

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

***Agenda Item 5 : Report on the progress of the
“Be the Smart Regulator” Programme
– July 2013 update***

Purpose

This paper reports on the progress of the “Be the Smart Regulator” Programme¹ (the Programme) since the last Business Facilitation Advisory Committee (BFAC) meeting held on 28 March 2013.

Latest progress

Overview

2. All the 29 participating Bureaux and Departments (B/Ds) have continued to sustain momentum in further enhancing the licensing services for doing business in Hong Kong. Good progress has been made in various fronts and major progress is highlighted in the ensuing paragraphs.

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

3. The Economic Analysis and Business Facilitation Unit (EABFU) continues to work with relevant agencies to devise focused reform measures to improve Hong Kong’s ease of doing business ranking. EABFU has recently updated the World Bank of the following reform measures –

- Getting electricity
The Hong Kong Police Force (HKPF) and the Transport Department (TD) have further streamlined relevant procedures to

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.

reduce the time of processing the lighting, signing and guarding proposal from 12 to 10 days and the time of processing the temporary traffic arrangement proposal from 12 to 10 days respectively. These measures could shorten the time to obtain excavation permits in connection with the supply of electricity for small scale warehouses or industrial buildings.

- Registering property

The Land Registry (LR) has enhanced its website such that the purchaser's solicitor can now use the "Property e-stamping" linkage at the LR's website to pay stamp duty and prepare e-Memorial Form for the assignment. The reform helps reduce the number of procedures for registering property in Hong Kong.

- Protecting investors

To further enhance investor protection, the Financial Dispute Resolution Centre, the Investor Education Centre and the statutory regime for disclosure of inside information came into operation on 19 June 2012, 20 November 2012 and 1 January 2013 respectively.

4. We have also informed the World Bank of the following one-off measures announced in the 2013-2014 Budget Speech by the Financial Secretary to help our enterprises facing the unstable external economic environment and increasing operating costs –

- Reduction in profit tax for 2012-13 by 75% subject to a ceiling of \$10,000 and waiver of rates for 2013-14 subject to a ceiling of \$1,500 per quarter for each rateable property. These measures can help reduce the total tax rate of Hong Kong in the area of "Paying taxes"; and
- Waiver of business registration fees for 2013-14. This will reduce the cost of registering a business in the area of "Starting a business".

Major progress in various departments

5. All participating B/Ds have continued to further enhance their business licensing work in various areas. Some notable examples are –

- The Marine Department has enhanced its Electronic Business System whereby shipping companies can now submit online applications for the Port Facilities and Light Dues Incentive Scheme. Under the scheme, ocean going vessels can enjoy a 50% reduction in port facilities and light dues if they use cleaner fuel while berthing in Hong Kong waters.
- TD has adopted a new licensing arrangement to facilitate non-franchised buses in providing student service. Under the new arrangement, passenger service licence (PSL) holders only need to furnish a student service contract to TD for issue of student service endorsement in respect of all of their buses under the same PSL complying with the requirements. The operators could deploy their vehicles more flexibly to meet operational needs and demand.
- HKPF has implemented a business facilitation measure of issuing renewal reminders by post to the Massage Establishment licensees and the Pawnbroker licensees 2 to 3 months before the expiry dates of their licences. This measure was intended to help SMEs in these two sectors avoid disruption of business due to late submission of licence renewal applications.

Promotion of smart regulation culture and publicity of our business facilitation work

6. In March and April 2013, EABFU organized two refresher workshops on “Business Facilitation and Smart Regulation Culture” for frontline staff and their supervisors involved in business licensing work. A total of 30 colleagues from 16 licensing departments participated in the workshops. The participants found the workshops interesting and relevant to their work.

7. The Chinese General Chamber of Commerce has published in its June 2013 CGCC Vision bulletin an article² highlighting the role of BFAC as an interface to promote Government-business communication in regulatory reform. In the baseline study report³ issued by the Asia-Pacific Economic

² The article can be accessed via http://www.cgcc.org.hk/en/chamber/bulletin/files/Bulletin_1370831761.73045_p.32-36.pdf.

³ The report can be accessed via http://publications.apec.org/publication-detail.php?pub_id=1323.

Cooperation (APEC) on good regulatory practices of its member economies, the work of BFAC, especially the sector-specific regulatory reviews conducted by its task forces, is lauded. The development of a Business Impact Assessment framework and establishment of a business consultation e-platform under the Programme are also recognised by APEC as good examples.

Business Impact Assessment

8. EABFU is now assisting the Environmental Protection Department to source and select an external consultant to conduct a BIA on the New Producer Responsibility Scheme on Glass Beverage Bottles. The BIA on the proposed Private Columbaria Bill is underway and the BIA on the proposed new measures for compliance with fire safety requirements by licensed food premises is being finalized. The BIA for the proposed Third Party Fire Safety Certification Service under the Registered Fire Engineer Scheme is completed.

Review of business licensing services and SME support services

9. The Efficiency Unit's review of business licensing services and SME support services will be completed shortly. The Efficiency Unit will update Members on the review recommendations once they are available.

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,
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July 2013