

## LCQ6: Betting duty

Following is a question by the Hon Adrian Ho and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (February 15):

Question:

Over the past few years, the economy of Hong Kong has been hard hit by the epidemic, and the expenses involved in anti-epidemic and relief measures have amounted to over \$600 billion. Some analyses have pointed out that, excluding the amounts of the Housing Reserve and Future Fund ploughed back and the proceeds from the issuance of bonds, the Government has recorded fiscal deficits for three consecutive years, and the fiscal deficit of the current financial year is estimated to be over \$100 billion. According to Article 107 of the Basic Law, Hong Kong shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance and avoid deficits. There are views that the Government should increase stable and recurrent revenue, and betting duty is one of such revenue. In this connection, will the Government inform this Council:

(1) as the Government raised the betting duty and authorised betting on football matches in 2003, and amended the Betting Duty Ordinance in 2006 to convert the betting duty on horse race bets from turnover-based to a tax on net stake receipts, of the respective betting turnovers of and revenues from betting duty on football betting, betting on horse races, cash-sweeps and lotteries (i.e. Mark Six) in each of the years from 2003 to 2009;

(2) whether the authorities will conduct a study on raising the betting duty, with a view to increasing the stable revenue of the Government from betting duty; and

(3) whether it will, by drawing reference from the experience of neighbouring regions in issuing additional betting licences, conduct a study on suitably increasing the number of licences for conducting betting on football matches under section 6I of the Betting Duty Ordinance, with a view to increasing revenue from betting duty; if so, of the details; if not, the reasons for that?

Reply:

President,

The Government has all along been adhering to the principles of exercising fiscal prudence, keeping expenditure within the limits of revenue and committing resources as and when justified and needed in public finance management. The Government strives to achieve a fiscal balance over a period of time. In the face of the epidemic and economic downturn in the past few



Betting on football matches	16,063	26,731	31,272	30,190	34,442	35,108	38,908
Betting on horse races	65,025	62,661	59,032	63,860	66,791	67,653	71,647
Lotteries	5,860	6,599	6,293	6,589	6,382	6,429	6,375
Total	86,948	95,991	96,597	100,639	107,615	109,190	116,930

Remarks: The figures above are based on the financial years of HKJC (from July to June of the following year)

As for betting duty, the revenue from betting duty increased from \$11.6 billion in 2003-04 to \$12.8 billion in 2009-10. The revenue from duty on betting on football matches, betting on horse races and lotteries between 2003-04 and 2009-10 is summarised in Table 2.

	Table 2: Government revenue from betting duty						
	(\$million)						
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Betting on football matches	1,024	1,928	2,355	2,797	2,947	2,946	2,978
Betting on horse races	9,259	8,467	7,950	7,703	8,415	8,089	8,292
Lotteries	1,353	1,662	1,633	1,547	1,686	1,585	1,497
Total	11,636	12,057	11,938	12,047	13,048	12,620	12,767

(2) To ensure fiscal sustainability, the Government would look into different measures, including tax rate adjustment, to increase revenue without affecting people's livelihood and maintaining the policy of low tax rate as far as possible. We will take into account the fiscal position of the Government, the economic environment of Hong Kong, and the impact on people from different walks of life in the community and give prudent consideration to the proposal of adjusting betting duty.

(3) The gambling policies in different jurisdictions around the world are not the same and the betting duty regimes also vary. Therefore, the licensing regime of betting activities (including the number of betting licences issued) in other jurisdictions may not be directly applicable to Hong Kong. As for Hong Kong, the Government's policy has all along been not to encourage gambling.

As per established practice, the licence for football betting is only issued by the Government under the Ordinance to one organisation, namely HKJC, to prevent competition amongst operators which could stimulate demand for gambling. Having considered that the prevailing practice is consistent with the Government's gambling policy of not encouraging gambling and has all along been effective, we have no plan at the moment to increase the number of licence for football betting.

Thank you, President.