

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

***Agenda Item 5 : Report on the progress of the
“Be the Smart Regulator” Programme
– October 2009 update***

Purpose

This paper reports on the progress of the “Be the Smart Regulator” Programme¹ (the Programme) since the last Business Facilitation Advisory Committee meeting held on 16 July 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 trade feedback. The Government will continue to drive forward the Programme and monitor the progress of our reform measures with a view to further enhancing the ease of doing business in Hong Kong.

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

3. Hong Kong remains as the 3rd easiest place² to do business in the world according to the World Bank’s Doing Business 2010 Report released on 9 September 2009. The top two performers are Singapore (1st) and New Zealand (2nd). When compared with the ranking four years ago (i.e. Doing Business 2006 Report), Hong Kong has moved up four places from 7th to 3rd

¹ 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.

² The World Bank has adjusted Hong Kong’s overall ranking last year from 4th to 3rd due to changes in the methodology, data corrections and the addition of new economies.

in the latest report. The World Bank commends Hong Kong as one of the “most consistent reformers” in its report.

4. Over the past year, Hong Kong has improved significantly in *dealing with construction permits* (jumping from 20th to 1st out of 183 selected economies) and employing workers (up from 20th³ to 6th). In addition, Hong Kong has remained strong as one of the world’s top four economies in *enforcing contracts* (3rd), *getting credit* (4th), *trading across borders* (2nd), *protecting investors* (3rd) and *paying taxes* (3rd).

5. We will continue to explore ways to improve the business environment by partnering with the business sector and reforming the existing regulatory regimes.

Major progress in various departments

6. Various departments continue to put on extra efforts to improve the transparency, efficiency and customer-friendliness of their licensing work. Some notable examples are –

- (a) The Highways Department has launched the first phase of the Excavation Permit Management System, which allows electronic submission and processing of applications for excavation, expressway and road works permits with on-line application tracking facilities;
- (b) The Office of the Telecommunications Authority (OFTA) has launched new on-line services for licensees to carry out themselves the cancellation of licence/station and duplication of licence/identification labels. On completion of a licensing review, the OFTA has further simplified the licensing regime by phasing out six licence types;
- (c) The Fire Services Department has strengthened the manpower at its Ventilation Division to expedite compliance inspections at licensed

³ The World Bank has acceded to our clarification that the severance payment payable to redundant employees can be offset by their employers’ contribution under our Mandatory Provident Fund Schemes. The ranking for *employing workers* has thus been adjusted from 20th to 7th last year and has climbed to 6th this year.

premises, thus shortening the pledged completion of inspection by two to six working days (reduction by 17% to 38%);

- (d) The Home Affairs Department has succeeded to expedite the issuance of acknowledgement receipt for a licence/certificate of compliance application from five to four days (20%) and letter of upgrading requirements for guesthouse/clubhouse licence from 25 to 22 days (12%). It has published the new processing time to applicants as performance pledges;
- (e) The Trade and Industry Department (TID) has started to provide e-services for applications for Kimberly Process Certificates for Rough Diamonds. It also improved the renewal process for Rough Diamond Trader Registration by introducing a simplified form and issuing e-notifications to traders for renewal; and
- (f) The Economic Analysis and Business Facilitation Unit (EABFU) and TID completed the first phase revision of the “Business Licensing Information Services” (BLIS) System, covering the licensing work of the FEHD, Television and Entertainment Licensing Authority and Education Bureau, to provide relevant and updated licensing information to the trades. The revised BLIS System has also been made easier to use and maintain. The BLIS improvement work has been extended to the remaining 26 B/Ds under the “Be the Smart Regulator” Programme in Phase 2.

Business impact assessment (BIA)

7. BIAs are carried out by B/Ds to ensure that the proposed regulatory or licensing requirements are reasonable and the implications of cost of compliance and administrative burden on the affected business segments are thoroughly addressed.

8. The EABFU assisted the Water Supplies Department (WSD) to complete a BIA study on the proposed “Voluntary Water Efficiency Labelling Scheme” on bathing showers, facilitating the WSD to refine the scheme document to address the views of the business stakeholders. The Scheme was subsequently launched in September 2009.

9. Another BIA study on the “Food Safety Bill” is in progress. In addition, the EABFU is now assisting the Environmental Protection Department in sourcing and selecting suitable consulting firms to conduct a

BIA study on the proposed “Mandatory Producer Responsibility Scheme for the Proper Management of Waste Electrical and Electronic Equipment” (the WEEE Scheme). The Administration will brief Members of the WEEE Scheme under Agenda Item 3.

10. A promotion-cum-experience sharing session on the BIA framework was conducted for the directorate/professional officers of the OFTA with positive response.

Business consultation e-platform on regulatory proposals

11. So far, 30 current and upcoming consultation items from 15 B/Ds have been posted to the business consultation e-platform. Current and upcoming consultation items for the fourth quarter of 2009 are listed at **Annex**. To increase public awareness of the e-platform, hyperlinks to the e-platform have been established in the websites of 24 departments providing business licensing services. More than 10 000 visits to the e-platform have been recorded.

Publicity of our business facilitation work

12. The EABFU has arranged publication of two feature articles at the websites of trade associations. The one entitled “Private Recreation Clubs Find Clarity Through Dialogues with Government” and the other “Creative Streamlining Enables Smoother Hotel Operation” are posted to the websites of the Club Managers Association and the Federation for Hong Kong Hotel Owners respectively.

Promotion of business facilitation culture

13. The EABFU has taken the initiative to promote the business facilitation culture within the Civil Service. Some of the promotion work is highlighted below –

- (a) A briefing session on business facilitation culture was delivered to 295 new recruits of 73 grades from 48 departments through the induction seminar organised by the Civil Service Training and Development Centre with an aim to cultivate business facilitation culture among the new comers; and

- (b) An experience sharing session on business facilitation work was held for eight departments with encouraging feedback.

Way forward

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

Efficiency Unit,
Chief Secretary for Administration's Office
Economic Analysis and Business Facilitation Unit,
Financial Secretary's Office
October 2009

List of Current Consultation Items (Position as at 22 October 2009)

Current Consultation Item	Bureau/Department	Brief Description	Major Affected Business Groups	Remarks
1. Public Engagement on Building Design to Foster a Quality and Sustainable Built Environment	The Council for Sustainable Development in collaboration with the Development Bureau and Environment Bureau	The public's views will be gauged on how to achieve sustainable design in terms of building separation, setback from narrow streets and greenery; balance the need for essential, green and amenity features of buildings against building height and bulk; and improve energy efficiency of buildings through more effective design.	Developers and investors/executives and professionals who are concerned with the local built environment	The Pre-construction Task Force has offered views / comments and will continue to maintain dialogue with the Council for Sustainable Development.
2. Review of the Personal Data (Privacy) Ordinance	Constitutional and Mainland Affairs Bureau	To examine whether the existing provisions of the Personal Data (Privacy) Ordinance still afford adequate protection to personal data having regard to developments, including advancement in technology, over the last decade or so.	Business sector, particularly information technology industry, and organisations handling considerable amount of personal data	

Current Consultation Item	Bureau/Department	Brief Description	Major Affected Business Groups	Remarks
3. Public Consultation on Air Quality Objectives Review	Environmental Protection Department	The consultation is to solicit views from the community on the proposed new Air Quality Objectives, air quality management strategy and control measures.	Transportation, energy, infrastructure development and planning	
4. Review and Development of Marine Water Quality Objectives	Environmental Protection Department	The public engagement is to solicit views on issues to be examined in the review, and the review methodology.	Marine environment-related trades (e.g. aquaculture, capture fishery, water sports-related trades, marine works construction, tourism, etc), and professional bodies, academics, and community groups which are concerned with our marine environment	

List of Upcoming Consultation Items for the 4th Quarter of 2009

Upcoming Consultation Item	Bureau/Department	Brief Description	Major Affected Business Groups	Remarks
1. A New Producer Responsibility Scheme for Waste Electrical and Electronic Equipment (WEEE Scheme)	Environmental Protection Department	A proposal of introducing legislation to implement a mandatory producer responsibility scheme for the proper management of waste electrical and electronic equipment.	Importers, distributors and retailers for electrical and electronic equipment	The Administration will brief the Business Facilitation Advisory Committee on 5 November 2009.
2. Legislative Amendments to the Lifts and Escalators (Safety) Ordinance	Electrical and Mechanical Services Department	Proposed amendments include introducing a registration system for lift / escalator workers, upgrading qualification requirements for registration of lift / escalator engineers, streamlining the procedure for lift examination, and updating the penalties and sanctions for offences.	Lift and escalator contractors, engineers and workers, property management companies and lift / escalator owners	

Upcoming Consultation Item	Bureau/Department	Brief Description	Major Affected Business Groups	Remarks
3. Consultation on the Assignment of the Available Radio Spectrum in the 850 MHz, 900 MHz and 2 GHz Bands	Office of the Telecommunications Authority	To solicit views from the industry and the interested parties on the demands of available spectrum in the 850 MHz, 900 MHz and 2 GHz bands, the arrangement of the frequency assignment and related licensing matters.	Fixed / mobile network operators, service providers and other interested parties	
4. Consultation on Telephone Directory Enquiry (DQ) Services	Office of the Telecommunications Authority	To seek views from interested parties on various issues in connection with the current DQ regime.	Whole business sector	
5. Review of Local Access Charge	Office of the Telecommunications Authority	To review the current regulatory regime for Local Access Charge, an interconnection charge payable by external telecommunications services providers to local facility-based fixed and mobile network operators.	Telecommunications industry	

Upcoming Consultation Item	Bureau/Department	Brief Description	Major Affected Business Groups	Remarks
6. Review of the Control of Obscene and Indecent Articles Ordinance (COIAO)	Commerce and Economic Development Bureau	The Administration will conduct the second round public consultation of the COIAO, which aims to cover the definition of obscenity and indecency, the operation of the Obscene Articles Tribunal, and regulation of new forms of media.	Publication and information technology industries	