

Consolidated written response to deputations' views

The implementation of commingling can prevent illegal bookmakers from taking advantage of arbitrage of odds differences for the same bet type on the same race in different jurisdictions. This will in turn help reduce illegal betting activities and is in line with the Government's gambling policy.

Regarding inbound commingling, the Bill will bring our betting duty regime in line with the international practice whereby betting duty would only be levied at source. As for outbound commingling, the development of a new betting duty regime for local bets placed on non-local races will facilitate greater certainty on the taxation arrangement in the Hong Kong Jockey Club (HKJC)'s negotiations with non-local jurisdictions.

We understand that the public are concerned with whether the proposed legislative amendments will heighten gambling atmosphere. We wish to emphasize that the Bill is introduced by the Administration on the premise that such amendments will not increase horse race betting opportunities in Hong Kong. The Government has not increased the number of local horse races or simulcast non-local races. HKJC has indicated to the Administration that it will not enhance its publicity on horse race betting as a result of commingling.

Negotiations between the local licensee of horse race betting and non-local operators on two-way commingling arrangement are commercial operations and decisions in which the Government will have no role to play. The proposals in the Bill are primarily legislative amendments on the betting duty arrangement, which should not involve the actual operations of HKJC as the licensee.

We need to point out that the legislative amendments were proposed by the Administration on the basis of public interest considerations, rather than protecting the interest of the licensee of horse race betting.

On public consultation, the Government consulted the Betting and Lotteries Commission (BLC) in 2008 on HKJC's proposals which included, inter alia, commingling. BLC had conducted consultation for the purpose of collecting public views, and considered that taxation adjustment in facilitating two-way commingling was outside the ambit of BLC. The

Home Affairs Bureau briefed BLC on the latest developments in February 2013. After deliberation, BLC re-affirmed that taxation revision for facilitating commingling was outside its ambit. BLC noted that under a commingling arrangement, the participating parties follow the same dividend distribution rates in respect of the same bet type on the same race, which in turn would reduce the possibility of illegal bookmakers taking advantage of arbitrage of odds differences and discourage illegal bookmaking activities. In addition, BLC will monitor the situation after the implementation of the commingling arrangement, and seek to review the arrangement in one year's time after its implementation. The Government would provide the necessary support for the BLC's monitoring effort and review.

Regarding the monitoring of gambling atmosphere, the Ping Wo Fund Advisory Committee has been conducting surveys and researches on a regular basis. We will continue to consult the Ping Wo Fund Advisory Committee to enhance services for problem and pathological gamblers, and devise publicity and education programmes to tackle problem gambling.

Home Affairs Bureau
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