

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

Agenda Item 3 : Report on the Work of the Task Forces

Purpose

This paper reports on the work of the five business facilitation task forces since the last Business Facilitation Advisory Committee meeting on 26 June 2006.

Pre-construction Task Force (PCTF)

2. In view of the industry's concerns about the very long lead time (*an average of about 56 weeks*) for processing a lease modification or land exchange application by the Lands Department (LandsD), the PCTF has endorsed a consultancy study with a view to identifying the scope for re-engineering the existing processes and developing practical recommendations to enhance operational efficiency. The study commenced in July and is now at the final stage. The initial findings indicated that there was no fundamental flaw in the current process. The major issue was the processing time taken. The Consultant was urged to come up with workable recommendations to solve the time-related problems. The Consultant is fine-tuning the recommendations for consideration by the PCTF in early December.

3. The Deputy Director of the LandsD attended the PCTF meeting in September and briefed members on various measures that were implemented over the past years to facilitate the building plan approval process. After deliberation, members were content with the LandsD's proposed measures to rationalize the handling of amendment plans in the building plan submission. The LandsD also agreed to explore possible ways including computerization, a core-point system for checking plan submission, etc. to expedite the processing of building plans under the lease, and to keep the PCTF informed of the progress.

Task Force to Review the Construction Stage of the Development Process [Construction Task Force (CTF)]

4. The subject of private certification of building submissions was discussed at the joint meeting of the Legislative Council (LegCo) Panel on Planning, Lands and Works and the Panel on Public Service on 17 July. A total of 16 deputations (including 13 civil service staff associations and three professional institutions and associations) made written submissions to the meeting. A total of 12 deputations attended the meeting. Most of the deputations were not in favour of the initiative.

5. The CTF held its 6th meeting on 23 October to discuss the draft final report of the Study on Private Certification of Building Submissions, focusing on various key issues including benefits of private certification and implementation issues to be addressed (including risks and drawbacks) and possible solutions.

6. On benefits, the Consultant noted that time saving could be realized through the reduction of turnaround time for approving building submissions. By analyzing the programme of typical projects involving different combinations of works, the Consultant found that the shorter turnaround time for approving initial design could reduce the construction cycle by 4% to 14% and the interest cost by 0.7% to 2.7%.

7. A total of 10 implementation issues had been identified through interviews with industry stakeholders. These include the role of the Buildings Department (BD) in assuring building safety under a private certification system; independence of private certifiers; unique topographical, building and market characteristics of Hong Kong; consistency in applying building standards by private certifiers; private certifiers' lack of holistic view of building developments; doubt on private certifiers' capability in coping with advancement in technology; possible lack of resources in implementing the BD's three-tier checking system in the private sector; commercial viability of private certification; availability of professional indemnity insurance to private certifiers, and public confidence on private certification. The Consultant had analyzed these implementation issues and put forward possible solutions based on the information gathered on the study of five economies which had adopted private certification, including Australia, China, Japan, Singapore and the United Kingdom.

8. Members of the CTF had in-depth discussions on the key issues and agreed to prepare a submission on the way forward for consideration at the meeting of the Provisional Construction Industry Co-ordination Board on 17 November 2006, taking into account the findings of the consultancy study and the sentiments of industry stakeholders.

9. Further to the earlier discussions on improving the co-ordination in checking planning and lands matters in the processing of building plans, the CTF considered the Core-Point Check System proposed by the Association of Architectural Practices to define the checks that would be made by the Planning Department (PlanD) and the LandsD in approving building plans so as to enhance the transparency of the checking process and align the checking made by the different departments. The CTF supports the proposal in principle and will forward it to the Housing, Planning and Lands Bureau for consideration in identifying further improvements to the building plan approval process.

Town Planning Task Force (TPTF)

10. Representatives of the PlanD attended the TPTF meeting in September to report on the implementation of the recommendations to improve the main planning processes. Members appreciated that the PlanD had been helpful and positive in addressing the problems identified by the TPTF. As some of the concerns such as Traffic Impact Assessment and Environmental Impact Assessment raised by members fell under the jurisdiction of other departments, the TPTF would take up the issues with the relevant departments.

11. The TPTF also examined the revised draft guidelines on visual impact assessment (VIA). Members did not fully comprehend the philosophy behind the VIA guidelines. The PlanD explained that the proposed issue of the guidelines was intended to set out the process and methodology of conducting a VIA rather than the criteria used in evaluating the acceptability of the visual impact of a submitted plan. However, the PlanD would convey the concerns of the TPTF to the Town Planning Board and further revise the guidelines as appropriate. The PlanD will keep the TPTF informed of the developments and the finalized guidelines in due course.

12. In response to the TPTF's concerns on the long waiting time of town planning appeal cases, the Town Planning Appeal Board Secretariat had taken steps to work out better logistic arrangements and ways to shorten the waiting time. The improvement measures include the block booking of venue in advance; arranging full or half-day hearings including Saturday; reserving the panel members prior to the appointment of appeal boards; expanding the size of the panel, etc. Members were pleased to note the estimated reduction in waiting time for new appeal cases from 11 months to about six to seven months as a result of these improvement measures.

Retail Task Force (RTF)

Regulatory review of the beauty products/cosmetics/medicine categories

13. The RTF met with the Department of Health (DH) again in October to review the improvement measures adopted and the implementation progress made by the DH in response to the concerns of the trade. The DH has drafted guidelines for the trade to determine if a beauty/health product will need registration and is now consulting the trade on the guidelines. The Pharmacy and Poisons Board will also increase the number of meetings and prepare a new meeting schedule to avoid any possible delay in drug registration caused by the LegCo's summer recess. The RTF will consult the trade of the improvement measures proposed by the DH and monitor the progress of their implementation.

Allergen and nutrition labelling

14. The RTF conveyed the trade's concerns over the allergen labelling guidelines and the need to further extend the grace period to the LegCo Panel on Food Safety and Environmental Hygiene in late June. The Panel noted the trade's concern. As traders might still be holding sizable stock that does not comply with the labelling requirements when the legislation comes into effect next year, the RTF will approach the Health, Welfare and Food Bureau again on possible pragmatic arrangements for such old stock.

15. There has been little development concerning nutrition labelling. The RTF will continue to monitor the subject.

Mandatory Energy Efficiency Labelling Scheme

16. The Administration will conduct a survey to collect market data from consumers, retailers and manufacturers/importers in respect of the products to be included in the mandatory scheme. The RTF reminded the Administration of the need to review the impact of the scheme on small traders and consumers, and to reconsider the proposed charging of a registration fee under the scheme. The RTF will monitor the developments in these aspects.

Food Business Task Force (FBTF)

Review of outside seating accommodation (OSA) for restaurants

17. The Efficiency Unit (EU) presented the recommendations of the study to the FBTF in October. Key recommendations included provision of a clear and comprehensive guide for OSA applications; allowing more flexibility in considering business hours of OSA applications; and relaxing the requirement of the walkway width for OSA. The licensing department was also recommended to enhance its coordination role such as helping applicants check the application progress and making enquiries with other departments on behalf of the applicants.

18. The FBTF finds the recommendations generally acceptable but considers it worthwhile to further explore whether an appeal mechanism can be established for OSA applicants and objectors to resolve their differences. The study team will explore the feasibility and follow up with departments concerned to take forward the study recommendations. The FBTF will monitor the progress of implementation.

Response to the concerns of factory canteen operators

19. Regarding the factory canteen operators' request for relaxation in the regulatory control on factory canteens, the FBTF had considered all the facts and the rationale behind the existing regulatory regime. Members of the FBTF noted that the existing policy managed to strike a balance between the interests of the restaurant and fast food shop operators who had paid full premium/waiver fee to open a normal restaurant in the industrial area and the

factory canteen operators who were given concessionary terms to operate under a different set of regulatory requirements. Any relaxation in the regulatory requirements might create unfairness to the restaurant operators. Nevertheless, the LandsD clarified that it had not asked the Food and Environmental Hygiene Department to check the identity of the patrons; and that display of signboards with or without light box would be allowed as long as they are not visible from outside, which to a certain extent addressed some of the concerns raised by the trade. The LandsD would also look into the trade's complaint of the high premium/waiver fee required for the change of land use. Follow-up action will be taken to explore any possible improvement opportunities regarding the approval process, if necessary.

Review on liquor licensing

20. The EU study team commenced the review in mid-August. The review aims to improve the processing of liquor licence and club liquor licence applications with a view to rationalizing the existing regulatory regime; shortening the overall processing time; and providing a more business-friendly environment for the related trade to operate in. The study team had completed the first round of interviews with seven relevant bureau/departments to understand the current regulatory regime and licensing process. The study team had also conducted two consultative meetings with the trade to exchange views on the issue and to explore possible improvement opportunities. The FBTF will monitor the progress of the study which is expected to be completed in mid-November.

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