Fourteenth Meeting of the Business Facilitation Advisory Committee

Agenda Item 5: Report on the progress of the “Be the Smart Regulator” Programme – June 2010 update

Purpose

This paper reports on the progress of the “Be the Smart Regulator” Programme 1 (the Programme) since the last Business Facilitation Advisory Committee meeting held on 15 March 2010.

Latest progress

Overview

2. All 29 Bureaus/Departments (B/Ds) involved in the Programme continue to put on extra efforts to improve their licensing services and enhance the ease of doing business in Hong Kong. The B/Ds concerned will further develop new and enhanced business facilitation measures as appropriate in partnership with the business community.

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

3. The World Bank started a new round of “Doing Business” survey in January 2010. The Economic Analysis and Business Facilitation Unit (EABFU) continues to work with the B/Ds concerned to identify improvement opportunities and update the World Bank and its local partners accordingly. Major progress is –
• **Getting Credit**  
We have clarified with the World Bank that by law borrowers can inspect their data in the Central Credit Registry. This will help improve Hong Kong’s performance in the depth of credit information index.

• **Registering Property**  
Having critically reviewed the business case of the survey, the Land Registry (LR) has presented in its return to the World Bank’s survey a more robust way of completing a property registration transaction in Hong Kong. As compared with last year’s survey findings, the number of procedures is reduced from five to three, the total processing time from 45 days to 32 days and the total cost from 5% to 4.18% of the property value. The improvements set out in the LR’s return have also been highlighted in the President of the Law Society’s letter dated 12 February 2010 to his members, who may have been invited to complete the survey.

• **Starting a Business**  
We have also clarified with the World Bank that under the Companies Ordinance, there is no requirement for the minimum amount of paid-up capital to be deposited by a company in a bank or with a notary. The cost of starting a business in Hong Kong should therefore be adjusted downward accordingly.

• **Protecting Investors**  
The Hong Kong Exchanges and Clearing Limited amended the Listing Rules in 2009 to increase the level of continuous disclosure of information about and by directors and supervisors. The disclosure in changes of issued share capital is enhanced via the Next Day Disclosure Return.

• **Paying Taxes**  
The Inland Revenue Department introduced an electronic filing of profits tax returns for business corporations in April 2010. The new measure enables business owners to perform tax computations more efficiently and to submit their returns more conveniently.
• **Trading across Borders**

The Customs and Excise Department launched the Road Cargo System in the first quarter of 2010 to provide electronic customs clearance for road transport. This facilitates traders in completing custom formalities and simplifies the custom clearance process at land borders.

**Major progress in various departments**

4. Various departments continue to put on extra efforts to improve their licensing work. Significant achievements are –

• **Marine Department (MD):** The MD has enhanced the interface of its Electronic Business System with (a) the Entry/Exit Processing and Records System of Immigration Department for exchange of vessel information; and (b) its Sailing Information Display System to automate the submission and processing of arrival/departure formalities of high speed crafts. These can expedite the issuance of invoices and eliminate the need for data verification by staff of the MD.

• **EABFU and Trade and Industry Department:** The enhancement of the web-based “Business Licensing Information Services” system (http://www.success.tid.gov.hk/eindex.html), which serves as the first stop for local and foreign business starters to search business licensing information in Hong Kong, has been successfully completed.

**Business Liaison Groups**

5. The Business Liaison Group for Recreational Clubs has served as an effective platform for the Hong Kong Cricket Club to seek advice from the Buildings Department in finding a feasible way to provide barrier-free access facility in its two new tennis courts without significantly revamping the original design plan.

**Business Impact Assessment (BIA)**

6. The EABFU continues to put in considerable efforts to promote the business facilitation culture within the Government through wider use of the BIA framework to raise B/Đs’ awareness on the compliance cost of
regulatory proposals on the affected trades and the economy at large. The EABFU has completed a BIA study for the Water Supplies Department on the proposed voluntary Water Efficiency Labelling Scheme for water taps. The EABFU is assisting the Environmental Protection Department in managing an external consultant to finalise a BIA study on the proposed mandatory Producer Responsibility Scheme for the proper management of waste electrical and electronic equipment.

Review of the Programme

7. Having reviewed its overall progress, effectiveness and strategy, we are pleased to report that the Programme is successful and well received by the local trades, participating B/Ds and the World Bank.

8. With the concerted efforts of all participating B/Ds, we have successfully completed the target measures and laid a sound foundation for the ongoing implementation of the Programme. When compared with the ranking four years ago, Hong Kong has moved up four places from 7th to 3rd in the World Bank’s Doing Business 2010 Report. Key measures/achievements from early 2007 to the first quarter of 2010 are summed up at Annex.

9. To maintain our competitiveness and our reputation as one of the “most consistent reformers”, we are committed to continue driving forward the Programme on an ongoing basis. To sustain the momentum of the Programme, the EABFU and Efficiency Unit will continue to coordinate with 29 B/Ds concerned to further develop new and enhanced business facilitation measures and monitor the implementation of their 2010-11 annual action plan.

Way forward

10. Members are invited to note the progress of the Programme.

Efficiency Unit,
Chief Secretary for Administration’s Office
Economic Analysis and Business Facilitation Unit,
Financial Secretary’s Office
June 2010
Annex

Key measures/achievements of the “Be the Smart Regulator” Programme from early 2007 to the first quarter of 2010

(a) Nine Business Liaison Groups for major business sectors have been set up by the Economic Analysis and Business Facilitation Unit (EABFU) to facilitate communication between Bureaux/Departments (B/Ds) and the trades regarding licensing and regulatory issues;

(b) A Business Consultation e-Platform (http://www.gov.hk/en/theme/bf/consultation/calendar.htm) under the GovHK portal has been developed by the EABFU to facilitate the business sectors to access consultation information relating to proposed regulations that would impact business and to offer their feedback;

(c) A Business Impact Assessment framework which B/Ds could deploy in assessing the implications of their regulatory proposals on the trades has been developed by the EABFU;

(d) The EABFU and B/Ds concerned have stepped up efforts to promote business facilitation and customer-centric culture within the civil service;

(e) 15 B/Ds have adopted wider use of IT and e-Government to support licensing work by developing/enhancing 19 different systems;

(f) The Efficiency Unit has assisted in setting up three Application Tracking Facilities in the Food and Environmental Hygiene Department, Home Affairs Department and Social Welfare Department to facilitate the processing and monitoring of licence applications;

(g) The EABFU has initiated nine reviews to streamline business regulatory/licensing processes affecting the food business, real estate development and entertainment sectors; and

(h) 24 B/Ds have provided 49 new/revised departmental performance pledges and 28 new/revised licensing guides to improve the efficiency and transparency of the licensing regime.