

Duty system for horse race betting to be reformed

The Government today (April 7) announced proposals to reform the duty system for horse race betting.

Explaining details at a media standup session, the Secretary for Home Affairs, Dr Patrick Ho, said the primary objectives of the reforms were to rationalise the regulatory system for horse race betting, and to combat the increasingly rampant illegal gambling on horse races, while maintaining betting duty revenue at a steady level.

In other words, it was intended as a means of tackling an existing problem, Dr Ho said.

"Illegal gambling is invariably associated with other illegal activities such as loan sharking and debt collection. It is also one of the major sources of funding for organised and serious criminal activities," Dr Ho said.

He said the Government's policy on gambling was to restrict gambling opportunities to only a limited number of authorised and regulated outlets.

"The underlying rationale is not to encourage gambling. Our proposal to reform the duty system for horse race betting is in line with this policy."

He was confident that the reforms could help combat illegal horse race betting. The major reform proposals are:

- * Betting duty will no longer be charged on the turnover of betting. Instead, a single set of rates will progressively apply to gross profits - with duty at 72.5% up to \$11 billion, increasing by half a percentage point for every \$1 billion up to \$15 billion, and at 75% for the amount exceeding \$15 billion.
- * Hong Kong Jockey Club (HKJC) would guarantee that the duty payable to the Government during each of the three years after implementation would be no less than \$8 billion. A review would be conducted two years after implementation.

* HKJC would be allowed to provide rebates to high-value bettors who lose money, in order to increase its competitiveness against illegal bookmakers.

More importantly, the regulatory regime of horse race betting would be rationalised to bring it broadly in line with legal football betting and lotteries:

- * To put in place a licensing system for horse race betting;
- * To expand the functions of the existing Football Betting and Lotteries Commission to include advising the Secretary for Home Affairs (SHA) on the regulation of the conduct of horse race betting; and
- * To provide that SHA could issue Codes of Practice as and when appropriate to prescribe detailed guidelines on particular aspects of the licensing conditions.

"The reform is not to encourage gambling in Hong Kong. We would include in the horse race betting licence for HKJC the mandatory conditions to prevent underage/excessive gambling, and minimise the negative impact of authorised horse race betting," Dr Ho said.

He said HKJC was prohibited from taking bets from under-age persons and offering any credit for betting, and from paying dividends or rebates on bets to juveniles. HKJC is also required to restrict related promotional activities and take appropriate measures to prevent pathological gambling.

"Our proposals seek to strike a balance between the need to combat illegal horse race betting effectively, and the need to address public concerns about the negative social impact of gambling," Dr Ho said.

The Betting Duty (Amendment) Bill 2006 will be introduced into the Legislative Council on April 26.

Ends/Friday, April 7, 2006