



Provisional Licensing Scheme: A Brighter Picture for Hong Kong Movie Lovers

By the Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office



From kung fu, comedies to Hollywood crossovers, Hong Kong has been a major film-making hub for the Chinese-speaking communities and a distinctive player in the world cinema stage. Although the local industry went through a significant decline in the 1990s, various initiatives launched by the government have helped revive the industry in recent years.

Nevertheless, a perfect movie experience is not complete without the right facilities - wide screen, comfortable seats with ample leg room, surround sound, and last but not least, fresh, crisp popcorns. To this end, the Economic Analysis and Business Facilitation Unit (EABFU), which sets out to foster a friendly environment for business, worked together with stakeholding departments, namely the Buildings Department, Fire Services Department and Food and Environmental Hygiene Department, and representatives from the cinema industry to perform a comprehensive review on the licensing procedure for cinema operation in Hong Kong.

To streamline the licensing procedure for cinemas, a provisional licensing scheme has been introduced to allow new cinemas to start operating once the compliance of safety requirements has been certified by professionals registered with the government. The new arrangement has greatly reduced the queuing time for compliance inspections thus, saving the business start-up costs tremendously.

Movie goers can rest assured of their safety concerns as each cinema will be inspected by government departments even after the issue of provisional cinema licence before a formal licence will be issued. They can click on the Food and Environmental Hygiene Department's website to browse through a list of licensed cinemas to verify the licensing status of individual cinema. This is undoubtedly a very convenient way for them to check if the cinema of their choice is an approved one under the government's stringent standards.

Before the scheme came into place, it took as long as 10 to 15 months before a cinema could obtain the licence. This is due to the queuing time for compliance inspections of different government departments, including the Buildings Department, Fire Services Department, and Food and Environmental Hygiene Department. The repetitive inspections due to non-compliance did further lengthen the licensing process. Some cinema operators admitted that they had chosen to operate illegally and pay the violation penalty, rather than to forgo the money spent on paying rent for an empty theatre.

"The new licensing scheme is much more efficient and flexible, enabling cinema operators to plan for the expected opening date more accurately," Mr Pow Man-fan, Vice-Chairman of the Hong Kong Theatres Association said, "Hence saving cost and creating a much friendlier business environment for cinema operators."

Besides improving efficiency, collaboration between EABFU and various government departments has also resulted in adding more prime viewing seats - which are usually the fastest-selling ones - to a cinema. By adopting the risk management approach, a row of seats can now only need to be no further than 12 metres from an aisle, up from three meters previously, provided that the leg room could be enlarged to ensure "efficient means of escape". Such change, initiated by the Buildings Department, has allowed more seats to be placed in the centre of the theatre without compromising the public safety.

Mr Raymond Ho, Senior Operations Manager of Golden Harvest Entertainment running five cinemas in Hong Kong, welcomed the change. "The modernised licensing requirements have provided for more flexibility in design of seating plans, offering more prime seats in the middle section for a more pleasurable movie experience," he said.

EABFU's review also led to the elimination of other outdated requirements, such as self-closing doors at washroom entrances to safeguard public hygiene following the SARS epidemic as well as enclosed room for storage of battery of emergency lighting system.

Furthermore, the review of cinema licensing has strengthened communications and collaboration among EABFU, licensing authorities, the trade and general public by setting up a Business Liaison Group

(BLG) for the cinema industry. Through the BLG meetings, the cinema operators can exchange views with government departments periodically to achieve fruitful and positive results. For instance, the Food and Environmental Hygiene Department has established a central database on "common problems" and "lessons learnt" regarding licensing matters which are commonly encountered by the trade. Such information can help various stakeholders to better understand the licensing procedures and requirements and hence avoid delay in the certification process due to non-compliance.

Since the introduction of the scheme in 2007 and until August 2009, there were 6 provisional licenses issued to the qualified applicants to run their cinemas.

About the author

The Economic Analysis and Business Facilitation Unit is a unit under the Financial Secretary's Office responsible for taking forward business facilitation initiatives aiming to improve the business environment of Hong Kong.

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