

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

***Agenda Item 5 : Report on the progress of the
“Be the Smart Regulator” Programme
– November 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 18 July 2013.

Latest progress

Overview

2. The Official Receiver Office has recently joined the Programme. All the 30 participating bureaux and departments (B/Ds) continue to sustain momentum in further enhancing the business licensing services in Hong Kong. Good progress has been made on various fronts and major highlights are summarized below.

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

3. The World Bank ranks Hong Kong as the world’s 2nd easiest place to do business again according to its Doing Business 2014 Report (the Report) released on 29 October 2013. The top performer is Singapore. When compared with the ranking seven years ago (i.e. Doing Business 2007 Report), Hong Kong has moved up three places from the 5th to the 2nd in the latest report. Our persistently high ranking reflects that Hong Kong is one of the most attractive places for business.

¹ The Government has launched the Programme since early 2007 to further improve Hong Kong’s overall business licensing environment and long-term competitiveness. The Programme aims to enhance the efficiency, transparency and business-friendliness of Hong Kong’s licensing services and to reduce compliance costs to business while safeguarding public interests.

4. The Report compares the case of doing business in 189 economies by focusing on 10 constituent indicators. Hong Kong has made improvements in *starting a business* (up from 6th to 5th), *getting credit* (up from 4th to 3rd) and *enforcing contracts* (up from 10th to 9th) over the past year. In addition, Hong Kong remains strong as one of the world's top four economies in *dealing with construction permits* (1st), *trading across borders* (2nd), *protecting investors* (3rd) and *paying taxes* (4th).

5. The Government will study the Report carefully to identify scope for improvement, and continue to explore ways to improve the business environment by partnering with the business sector and reforming the existing regulatory regimes to ensure that regulation is appropriate.

Major progress in various departments

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

- The Liquor Licensing Board has streamlined the application process for liquor and club liquor licences by waiving the requirement of providing the signatures of two referees in support of each application. This initiative helps reduce the administrative burden of the trade.
- The Companies Registry (CR) now transmits electronic data of companies under deregistration to the Inland Revenue Department (IRD). This enables IRD to waive companies applying for deregistration the requirement of filing a written notification of cessation with a copy of the CR's approval letter of deregistration. As such, the compliance cost of companies applying for deregistration can be reduced.
- The Fire Services Department has launched an "Integrated Licensing, Fire Safety and Prosecution System". Various units within the department can access the most up-to-date case information in respect of licensing, fire safety and prosecution through this system, thereby expediting the processing of licence applications and monitoring compliance.

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

7. The Economic Analysis and Business Facilitation Unit (EABFU) has arranged to publish a feature article² entitled “Fast Track Application Process to facilitate business” at the Civil Service Newsletter Issue No. 87 in July 2013. It highlights three examples of success stories and some tips on how the fast track concept can be applied to shorten the application time of business licences and permits.

8. In recognition of the Government’s effort to shorten the waiting time for liquor licensing appeals and advice on how to deal with temporary absence of liquor licensees, the Hong Kong Bar & Club Association published a feature article (**Annex**) at its Bar News Issue No. 2 in July 2013.

Business Impact Assessment

9. EABFU is now assisting the Water Supplies Department to conduct a Business Impact Assessment (BIA) on the proposed voluntary water efficiency labelling scheme on flow controllers. With the assistance of EABFU, the Environmental Protection Department has commissioned a consulting firm to conduct a BIA on the new producer responsibility scheme on glass beverage bottles. The BIAs on the proposed private columbaria bill and the proposed new measures for compliance with fire safety requirements by licensed food premises are being finalized.

Mobile application for Business Consultation e-Platform

10. EABFU has recently released a “Business Consultation e-Platform” mobile application on the Android platform, in addition to the one on iPhone platform launched in November last year. These Apps provide the business community and other stakeholders with an additional channel to access the Government’s regulatory proposals and related consultation information and to offer their views and comments at any time and anywhere.

² The article can be accessed via http://www.csb.gov.hk/hkgcsb/csn/csn87/87e/close_up_3.html.

Review of business licensing services and SME support services

11. The Efficiency Unit's review of business licensing services and SME support services has been completed. The Efficiency Unit is now discussing with departmental stakeholders the recommendations. It will brief Members on the review recommendations afterwards.

Way forward

12. 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
November 2013



Latest notice from the government to the industry

HKBCA aims to enhance the position and image of the bar industry, as well as to act as a link between the government and the industry. The following is the latest notice from the Business Facilitation Unit to the bar industry.

Shorter waiting time for liquor licensing appeals Lower business risk for bar operators

"Cheers!" As a city that never sleeps, there are plentiful bars that contribute to the vibrant nightlife in Hong Kong. It is totally disappointing for bar-goers to go to a newly opened bar only to find out that it does not provide alcoholic drinks! For bars, the key revenue generator comes from the sale of alcoholic beverages. Therefore, bar operators are anxious to acquire the liquor licence from the Liquor Licensing Board (LLB) as soon as possible. However, LLB may reject new or renewal applications, or impose additional conditions due to various reasons such as objections from neighbourhood.

Under the current appeal mechanism, the liquor licence applicant can appeal to the Municipal Services Appeals Board (MSAB) within 28 days from the written notice of the decision made by LLB. The appeal results might affect the mode of operation of the bar. With the sky-rocketing rent in Hong Kong, a month's wait is like ages to the bar operators, they would appreciate the shortening of appeal processing time and reflect their concerns through the related Task Forces under Business Facilitation Advisory Committee.

With more appeal cases, in order to shorten the waiting time of appeal hearings, MSAB has adopted the following improvement measures:

1) Adding more manpower to the MSAB

Each appeal is heard by an Appeals Board involving the Chairman or the Vice-chairman and 2 panel members. The number of MSAB Vice-chairmen increased from 4 to 6 on 1 June 2011. While the current number of Vice-chairmen is 4 due to resignation of 2 Vice-chairmen in September 2012 and January 2013 on personal reasons, more Vice-chairmen would be appointed to cope with the caseload. In June 2012, the number of panel members was further increased from 53 to 73.

2) Increasing the number of hearings

The number of hearings in 2010 and 2011 was 58 and 43 respectively, whereas the number of hearings conducted in January to July 2012 was already 35.

3) Giving priority to appeals on a case-by-case basis

Priority has been given to appeals on a case-by-case basis, depending on the statutory timelines and urgency of the cases.

After implementing these measures, the average waiting time of hearings for liquor licensing appeals (except for extension and postponement of hearings requested by Appellants) has been greatly reduced from 64 working days in 2009 to 40 working days in 2010, 40 working days in 2011, and 44 working days in 2012 (January to July). MSAB will, if reasonably practicable, fix the hearing date for an appeal within 45 working days. With shorter waiting time, bar operators could lower their business risk.

Temporary absence of liquor licensee

In a recent Economic Analysis and Business Facilitation Unit's Business Liaison Group meeting, some bar trade members suggested that during inspection, if the original licensee was absent due to personal matters, an authorization letter could act as a proof of appointment of a temporary licensee (without prior approval from LLB).

The Police's representative clarified that this was not acceptable as it was against the spirit of the liquor licensing regime. It is one of the licensing conditions that the licensee personally supervises the licensed premise to ensure that it is properly managed and suitable for serving customers. If the licensee is ill or temporarily absent, with prior application, the secretary to LLB may authorise another person to manage the premise for no longer than three months. During that period, such person shall be the licensee of the premise.

Therefore, bar operators should strictly follow the current mechanism. When the original licensee is absent, he should make application to LLB (through the Food and Environmental Hygiene Department) in advance for authorising a "temporary" licensee.