

Gambling Review : A Consultation Paper

Contents of the Leaflet

Soccer betting has become increasingly widespread in Hong Kong in recent years, both in terms of the number of people participating in it and the betting money involved. However, betting with a local soccer bookmaker is illegal and the betting money is in turn used to subsidize other criminal activities. The situation presents serious challenges to our gambling regime, which need to be addressed through a review of the gambling policy.

Gambling Policy

The long-established Government policy is to **restrict** gambling opportunities (other than social gambling) to a limited number of authorized outlets only. The rationale of this policy is two-fold:

- the conduct of gambling should be **authorized and regulated** because unregulated gambling gives rise to social problems and provides a lucrative source of income for triad and criminal activities; and
- the number of authorized gambling outlets should be **limited**, to satisfy demand for gambling by certain sectors of the public who would otherwise turn to illegal operators.

The result of this policy is that there are **relatively few** authorized gambling outlets in Hong Kong, notably horse racing run by the Hong Kong Jockey Club and the Mark Six Lottery.

The Growing Problem of Unauthorized Soccer Betting

The proliferation of soccer betting in Hong Kong is evidenced by:

- a dramatic increase in the amount of bets seized by the Police in 2000 (five times over those in 1998, a World Cup year, and 165 times over those in 1999);
- a 10-fold increase in telecommunications traffic between Hong Kong and a certain territory in Europe, which is the base of many major offshore bookmakers, between 1994 and 2000 (as compared to the 95% increase in the telecommunications traffic between Hong Kong and all countries);
- the extensive coverage of tips and odds on soccer betting in local newspapers; and
- the large number of bars and restaurants equipped with large TV screens showing overseas soccer matches live.

Recent surveys reveal that around 120,000 to 340,000 Hong Kong people have taken part in soccer betting. A conservative estimate puts the annual turnover at about \$20 billion.

The situation is expected to deteriorate further during the next World Cup Finals, to be held in June 2002 in Japan and South Korea.

Possible Ways to Tackle the Problem of Soccer Betting

The problem of soccer betting may be tackled by:

- (1) ***Updating the Gambling Ordinance*** - a growing number of offshore bookmakers are targeting Hong Kong by actively promoting their businesses here and inducing bets from Hong Kong people. The existing Gambling Ordinance is unable to deal with cross-border gambling and hence a Gambling (Amendment) Bill 2000 has been introduced into and is being scrutinized by the Legislative Council;
- (2) ***Stepping up enforcement actions*** – notwithstanding the law enforcement difficulties caused by the use of advanced technologies by bookmakers and shift of their operation bases outside Hong Kong, the Police will continue to be vigilant and step up enforcement actions, especially when major overseas matches take place; and
- (3) ***Providing regulated outlets for soccer betting*** - it seems that the existing legal gambling outlets cannot satisfy the substantial and growing demand of Hong Kong punters for soccer betting. Nor will enforcement work ever be wholly effective in stamping out soccer betting. This leaves the local and offshore soccer bookmakers a huge market to serve, and the law against gambling to be extensively flouted. While providing regulated outlets can be an effective way to tackle the problem, it is a contentious proposal on which the Government would like to seek public views before taking a decision.

General Principles Governing the Provision of Authorized Gambling Outlets

Under the existing gambling policy, the Government should authorize a certain type of gambling activities only if:

- there has been a **sufficiently large and persistent demand** for that type of gambling (both in terms of number of participants and betting dollars);
- the demand is **being satisfied by illegal means** and the problem **cannot practically and fully be tackled by law enforcement alone** even with the devotion of substantial resources; and
- the proposition commands **public support**.

Arguments For and Against the Provision of Authorized Outlets for Soccer Betting

Arguments For Providing Authorized Outlets for Soccer Betting:

- It reduces illegal gambling and removes a major source of income from the triads and criminals.

- It serves to satisfy the substantial and persistent demand for soccer betting and enables punters to bet in a regulated environment, thereby reducing the negative impact of illegal gambling.
- It helps recoup the tax revenue lost to illegal gambling and raises funds for worthy causes.
- It reduces the pressure on the law enforcement resources.

Arguments Against Providing Authorized Outlets for Soccer Betting:

- It will widen the scope of legal gambling and will not eliminate illegal gambling.
- It undermines social morals and values of the youth.
- It creates nuisance to the local communities due to the increase in physical betting facilities.
- Allowing betting on local soccer matches would increase the chance of corruption and match fixing.

A Possible Operational Framework

The actual benefits and disbenefits of providing authorized outlets for soccer betting would to a large extent depend on how it is operated. To enable more in-depth consideration, a possible operational framework to regulate soccer betting, *if introduced*, may contain the following parameters:

- Authorized soccer betting should preferably be operated by a single, non-profit-oriented operator to avoid excessive competition and promotional activities.
- Part of the proceeds derived from authorized soccer betting should be devoted to public purposes including, for example, sports and culture development, gambling-related researches and treatment/services for pathological gamblers.
- The operator should be required to observe the following main licensing conditions:
 - (a) restriction on the setting up of new betting shops for soccer betting;
 - (b) restriction on the types and number of matches on which betting is allowed;
 - (c) strict prohibition against taking bets from and providing betting services to persons aged below 18;
 - (d) strict prohibition against offering credits to bettors, accepting credit cards in

betting or delayed payment;

- (e) restriction on betting-related promotion and advertisement;
- (f) implementation of preventive measures against pathological gambling; and
- (g) punitive measures against non-compliance with licensing conditions.

The operational framework seeks to ensure that authorized soccer betting, *if introduced*, would be operated in a manner that would achieve the intended objective (combating illegal gambling) and generate the desired benefits, while keeping the negative impacts to the minimum.

Issues for Consultation

We look forward to receiving your views on the following:

- (1) whether the Government should continue to **adopt the existing gambling policy** of restricting gambling opportunities to a limited number of authorized outlets only;
- (2) whether the Government should **regulate soccer betting through the provision of limited authorized outlets**, and if yes, whether it should be pursued along the lines of the **possible operational framework** outlined above; and
- (3) whether the Government should, in the light of the findings of studies and researches, **devise suitable measures to address the possible negative impact** of gambling in Hong Kong.

Please send your comments on the above issues in writing to the Home Affairs Bureau by **21 September 2001** by any of the following means:

By Post: Home Affairs Bureau
(Attn.: Division V)
31/F, Southorn Centre
130 Hennessy Road
Wan Chai

By Fax: 2591 6002 (Attn.: Division V)

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Copies of the full Consultation Paper can be obtained from District Offices or downloaded from the homepage of the Home Affairs Bureau (<http://www.info.gov.hk/hab>). For enquiries, please contact us at 2835 1369.

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