

**Eleventh Meeting of  
the Business Facilitation Advisory Committee**

***Agenda Item 4 : Report on the progress of the  
“Be the Smart Regulator” Programme  
– July 2009 update***

**Purpose**

This paper reports on the progress of the “Be the Smart Regulator” Programme<sup>1</sup> (the Programme) since the last Business Facilitation Advisory Committee meeting held on 31 March 2009.

**Latest progress**

***Overview***

2. All 29 Bureaux/Departments (B/Ds) involved in the Programme have sustained their efforts to improve their licensing services with positive feedback from the trades. The Government will continue to drive forward the Programme with a view to further enhancing Hong Kong’s business environment.

***Efficiency improvement measures in connection with the World Bank’s  
“Doing Business” Report***

3. The World Bank started a new round of annual survey on “Ease of Doing Business” in January 2009. The Economic Analysis and Business Facilitation Unit (EABFU) has updated the World Bank on the following –

- (a) On “starting a business”, the company incorporation process has been shortened from six to four working days since January 2008. New incorporation forms were also introduced in July 2008 to capture details of a new company, which has further reduced the process by one step;

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<sup>1</sup> The Government has implemented the Programme since early 2007 to further improve Hong Kong’s licensing processes and business environment. The Programme aims to improve the efficiency, transparency and business-friendliness of Hong Kong’s licensing processes with the aim of reducing compliance costs to the business community while safeguarding public interests.

- (b) On “registering property”, the performance pledge for conventional stamping is five days and the take-up rate of the e-stamping service has increased to 64% in November 2008;
- (c) On “employing workers”, the employer’s Mandatory Provident Fund (MPF) contribution can be offset from the severance payment in Hong Kong. We hope the World Bank would consider using the amount of severance payment after deducting the employer’s MPF contribution in the calculation of the firing cost in this round of study;
- (d) On “protecting investors”, we have drawn the World Bank’s attention to the protection measures bestowed upon shareholders as plaintiffs during commercial disputes under the Companies Ordinance; and
- (e) On “trading across borders”, we have highlighted the mandatory use of electronic submission of manifests in air, ocean, river and rail transport mode since 2006. We hope the World Bank would also take into account the cheaper river transport mode in the calculation of the inland transportation and handling charges.

***Business facilitation in the Food and Environmental Hygiene Department (FEHD) and Home Affairs Department (HAD)***

4. The FEHD and HAD, with the support of the Efficiency Unit (EU), have continued to step up their efforts in enhancing their licensing services. Some noteworthy progress is highlighted below –

- (a) Testing of the prototype e-Liquor Licence System has been underway since April 2009. Approval from the Liquor Licensing Board will be sought for system implementation following the conclusion of the system development;
- (b) The FEHD is implementing a Food Import Control System to support the processing of applications for food traders registration, permission for food importation and import licences;
- (c) The EU completed a review on the bakery licence and recommended the FEHD to re-group the bakery licence under the food factory licence so that the number of food-related licences

would be reduced from 11 to 10. Other rationalisation measures have been proposed to reduce compliance burden of the trade; and

- (d) The FEHD has implemented measures to shorten the time for issuing provisional licence for small food factories from one month to two weeks (reduction by 50%).

### ***Application Tracking Facilities (ATFs)***

5. Three ATFs set up in the FEHD, HAD and Social Welfare Department have continued to operate smoothly. Latest developments of the ATFs are as follows –

- (a) The ATF for food licences has been enhanced to provide joined-up information sharing with departments like the Water Supplies Department and Drainage Services Department to ensure better co-ordination among the utility departments;
- (b) With the aid of the ATF, the HAD has further shortened the internal management targets for processing new applications from 70 to 54 working days (reduction by 23%) with effect from April 2009; and
- (c) Through regular review meeting on the management information supplied by the ATF, the HAD has reduced the number of long outstanding renewal applications (those exceeding three months) from 88 in Q3 2007 to eight in Q1 2009 (reduction by 91%).

### ***Business Liaison Groups (BLGs)***

6. The nine BLGs for the major trades have continued to function as an effective communication platform. The licensing authorities have responded positively to some of the trades' requests. Some noteworthy examples include –

- (a) The Leisure and Cultural Services Department has agreed to extend the business hours from 2 am to 6 am for the billiard trade provided that applicants do not have any record of nuisance to the public;
- (b) In response to the trade's request for the Government to combat illegal video recording in cinemas, the Customs and Excise Department has increased the number of its inspections. In

addition, the Intellectual Property Department has produced an Announcement in the Public Interest on anti-camcording in cinemas. This should help improve the business environment of cinemas; and

- (c) The Buildings Department has clarified with the food business trade that the proposed new standards to increase the ratio of female toilets to male toilets from 1:1 to 1.25:1 will not be applicable to the existing food business establishments.

***Business impact assessment (BIA)***

7. Upon completion of a BIA study on the proposed additional licence conditions for temporary/occasional hot pot activities in restaurants and factory canteens, the Fire Services Department and the FEHD have refined their proposals and agreed to defer the introduction of the additional licence conditions till winter this year in order to provide a more certain operating environment for the trade in view of the economic downturn.

8. Another BIA study on the “Mandatory Implementation of the Building Energy Codes” has recently been completed. The Administration has taken into account the findings of the BIA and the trade’s views in formulating the legislative proposal. The Administration will brief members on the proposed legislative framework under agenda item 2.

9. Two other BIA studies are underway. They cover the “Food Safety Bill” and the “Voluntary Water Efficiency Labelling Scheme” on bathing showers. The EABFU will continue to render advice and assistance to the B/Ds concerned.

***Business consultation e-platform on regulatory proposals***

10. Since the business consultation e-platform was launched in late September 2008, 14 B/Ds have posted to the e-platform a total of 26 current/upcoming consultation items relating to regulatory/licensing proposals or proposed administrative measures and procedures that would impact the business sector. A hyperlink to the e-platform has also been established in the websites of the Chinese General Chamber of Commerce, the Chinese Manufacturers’ Association of Hong Kong, the Federation of Hong Kong Industries, the Hong Kong General Chamber of Commerce (HKGCC) and 13 major government departments providing business licensing services. So far, more than 7 000 visits to the e-platform from the public have been recorded.

***Publicity of our business facilitation work***

11. The HKGCC has publicized a feature article in its periodical *The Bulletin* on the success of our Government-business partnership model in facilitating the property development sector.

**Way forward**

12. Members are invited to note the progress of the Programme. We will report further progress in due course.

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