



# BUSINESS COMPLIANCE COSTS OF HOTEL LICENCE RENEWAL - A PROGRESS UPDATE

Economic Analysis and Business Facilitation Unit  
March 2013



## Background

From the last BLG meeting held in October 2012 -

*Business compliance costs of renewal applications for hotel licence*

9. **Mr Michael LI** said that to obtain a multi-year hotel licence with validity between 4 to 7 years under the Hotel and Guesthouse Accommodation Ordinance (Cap 349), the trade should hire Authorised Persons (APs) for the certification of compliance with certain fire and building safety standards by the hotels concerned annually. He opined that the cost for hiring APs was much higher than the savings in renewal licence fee, and thus the Administration should review this licensing condition to make the multi-year hotel licence a realistic choice for the hotel trade.

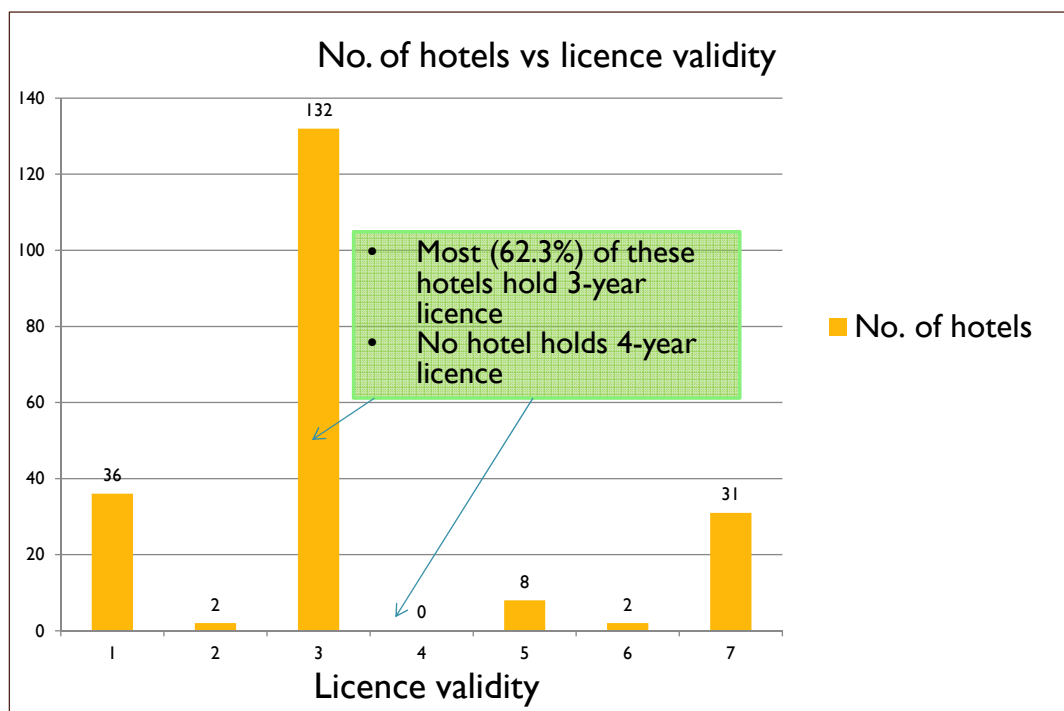
The **Convenor** and **Mr LI** suggested and **Mr LEUNG** agreed that the BLG secretariat would co-ordinate with the hotel trade and HAD to explore whether there would be room to reduce the compliance costs of renewal applications for hotel licence without compromising public interest.

EABFU /  
Trade

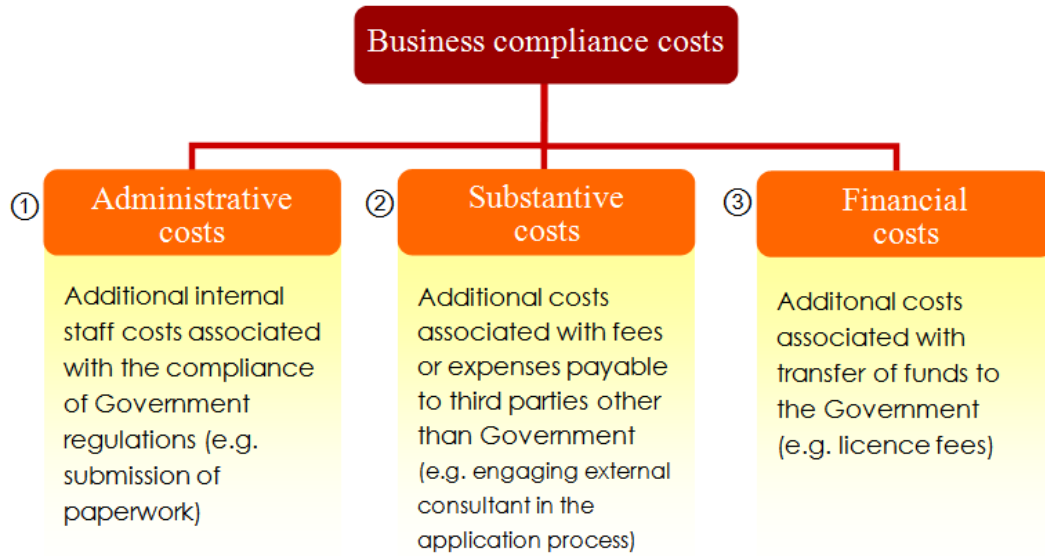
## Progress so far

- Conducted background study (Jan 2013)
- Invited hotels to participate (Jan 2013)
- Walked-through the workflow with OLA (Mar 2013)
- Designing the data collection form (Mar 2013)

## Present situation – “purpose built” hotels



# Cost to be measured under BCC



# Data collection form (sample)

**Data collection form for hotel licence renewal compliance cost (DRAFT)**

Hotel: \_\_\_\_\_ Licence validity: \_\_\_\_\_ years No. of guestrooms: \_\_\_\_\_ Contact person: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Tasks	Activities	Assumptions/Remarks	Staff Cost		Other cost lump sum	Frequency (yearly) (Note)
			no. of hours	hourly cost		
Prepare for renewal application	collect hotel licence renewal application form, retrieve registered plan etc. fill in application form Others: _____ (please specify)					
Submit renewal application form	administration cost Others: _____ (please specify)					
Support site inspections	liaise with HAD on renewal inspection date, arrange staff to attend inspections attend site inspection conducted by Building Safety Unit of Office of the Licensing Authority (OLA) attend site inspection conducted by Fire Safety Unit of OLA Others: _____ (please specify)					
Obtain Certificate of Fire Service Installations and Equipment (F.S. 251)	contractor cost equipment maintenance cost administration cost Others: _____ (please specify)					
Obtain "Work Completion Certificate - Form WR1" or "Periodic Test Certificate - Form WR2" for electrical installations	contractor cost equipment maintenance cost administration cost Others: _____ (please specify)					
Obtain annual ventilation maintenance certificate	contractor cost equipment maintenance cost administration cost Others: _____ (please specify)					



## Next steps

- Finalise the data collection form (April 2013)
- Brief participating hotels (April 2013)
- Collect data from hotels (May 2013)
- Analyse data collected (June 2013)
- Seek trade and OLA's views (July 2013)
- Document the findings (August 2013)
- Report findings to the next BLG meeting