

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

***Agenda Item 5 : Report on the progress of the  
“Be the Smart Regulator” Programme  
– June 2008 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 (BFAC) meeting held on 25 February 2008.

**Latest progress**

***Overview***

2. The 29 bureaux/departments (B/Ds) with licensing activities continue to step up their efforts to improve their licensing services under the Programme. Good progress has been made on various fronts to improve the overall licensing environment for doing business in Hong Kong. The various improvement measures introduced by B/Ds are well received by the trades.

***Efficiency improvement measures in response to the World Bank’s “Doing Business” Report***

3. With regard to the World Bank’s “Dealing with licenses” indicator, the relevant departments have introduced a number of improvement measures to reduce the number of procedures and time required for processing an application for building a two-storeyed warehouse. The World Bank was subsequently informed of these improvements by the Economic Analysis and Business Facilitation Unit (EABFU) and separately through a survey submitted by the Washington Economic and Trade Office.

---

<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.

In May 2008, the World Bank publicised Hong Kong's improvement efforts in its website as a good example for other economies to learn. The results of the current "Doing Business" survey conducted by the World Bank are expected to be issued in September 2008.

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

4. The Business Facilitation Officers in FEHD and HAD, with the support of the Efficiency Unit (EU), have maintained their momentum in assisting both departments to improve their licensing activities.

Review of licensing process

*Licensing services provided by HAD*

5. HAD has implemented a new set of internal performance targets, aiming to further shorten the overall processing time for club and hotel licence applications by 21% from 89 to 70 working days.

*Licensing services provided by FEHD*

6. With effect from April 2008, FEHD has implemented the following improvement measures to improve the food-related licensing services –

- (a) FEHD has worked out a practical approach with the Lands Department to address problems previously encountered by the trade in applying for food business licences for those village type houses built in or before 1987. Now the applicant can appoint an Authorised Person / Registered Structural Engineer to certify the structural suitability of the village type house to support his / her application for a food business licence;
- (b) FEHD and the Fire Services Department (FSD) have agreed that fire services-related certificates are no longer required for applications for provisional licence and full licence of frozen confection factories, milk factories, small-sized<sup>2</sup> food factories

---

<sup>2</sup> Small-sized food factories / bakeries refer to those of Gross Floor Area not larger than 100 m<sup>2</sup> and meeting the conditions of using electricity as fuel, no open fire and no deep frying.

and bakeries, siu mei and lo mei shops and fresh provision shops. These improvement measures would simplify the licensing processes and also reduce the compliance costs of obtaining fire services-related certificates; and

- (c) Certification of “free of Unauthorised Building Works (UBW) at food business premises” is waived for premises in the Housing Department’s properties and Government buildings. This would reduce applicants’ compliance cost of obtaining a free of UBW certificate.

7. The reviews on food factory licence and transfer of food business licences have been completed. A draft report has been issued to departments concerned for comments. The EU will consider the comments received and assist FEHD in taking forward the recommendations.

#### Review of licensing guides

8. The licensing guide for restaurants is being revised and the trade will be consulted before it is issued in the third quarter of 2008.

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

9. The three ATFs set up for FEHD, HAD and the Social Welfare Department (SWD) to monitor the processing of their licence applications are operating smoothly. Since 18 February 2008, FEHD’s ATF, currently covering 11 types of food business-related licences<sup>3</sup>, has been opened up to applicants for their on-line checking of their application status. As at end May 2008, FEHD’s on-line tracking facility covered some 1 000 applications and around 46% of the applicants has made use of the facility to check their application status.

10. We have commenced work to prepare for the planned opening up of the ATFs in HAD and SWD for applicants’ online checking of their application progress later this year.

---

<sup>3</sup> The 11 types of food business-related licences are General Restaurant Licence, Light Refreshment Restaurant Licence, Marine Restaurant Licence, Food Factory Licence, Bakery Licence, Factory Canteen Licence, Fresh Provision Shop Licence, Frozen Confection Factory Licence, Milk Factory Licence, Siu Mei and Lo Mei Shop Licence and Cold Store Licence.

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

11. There are now nine BLGs for the major trades to give their views on licensing/regulatory matters directly to B/Ds concerned. The trades have so far raised 365 issues, of which 296 clarified or resolved. Given that most of the BLGs have been in operation for over a year, it is an opportune time to review their effectiveness. The EABFU has therefore commissioned a consultant to conduct an opinion survey to collect views from all participants of the trades, with a view to further refining the role and functions of the BLGs.

### ***Business impact assessment (BIA) framework***

12. The EABFU is now developing a BIA framework for B/Ds to assess the business impact of their regulatory proposals so as to avoid the introduction of any unreasonable regulatory or licensing requirements. The draft framework is being tested and refined with some selected regulatory proposals.

### ***Platform for public consultation on regulatory proposals***

13. The EABFU is now working closely with the Office of the Government Chief Information Officer to set up a platform under the GovHK Portal to publicise the Government's business facilitation work, and to provide a single access point to all consultation documents on regulatory proposals which have potentially significant effects on the business community.

### **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  
June 2008