

**Business Facilitation Advisory Committee
Food Business Task Force**

Progress Report on the Review of Liquor Licence

This paper provides a brief background on the Review of Liquor Licence (the Review) and reports on the purpose, progress and work plan of the Review.

Background of the Review

2. In July 2006, the Economic Analysis and Business Facilitation Unit (EABFU) commissioned the Efficiency Unit to conduct the Review. The terms of reference of the Review are as follows -

- a) To examine the existing regulatory regime for new and renewal liquor licence and club liquor licence applications and assess whether it is the most optimal and effective way to meet the policy objectives of the Administration and the demand from the community;
- b) To identify and make recommendations on the problems encountered by the trade in respect of the existing regulatory regime and the processing of applications for liquor licence;
- c) To examine the existing procedures of the Administration and the Liquor Licensing Board and identify scope for business process re-engineering including shortening the processing time and explore the feasibility of embedding liquor licences together with the provisional/full restaurant licences;
- d) To make recommendations for improvement with due consideration to the need for legislative amendments, costs and benefits associated with compliance and operating; and
- e) To propose an action programme with timeframe for taking the recommendations forward.

Schedule and Objectives of the Review

3. The Study Team commenced the Review in mid-August 2006 for completion in mid-November 2006.

4. The objectives of the Review are to improve the processing of liquor licence and club liquor licence applications with a view –

- a) to rationalising the existing regulatory regime for liquor licensing including the licensing terms and conditions;
- b) to providing a more business-friendly environment for the related trade to operate in; and
- c) to shortening the overall processing time.

Progress

5. The Study Team has completed the first round of interviews with seven bureau / departments (*i.e. Health, Welfare and Food Bureau, Liquor Licensing Board Secretariat, Food and Environmental Hygiene Department (FEHD), Buildings Department (BD), Fire Services Department (FSD), Home Affairs Department (HAD) and Hong Kong Police Force (HKPF)*), which are involved in processing liquor licence applications, to understand the current regulatory regime and the licensing process.

6. The Study Team is conducting case review to examine the licence processing time in greater details and to identify issues associated with the regulatory regime and the licensing process.

Current Regulatory Regime

7. In accordance with Regulation 2A of Cap. 109B – Dutiable Commodities (Liquor) Regulations, the Liquor Licensing Board (the Board), which is an independent statutory body, is the licensing authority for granting of liquor licences¹. Under Regulation 17, the Board shall grant a liquor / club liquor licence when it is satisfied -

¹ Liquor licence includes a club liquor licence under Regulation 2 of Cap. 109B.

- a) that the applicant is a fit and proper person to hold the licence;
- b) that the premises to which the application relates are suitable for selling or supplying intoxicating liquor, having regard to-
 - (i) the location and structure of the premises; and
 - (ii) the fire safety and hygienic conditions in the premises;
- c) that in all the circumstances the grant of the licence is not contrary to the public interest.

8. Any person who intends to sell liquor at any premises for consumption on the premises must obtain a liquor licence before commencement of such business. If the premises are used by a club, a club liquor licence is required. A licence so granted shall be valid for 1 year or less. Besides, licensees are required to apply for renewal of the liquor licence or club liquor licence before the licence is due for renewal. Detailed procedures for processing new licence applications are given at the *Annex*.

9. A liquor licence will only be issued when the premises have been issued with a provisional or full restaurant licence. The club liquor licence is issued subject to the production of a valid Certificate of Compliance issued by HAD.

10. During the licensing period, licensees are required to make applications if they intend to transfer or amend the licence. In the case of illness or temporary absence of the licensee for a period not exceeding 3 months, the licensee is also required to seek approval from the secretary to the Board to authorize any person to manage the licensed premises.

11. In 2005, the Board processed 6 210 applications. Of these, 4 390 (or 70%) were non-contested applications and 1 820 (or 30%) were contested and contentious ones. 954 applications were heard in open hearing, out of which six (or 0.6%) were rejected.

Concerns of the Trade

12. The trade generally raised the following concerns on various occasions –

- a) Long processing time of a new liquor / club liquor licence; and
- b) Administrative burden and difficulties related to the issuance of a licence to a natural person.

13. The Study Team would organise trade consultative meetings in October 2006 to exchange views with the trade on the issues and explore possible improvement opportunities in a collective manner.

Way Forward

14. The study is proceeding according to the schedule. In the coming two months, the Study Team will continue to explore concerned issues and potential improvement areas; develop possible solutions; and prepare an action programme for taking the recommendations forward.

15. The final findings and recommendations of the review will be reported to the Food Business Task Force in due course.

Efficiency Unit
September 2006

Procedures for processing new liquor licence applications

1. Upon receipt of an application for a new liquor licence, FEHD will refer it to HAD and HKPF for comments. If dancing endorsement in the licence is required, FEHD would also refer the application to BD and FSD for comments. Besides, FEHD will inspect the premises concerned and post a notice concerning the application in an area near the premises. In parallel, the applicant is required to arrange for newspaper advertisement, allowing the public to raise objection within 14 days.
2. FEHD would vet the departments' comments and public opinion and submit the cases to the Secretary to the Board for follow-up. For non-contested cases, the applications will be approved by the Secretary to the Board under delegated authority.
3. For contested cases where objection is received from local residents, the HKPF or other government departments, the Board will arrange an open hearing. The Secretary to the Board will issue a notice of hearing to invite the applicant and the objector(s) to attend the hearing to present their views. The Board will then decide to approve or reject the application, and the Board's decisions will be made on the same date.
4. Contentious applications with adverse comments from the public or government departments but with no objection, or applications with irregularities found on the subject premises are considered by the Board in closed door meetings.
5. The Board normally meets once a week to consider applications. Each meeting comprises a closed door session and an open hearing session. There is no meeting in August.
6. After approval is granted, FEHD will issue a liquor/club liquor licence within five working days upon production of a valid restaurant licence/certificate of compliance of club.