

**Second Meeting of
the Business Facilitation Advisory Committee**

***Agenda Item 5 : Report on the Review of Licensing Requirements
for Places of Public Entertainment
(Theme Parks and Family Amusement Centres)***

Purpose

This paper summarizes the concerns of the operators of theme parks and family amusement centres and improvement options recommended by the Efficiency Unit (EU) of the Chief Secretary for Administration's Office in the "Review of licensing requirements for Places of Public Entertainment (theme parks and family amusement centres (FAC))".

Background

2. The public entertainment in theme parks and FAC are regulated by the Food and Environmental Hygiene Department (FEHD)¹ through the issue of Places of Public Entertainment (PPE) Licence after consulting the Buildings Department (BD), Fire Services Department (FSD), Electrical and Mechanical Services Department (EMSD) on safety requirements and the Hong Kong Police Force (Police) on law and order. For individual seasonal events, a PPE licence holder has also to apply for "temporary² PPE licences" when there are entertainment activities not included in the PPE licence.

3. Any alterations, such as relocation, addition and demolition of approved facilities require the "prior" approval of the Director of Food and Environmental Hygiene in consultation with FSD, BD, EMSD or the Police. Frequent changes in entertainment facilities, games or layout are necessary for organization of seasonal events and retaining the patronage. These changes, under the existing law, do require prior approval from FEHD, be they minor changes or not.

4. Besides, a theme park operator has to apply for separate licences from different government departments for food, amusement rides,

¹ The policy bureau, Home Affairs Bureau, delegated the authority to FEHD for issue of PPE licences.

² 'Temporary PPE Licence' in this paper refers to PPE Licence issued for public entertainment provided in a temporary structure.

amusement games (AG), amusement with prize (AWP), film exhibition, stage performance, etc provided inside the PPE. The import/export/handling of animals, plants or pesticides also requires permits or licences issued by the Agriculture, Fisheries and Conservation Department (AFCD) or the Department of Health. A theme park operator might have to acquire some 30 types of licences/permits before he could start business. Most of these licences require annual renewal on different due dates.

5. A case review conducted by EU showed that it generally takes some five months for an FAC to get a PPE licence, including the time taken to bring the non-compliant fitting-out up to the required safety standard. In addition, another two weeks are required to get the AWP licence which cannot be issued until the PPE Licence has been issued. Regarding the alterations, it takes five months for a theme park operator and two months for an FAC operator to secure approval for completed alteration works.

Concerns of the Trade

6. The trade raised the following concerns on various occasions –

Long lead time for approval

- (a) Business start up costs are inflated due to the long lead time in obtaining the licences.
- (b) Without the performance pledge, the long lead time for approving alterations for regular changes of entertainment leads to revenue loss.

Short duration of temporary PPE Licences

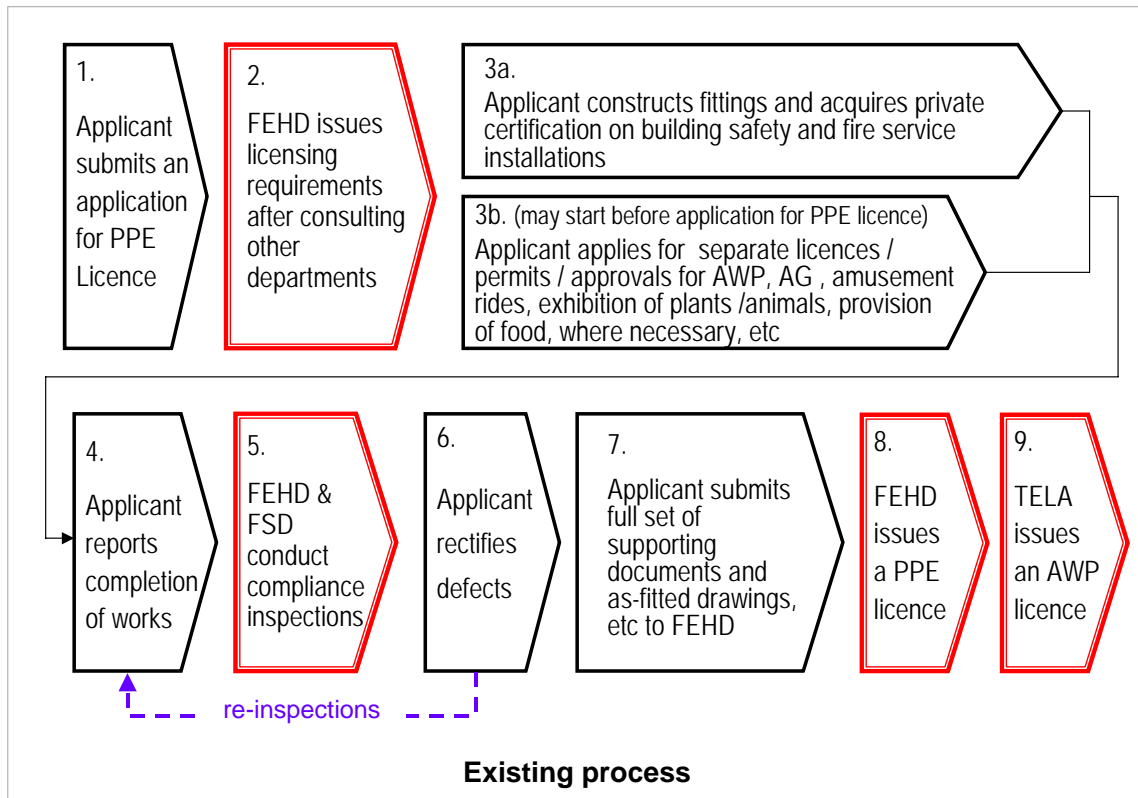
- (c) As stipulated in the law, a “temporary PPE licence” issued for a seasonal event to be taken place in a temporary structure is limited to one month. The short duration does not facilitate the trade’s operations. An operator has to apply for renewal on a monthly basis for a single event lasting for more than one month.

Too many licences

- (d) A theme park operator has to acquire more than 30 types of licences/permits before he can commence business. It adds much compliance cost to the trade.

The Existing Process

7. Apart from the time for fitting-out works, there is lead time in Steps 2, 5, 8 and 9 for issue of letter of requirements, compliance inspections and preparation of documents.



8. After the trader has completed all fitting-out works up to the required standards, he has to wait for 2 months before he could legally start business. Below is the breakdown of the lead time –

Compliance inspections by FSD & FEHD	21 working days
Preparation of Fire Certificates by FSD	3 working days
Preparation and issue of PPE Licence by FEHD	7 working days
Preparation and issue of AWP Licence by Television and Entertainment Licensing Authority (TELA)	<u>10 working days</u>
Total lead time	41 working days = 2 calendar months

Recommendations

9. To address the trade's concern, the study team has developed a number of recommendations to improve the system and streamline the existing process. Major recommendations are highlighted below –

Quick-wins

- (a) Establish performance pledge for issue of AWP Licence (Step 9) after the issue of PPE Licence (Step 8).
- (b) Shorten the pledged time for compliance inspection of ventilation systems (Step 5). Recently, FSD has already shortened the pledged time from 21 to 16 working days.
- (c) For alteration works or changes of entertainment games, establish performance pledge for prior consent of proposed changes, issue of licensing requirements where necessary, compliance inspections, and approval of completed alterations/changes.
- (d) Issue an application guide for PPE to let applicants have a better understanding of the licensing process and requirements in order to facilitate early compliance.
- (e) Establish a central database to share lessons learnt from failing compliance inspections.
- (f) Establish regular discussion forums with the trade to exchange views on regulatory matters.
- (g) Improve communication among government departments to speed up the issue of PPE Licence.
- (h) Improve communication between FEHD and TELA so that AWP Licence could be issued shortly after the issue of PPE Licence.

Long-term solutions

10. The following recommendations could further speed up the approval process or reduce the administrative burden but require legislative amendments –

- (a) Introduce notification system for minor alterations so that prior consent for commencement of works could be exempted.

- (b) Accept third party certification of ventilation system to speed up the whole process.
- (c) Establish criteria for exemption of PPE Licences for venues under prescribed conditions, e.g. installation of a few numbers of kiddie rides or AWP machines inside a venue.
- (d) Accept the applicant's notification on the use of games on the approved list in the theme park or FAC to eliminate the need for processing new applications for AWP Licence and subsequent applications for alterations, e.g. swapping of game machines or change of game contents, etc.
- (e) Introduce multi-year PPE licence.
- (f) Relax the duration of "temporary PPE licence" involving temporary structures.

Recent Improvements

11. To reduce the number of licences for regulation of endangered species, AFCD has recently introduced the consignment-based import/export permit to replace the species-based permit. Before the improvement was made, separate import/export permits were required for each kind of species conveyed through a single consignment. Separate possession licences were required for each kind of species kept in a single venue. After the simplification of licensing system, a single import/export permit may cover *all* kinds of species of the same consignment. Moreover, only one single possession licence is required for *all species* kept in a venue and its validity has been extended from 2 years up to 5 years.

Initial Response of the Administration

12. The study team considered that the above recommendations and recent improvements could address most of the trade's concern. Stakeholding departments have agreed to the recommendations in principle, with the understanding that it would take time for legislative amendments before the long-term solutions could be taken on board.

Benefits to the Trade

13. The quick wins will reduce the total turnaround time for new applications by 21 days. Assuming a family amusement centre with

25 games occupying 2000 ft² at the monthly rental of HK\$500,000, the improvement will save HK\$350,000 in rental, i.e. about 10% of the average business start-up costs of HK\$3.5 million, not to mention the operating costs and financial costs. Besides, the notification system for minor alterations will reduce the number of applications by 80%, i.e. 52 applications out of the 65 applications approved per annum.

14. In the long-run, when third party certification of ventilation system is adopted, the approval process can be *further* shortened by 12 days. It is estimated that additional rental savings will amount to HK\$200,000, i.e., 6% of the business start-up cost.

Way Forward

15. Subject to Members' views, stakeholding departments will proceed to work out the implementation plan.

Other Issues

16. After the study, the trade has suggested that consideration should be given to adopting "provisional licence", "composite licence" and self-certification of amusement rides in order to simplify the regulatory system. Besides, theme park operators would like the Government to consider self-regulation given that (i) operators care as much as the Government about the public safety of customers, which has high goodwill value to their business; and (ii) big operators have adequate resources, proper risk management system and public liability insurance to ensure public safety.

17. Some FAC operators also urged for a review of the regulation of amusement games (AG) provided in FAC where an operator has to acquire an "Amusement Games Centre Licence" on top of the PPE Licence. The age restriction of AGC prohibits parents (normally above age 16) from playing the games with their children inside FAC. Furthermore, the trade faces difficulties in finding suitable sites for FAC with AG as the existing legislation does not allow "FAC with AG" be located within 100 metres from an existing AG Centre/educational institute. It creates hurdles for entry to the business.

18. To address the above concerns, the Government will continue to explore feasible options to further facilitate the trade without compromising the public interest.

19. In addressing the trade's concerns on the number of licences required, the Administration is conducting a feasibility study to develop a licensing support centre. While individual departments will retain the authority to approve licence applications, we envision the centre to provide one-stop licensing services to the business community by coordinating the application of multiple licences between businesses and various licensing authorities. It will offer a full range of administrative services from receipt to issuance, hence further improving the licensing system.

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