

Panel on Home Affairs

List of questions raised by deputations and members at the special meeting held on 16 June 2005

I. Questions raised by deputations

1. On what information and data the following estimations, made by the Hong Kong Jockey Club (HKJC), are based –
 - (a) the existing total turnover of the illegal horse race betting market amounts to about \$50 to \$60 billion a year; and
 - (b) the turnover on horse race betting will drop to \$45 billion by 2008-09 if no reforms are introduced to the betting duty system?

What is the method of the study which has come up with the above projections? For example, what is the sampling size?

2. Has the Administration verified the information and data provided by HKJC, including the estimated amount of turnover of the illegal horse race betting market?
3. What is the Administration's view on a suggestion made by a deputation that it will be more effective to tackle illegal gambling by strengthening law enforcements and publicity of anti-gambling messages than by introducing the proposed reforms?
4. Is it appropriate to project the horse race betting turnover for the next five years on the basis of the same turnover in the last five years which have been a period of economic downturn?
5. Other than illegal bookmaking activities, are there any other reasons which also account for the decline in betting turnover on horse racing, e.g. loss of attractiveness of horse racing, the economic downturn in the past few years and the legalisation of soccer betting¹, which in effect has channelled some bets on horse racing to soccer gambling?
6. Will the proposed extension of the horse racing season provide additional opportunities for illegal bookmakers to make money by receiving bets on the extra horse races to be conducted? As the additional racing days, if held, will be in the summer vacation, will this facilitate young people participating in betting on the extra races?

¹ The turnover on soccer betting increased from \$9.6 billion in 2003-04 to \$24.7 billion in 2004-05.

7. Why should the proposed reforms be introduced given the increase in the Government's overall revenue from betting duty in recent years?
8. Does the Administration agree that the whole idea behind the proposed reforms was to encourage more people to gamble by offering more attractive odds? Some deputations consider that under the new system, HKJC will inevitably step up publicity in order to compete with the illegal bookmakers and this will give rise to rampant gambling. What is the Administration's view?
9. When will the Administration submit a report on the assessment of the social impact of the authorisation of soccer betting? Will the Administration consider allocating additional resources to prevent and tackle gambling-related problems?
10. Will the Administration consider revamping the composition and operational mode of the Football Betting and Lotteries Commission before it is to assume the role of regulating the conduct of betting on horse racing?
11. Under the proposed new system, will the Administration relax restrictions, in terms of types of betting forms and promotion of gambling, imposed on HKJC in order to ensure sufficient revenue for HKJC to pay for the \$8 billion guaranteed minimum?
12. By how much will the amount of turnover on horse race betting have to increase in order that HKJC can pay for the \$8 billion guaranteed minimum under the new system?
13. What is the Administration's view on the suggestion that HKJC, instead of resorting to the proposed reforms, should explore room for reducing its administrative costs in order to cope with the decline in horse race betting turnover?
14. What is the basis of the Administration's assessment that "it is not likely that the proposed reforms to the betting duty system on horse race betting would give rise to a substantial increase in public participation in horse racing"?
15. Is it right for the Administration to merely introduce the proposed reforms without tackling existing problems pertaining to the conduct of horse racing in Hong Kong, as elaborated in the submission [LC Paper No. CB(2)1944/04-05(02)] made by Hong Kong Joint Union of Workers of the Horse Racing Industry?
16. Is there adequate monitoring of HKJC's operation and management by the Administration?

17. Which party will be held responsible if the financial situation of HKJC still has no improvements even after the proposed reforms have been introduced?

II. Questions raised by members

1. The total turnover of football betting, lotteries and horse race betting has increased from \$86.52 billion in 2000-01 to \$92.155 billion in 2004-05. Does the Administration agree that a lot of bets have actually been diverted from horse race betting to football betting, and the reason for the decline in betting turnover has more to do with the authorisation of football betting rather than the structural problems claimed by the Administration and HKJC?
2. How will HKJC be able to compete with illegal bookmakers, given that the latter can always offer more attractive odds to bettors, short-term credit and other incentives?
3. What are the views of the Administration and HKJC on the comments that the proposed reforms will give rise to rampant gambling and a substantial increase in public participation in horse racing, especially among the youth?
4. Are there any measures proposed by HKJC to enhance the quality of horse racing and the monitoring of the conduct of horse races in order to strengthen bettors' confidence in such races?
5. What payout rates HKJC is going to set for horse racing bets under the new system? In case the illegal bookmakers offer the same or even slightly better payout than that offered by HKJC, how can HKJC compete with the illegal bookmakers?
6. Are there any research findings which show that the new betting duty system will bring about a substantial increase in horse race betting turnover, in order to support the argument that the new system will be able to generate a stable income for the Government from betting duty revenue?
7. Is there any feasibility study conducted which shed light on the possible changes in the rate of betting duty on turnover and the corresponding changes in the Government's betting duty revenue for the next five years?
8. What is the percentage of HKJC's charity donations of its total business turnover?

9. What is the Administration's response on the comments made by a member that the Administration should promote a more enriched cultural life and wider public interest in participating in recreation and sports, which, in his view, would be a way to reduce public participation in horse race betting?

Council Business Division 2
Legislative Council Secretariat
25 August 2005