

**Twenty-third Meeting of  
the Business Facilitation Advisory Committee**

***Agenda Item 2 : Business Impact Assessment on Revised  
Proposal for Implementation of Third  
Party Fire Safety Certification by  
Introducing a Registered Fire Engineer  
Scheme in Hong Kong***

**Background**

At the 19<sup>th</sup> Meeting of the Business Facilitation Advisory Committee held on 29 March 2012, the Fire Services Department (FSD) briefed Members on the results of the consultation on the revised proposal for implementation of Third Party Fire Safety Certification by introducing a Registered Fire Engineer (RFE) Scheme vide BFAC Paper 2/12.

2. As a pilot, the proposed Third Party Fire Safety Certification will firstly be introduced to licensed premises such as food premises, places of public entertainment, school premises/child care centres, hotels, guest houses, clubs, and residential care homes. Licence applicants might choose either one of the following options –

- (a) hire the services of RFE for risk assessment and formulation of fire safety requirements, and then engage RFE for compliance check upon completion of the works;
- (b) hire the services of RFE for risk assessment and formulation of fire safety requirements, and then use FSD's service to conduct compliance check upon completion of works;
- (c) use FSD's service in conducting risk assessment and formulation of fire safety requirements, and then engage RFE for compliance check upon completion of the works; or
- (d) continue using the services provided by FSD under the existing mechanism.

3. To better assess the business impact of the proposed scheme on various stakeholders, FSD in collaboration with the Security Bureau and the Economic Analysis and Business Facilitation Unit appointed the PricewaterhouseCoopers Advisory Services Ltd (the consultant) to carry out a business impact assessment (BIA) study. The BIA study commenced in June 2012.

### **Key Findings and Recommendations of Business Impact Assessment**

4. The consultant has conducted 42 interviews with various stakeholders including 16 potential service providers from professional organizations and engineering firms, and 26 potential service users from restaurants, hotels, elderly homes and licensing consultants. The key findings and major recommendations of the BIA study are summarized as follows –

#### Key findings

- (a) Stakeholders generally support the proposed scheme and consider that there is value in introducing a pool of qualified and regulated professionals to help deliver FSD's fire safety certification services.
- (b) The consultant has assessed that the current pool of persons who are likely to meet the qualification of the application for RFEs is sufficiently large to meet potential demand for RFE services,
- (c) Stakeholders generally agree that there will be greater business benefits and hence demand for RFE services if and when the scope of the proposed scheme is expanded to include alterations and additions works, new buildings, etc.
- (d) In addition to having a choice, licence applicants believe that the proposed scheme can help expedite the overall licence application process, and give them greater control over their projects, especially the larger scale, more complex ones.
- (e) Depending on the size and type of premises as well as the size of the service provider engaged, the consultant has estimated that potential fees charged by service providers could range from about HK\$30,000 to HK\$200,000.

- (f) The study results also indicated that the scheme would not give negative impact on the small and medium enterprises and existing stakeholders such as the fire service installation contractors and ventilation contractors.

### Major recommendations

- (a) FSD should maintain a phased approach to implementing the proposed scheme because it helps manage implementation risks; facilitates transfer of knowledge and on-site experience from FSD to RFEs; and allows FSD to observe (and act on if required) the responses from the market.
- (b) FSD should work with the business community to “recruit” service users to participate in the pilot exercise.
- (c) FSD should proactively facilitate transfer of practical knowledge and on-site experience to RFEs.
- (d) FSD should consider developing a communications programme to publish success stories, lessons learned, key statistics (e.g. the number of compliance audits performed and “passed”), etc. to help instil stakeholder confidence in the proposed scheme.
- (e) FSD may wish to perform an interim review of the implementation of the pilot scheme (say one year after the implementation of the pilot) to assess the implementation progress and concerns. Based on the feedback received, FSD can then fine tune the approach to pilot if required.

### Estimated cost of compliance

Given that the proposed scheme is only optional, and service users are given the choice of either continuing to use the services provided by FSD or engaging an RFE. If a licence applicant chooses to engage an RFE and incur the cost of doing so, this is considered a voluntary business decision, and any business costs incurred as a consequence of such decision should be considered as part of the “normal” cost of conducting business, rather than the cost of compliance associated with the scheme. This, in turn, suggests that the cost of compliance to business is zero when the proposed scheme is completely optional in nature.

## **Way Forward**

5. Members are invited to note the results of the BIA study and offer comments, if any.

Fire Services Department  
July 2013