

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

Progress Report on the Review of Liquor Licence – May 2007

Purpose

This paper reports the findings and recommendations of the Review of Liquor Licence (the Review) and the implementation progress of the recommendations.

Study Objectives

2. The Economic Analysis and Business Facilitation Unit commissioned the Efficiency Unit (EU) to conduct the Review. The objectives of the Review are to improve the processing of Liquor Licence (LL) and Club Liquor Licence (CLL) applications with a view to –

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

Background

3. The Review was commenced in mid-August 2006. A draft report has been issued to the departments concerned and the Liquor Licensing Board (LLB) for comments. The initial findings and recommendations were also presented to the Food Business Task Force (FBTF) in January 2007.

Major Issues

4. The Study Team has identified the following major issues -
- (a) Issuance of a licence to a natural person which imposes an excessive administrative burden and a potential threat of business discontinuity due to the lead time required for transfer and temporary absence applications;

- (b) Interruption of LLB operation during summer recess which causes delays to the processing of contested cases;
- (c) Submission of contentious cases with no objection raised by any party to pre-meetings, thus unnecessarily prolonging the processing time;
- (d) Sequential processing of revocation of old licence and new application which causes unnecessary delays to the processing of new applications;
- (e) Lengthy licence processing time;
- (f) Inconsistent practices on waiting for Restaurant Licence (RL) and Certificate of Compliance (CoC) in the course of processing the LL/CLL applications, leading to lengthened processing time;
- (g) Unclear guide and application form;
- (h) Lack of performance pledges and effective progress monitoring; and
- (i) Case status not transparent.

Implementation Progress

5. To address the trade's concern and the issues identified while keeping the community's interests intact, the Study Team has developed short-to-long term recommendations. The progress of the implementation is highlighted below.

Legislative Review

6. The Study Team recommends that a legislative review be conducted at an appropriate time and that the review should cover the followings -

- ◆ the feasibility of issuing a liquor licence to a corporation
- ◆ allowing multiple authorised persons to supervise the premises if the review confirms that a “natural person” requirement should be maintained, and if so, to allow the

certification by the owners/business operators such that the operators can make leave and transfer applications on the licensee's behalf

- ◆ the possibility of introducing a classification for the licences based on the business nature of the premises
- ◆ extension of the licence duration
- ◆ obviating the need for a newspaper advertisement

7. In view of the complications inherent to a legislative review, this measure can only be implemented in the longer term.

8. To improve the situation under the existing legislative regime, short- and medium-term recommendations have also been developed. The following table summarises the achievement so far.

Recommendations	Progress	Benefits
(a) Parallel processing of new applications alongside revocation of old licences	Implemented since October 2006	This would avoid the unnecessary delay in handling new applications.
(b) Removal of dependency on RL and CoC	Implemented since October 2006	This would avoid the necessary delay in processing applications.
(c) Setting up of an application tracking system	Implemented in February 2007	The EU, in collaboration with the Food and Environmental Hygiene Department (FEHD), has developed the system for internal monitoring initially. It will be opened to applicants for tracking the progress of their applications later this year.

Recommendations	Progress	Benefits
(d) Delegation of authority to the Licensing Offices for approval of non-contested cases	Implemented with effect from 1 March 2007	The revised procedures would speed up the processing time for non-contested cases.
(e) Clearer rules on when to submit cases to pre-meetings	Implemented with effect from 1 March 2007	Cases where the applicants with conviction records but no objection from the Hong Kong Police Force (HKPF) and comment from other departments need not be forwarded to pre-meetings for a decision. This would reduce the number of applications to go through the pre-meeting procedures.
(f) Improved communication with the trade and departments concerned	Implemented	The Business Liaison Groups on the hotel, club and restaurant businesses have been set up to further enhance communications between departments and trades.
(g) Better use of computer-generated templates for preparing submission papers more speedily	Implemented	The Licensing Offices uses templates to prepare draft notices of hearing, case briefs and LLB papers as far as practicable so as to improve their efficiency in preparing the documents.
(h) Dispensing of referrals of new applications for CLL to the Office of the Licensing Authority of the Home Affairs Department (HAD)	Implemented with effect from 1 March 2007	The revised procedures would reduce the workload of both the FEHD and the HAD.

9. For the other recommendations, the following table highlights the up-to-date progress -

Recommendations	Progress
(i) Re-defined referral rules involving the HKPF	A set of revised referral rules has been developed for consideration by the FEHD and HKPF in order to reduce the processing time for amendment applications.
(j) Enhanced counter service for provision of one-stop service	The authority for signing of referral memos has been delegated to the clerical staff since 1 March 2007 to shorten the licence processing time. In addition, other measures for the provision of one-stop service at the FEHD's Licensing Offices is being explored.
(k) Improved licensing guide and application form to facilitate applicants in submitting their applications	A revised licensing guide incorporating revised application forms was issued to bureau/departments concerned for comments. We will then consult the trades before publication.
(l) Rationalised processes for transfer applications	The FEHD has agreed to dispense with the redundant confirmation of the transferee's acceptance of the additional licensing conditions. This requirement will be incorporated into the new licensing guide and will be implemented when the new licensing guide is in use.

Recommendations	Progress
(m) Introduction of a notification system for temporary absence within one month	The legal implication of this recommendation is being looked at.
(n) Introduction of performance pledges for the major processes of all kinds of applications	The new licensing guide will include performance pledges for major licensing processes.
(o) Round-the-year operation of the LLB to consider and approve the contested cases in a timely manner	The LLB would arrange ad hoc meetings during the summer recess, where necessary.
(p) Exploring use of information technology to support e-submissions and e-processing of licence applications	The LLB has agreed in principle to this recommendation.

10. In addition to the achievement mentioned above, the EU is liaising with the HKPF on further improvements to the procedures and the proposed revision to the application forms. Moreover, a proposal is being prepared for the LLB's consideration for the development of an IT system to automate the processing of liquor licences.

Advice Sought

11. Subject to any views that Members may have, the EU will work closely with the stake-holding departments to continue with the implementation of recommendations as set out in paragraph 9 above as well as other improvement opportunities.

Efficiency Unit
May 2007