensed operator vis-à-vis illegal bookmakers, we consider that the specific types of matches available for betting and the detailed description of bet types should not be set out in the legislation or licensing conditions.
57.	<p>The codes of practice should be prescribed in the legislation.</p> <p>[18(b) of 13/6]</p>	<ul style="list-style-type: none"> • Under the proposed new section 6X of the Bill, SHA could issue codes of practices from time to time to give guidance on how the licensing conditions may be compiled with. This enables 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 <u>after</u> the licence has been granted. • As the codes of practice is an administrative means to provide practical guidance to the licensed operator on how to comply with the licensing conditions and may be changed from time to time, they should not be set out in the legislation.

	(vii) Others	
58.	<p>The level of penalties proposed in section 6Z of the Bill is too low.</p> <p>The level of financial penalties should be set at \$100 million.</p> <p>[10(l) of 28/5 15(p) of 16/6 4(h) of the note on provisions]</p>	<ul style="list-style-type: none"> • We consider that the proposed level of financial penalties would produce sufficient deterrent effect against contravention of licensing conditions. • In case of serious contravention of the licensing conditions or statutory requirement, SHA could consider revoking the licence.
59.	<p>The Government should select the licensed operator through open bidding so as not to confer upon the HKJC a privilege.</p> <p>[18(d) of 16/6]</p>	<ul style="list-style-type: none"> • We consider it appropriate to designate the HKJC to operate authorized soccer betting on the following grounds – <ul style="list-style-type: none"> (a) This is in line with the existing regulatory regime whereby gambling is mainly operated by non-commercial and non-profit-making entities with a charitable element (except for mahjong parlours), which is a main feature of the regulatory regime in Hong Kong. This has been well accepted by the public. (b) The HKJC could make use of its existing resources and betting facilities, including its professional staff,

		<p>computer systems and off-course betting branches to offer the new services. This would obviate the need for additional gambling facilities, and therefore minimize the nuisance which gambling outlets might cause to the public;</p> <p>(c) HKJC's experience and reputation in running gambling in Hong Kong would command public confidence in the authorized soccer betting; and</p> <p>(d) Most of the respondents who commented on this matter in the 2001 public consultation exercise on gambling review preferred this option to the other two alternatives—licensing another non-profit entity to run soccer betting, or licensing one or more commercial entities.</p>
60.	<p>The Government cannot effectively enforce the anti-gambling legislation to combat offshore internet bookmakers.</p> <p>[23(c) of 10/6]</p>	<ul style="list-style-type: none"> Under the Gambling (Amendment) Ordinance, bookmaking and placing of bets with unauthorized bookmakers is illegal even if the bet is received outside Hong Kong. Following the enactment of the Ordinance, many offshore bookmakers which had been based in Hong Kong moved out of Hong Kong and the offshore bookmakers which had targetted Hong Kong residents ceased to launch active publicity campaign in Hong Kong. These demonstrate to a certain extent the effectiveness

		of the Ordinance to combat the problem of illegal offshore bookmakers.
61.	<p>There should be a maximum number of betting premises, and the location of such premises should be set out in the legislation.</p> <p>[15(t) of 16/6]</p>	<ul style="list-style-type: none"> • In the proposed licensing conditions for authorized football betting and lotteries, we propose that there should be a maximum number of betting outlets as determined by SHA from time to time. • SHA's prior approval would be required for the opening of new outlets. We agree that the location and opening hours of the betting outlets for authorized football betting and lotteries should be set out in the licensing conditions. • We do not consider it appropriate to set out the location of the betting premises in the legislation for the following reasons: <ul style="list-style-type: none"> (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.
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Home Affairs Bureau
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