

**Economic and Employment Council
Retail Task Force**

***Licensing processes for setting up
food retail business at the Housing Authority estates***

Purpose

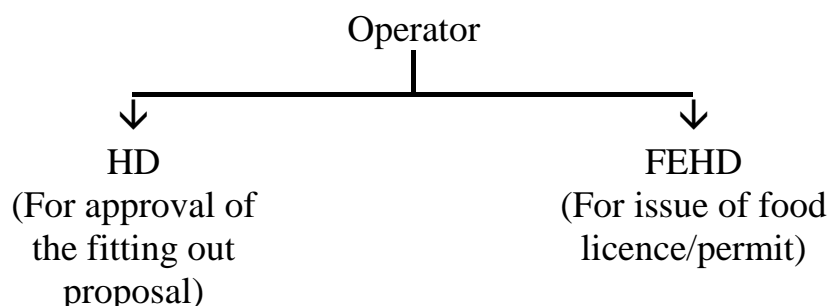
This paper presents the initial recommendations to improve the licensing processes and procedures for food retail business set up in the premises of the Housing Authority (HA).

Introduction

2. During the regulatory review of non-restaurant food licences/permits, trade expressed concerns about the long time taken and the complicated process for setting up food businesses in HA housing estates, and requested that processes be streamlined to enhance business-friendliness.

Review findings

3. In order to set up a food retail business in HA housing estates, an operator has to seek the approval of the Housing Department (HD) on the fitting-out proposal and to apply to FEHD for the relevant food licences/permits. For some food licences, FEHD refers the application to HD for advice on any additional structural safety requirements for inclusion in the Letter of Requirements⁽¹⁾, and HD's role is similar to that of the Buildings Department in non-HD premises. The two approvals could be sought in parallel.



⁽¹⁾ Letter of Requirements is issued by FEHD in its role as the licensing authority. The document sets out requirements on health, building structure, means of escape and fire safety, and the applicant has to comply with these requirements prior to the issue of the licence.

4. According to a case review, the fitting-out process took an average of 80 days and the average time for HD to handle licence referrals was 60 days. The **Annex** shows the process flow.

5. Prior to November 2004, vetting of fitting-out proposals and comments on licence applications were handled by the respective Works Teams in HD. Both processes involved a close examination of the details and communication with external parties was routed through the respective district housing manager.

6. Despite the service agreement between HD and FEHD whereby the former would respond to licence referrals within 24 working days, this service level was mostly unmet. In November 2004, HD rationalised the licensing process by assigning the Independent Checking Unit (ICU) to centrally deal with licence referrals from FEHD. The time taken to respond to licence referrals, however, remains long because of the following fundamental issues –

- ❑ Assuming the coordination role, housing managers serve as the focal point of communication. Some referrals go to the Receipt & Despatch Office of HDHQ, then route through the respective housing manager for onward transmission to ICU. It is not uncommon that an application takes over 2 weeks to reach ICU. Likewise, ICU's comments to FEHD also route through the respective housing manager;
- ❑ There is no central repository of building records of all HD premises. To comment on a licence referral, ICU needs to trace and call for records stored at scattered locations (*e.g. housing estate office, HQ Works Team or the Works Team of the property service company if the management of the estate has been outsourced*). This process could take up many days; and
- ❑ ICU examines the referrals in fine detail and clarification is often sought from the applicant through the respective housing manager and FEHD. This means further rounds of document flow.

Initial recommendations

Rationalise the document flow

7. There is a need to streamline the routing of documents with a view to cutting down on the numbers of stop-points. We **recommend** direct communication between tenants/FEHD and the respective responsible units in HD. In particular,

- ☐ Tenants should be asked to submit fitting-out proposals to the respective Works Team;
- ☐ Both Works Teams and ICU should approach tenants/licence applicants direct if additional information is needed; and
- ☐ All communication between ICU and FEHD should be direct without routing through the housing manager, by fax or courier service if the document is bulky.

Set up a central repository of building records

8. The scattered locations of building records present significant problems to ICU and Works Teams in their work. We reckon that HD is developing a central repository of building records which should be completed by 2009. In the interim, we **recommend** that different offices make known the register of building records they respectively carry, so as to facilitate the retrieval of building records and plans by parties concerned.

Review the vetting processes

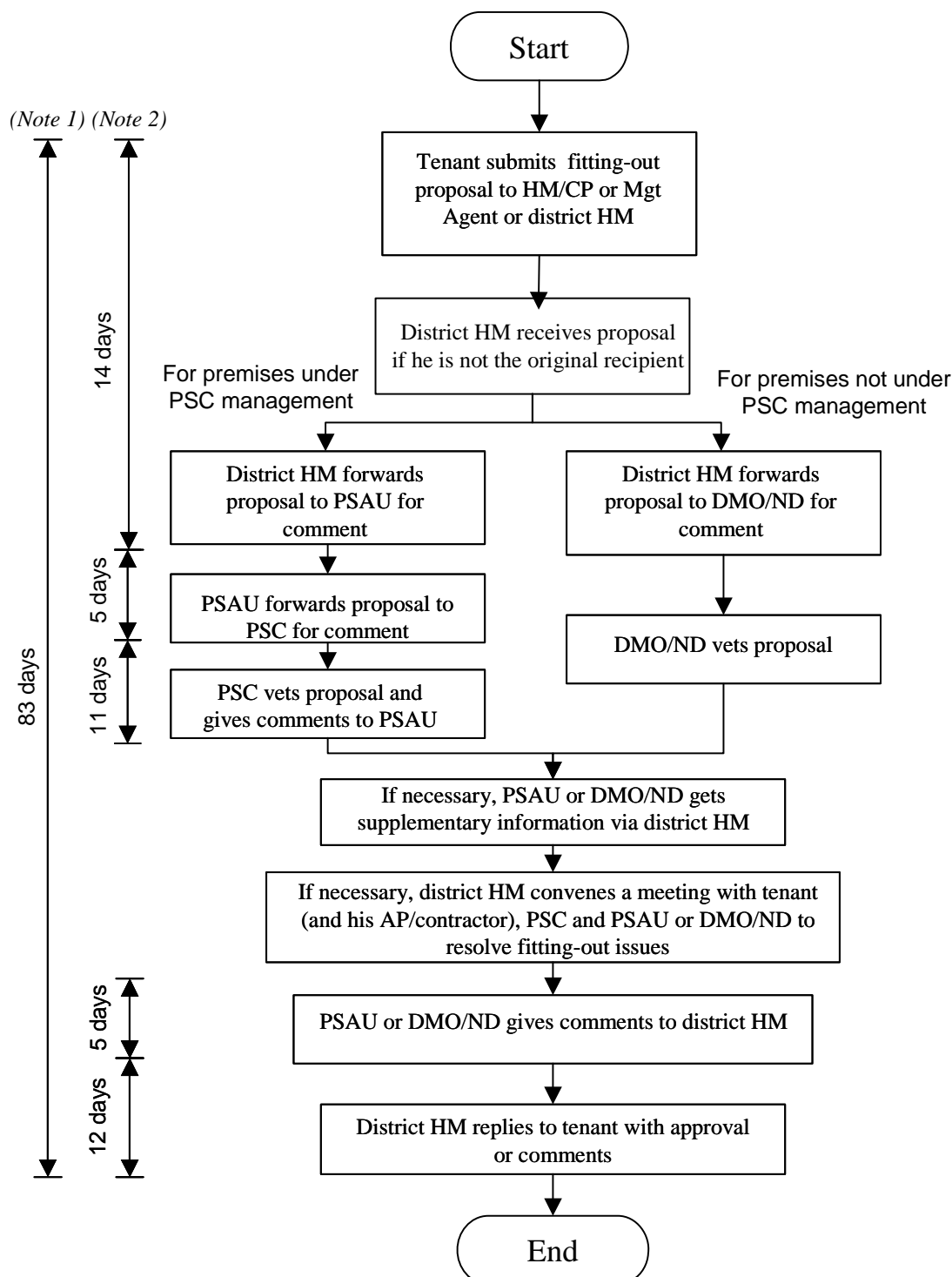
9. The role of ICU in the licence process is comparable to that of the Buildings Department (BD), but the approach of the two authorities takes a very different form. BD focuses on the additional structural safety work required by the licence applicant for the issue of a licence, while ICU concentrates on accuracy of details shown on an application. Similarly, the respective Works Team adopts a micro-examination process when it vets fitting-out proposals. We see a need to streamline the vetting processes of ICU and the Works Teams. The BD's practice could be valuable reference. We **recommend** that the Management Services Sub-division of HD be commissioned to conduct a comprehensive review to re-engineer the respective vetting processes.

Comment sought

10. Members of the Task Force are requested to comment on the above recommendations.

EEC Subgroup on Business Facilitation Secretariat
July 2005

Processing of fitting-out proposal from HD shop tenant



Legend

District HM – District Housing Manager

DMO – District Maintenance Office

HM/CP – Housing Manager/Commercial Properties who is responsible for leasing

Mgt Agent – Management Agent (outsourced party)

ND – Non-domestic (Works) Office

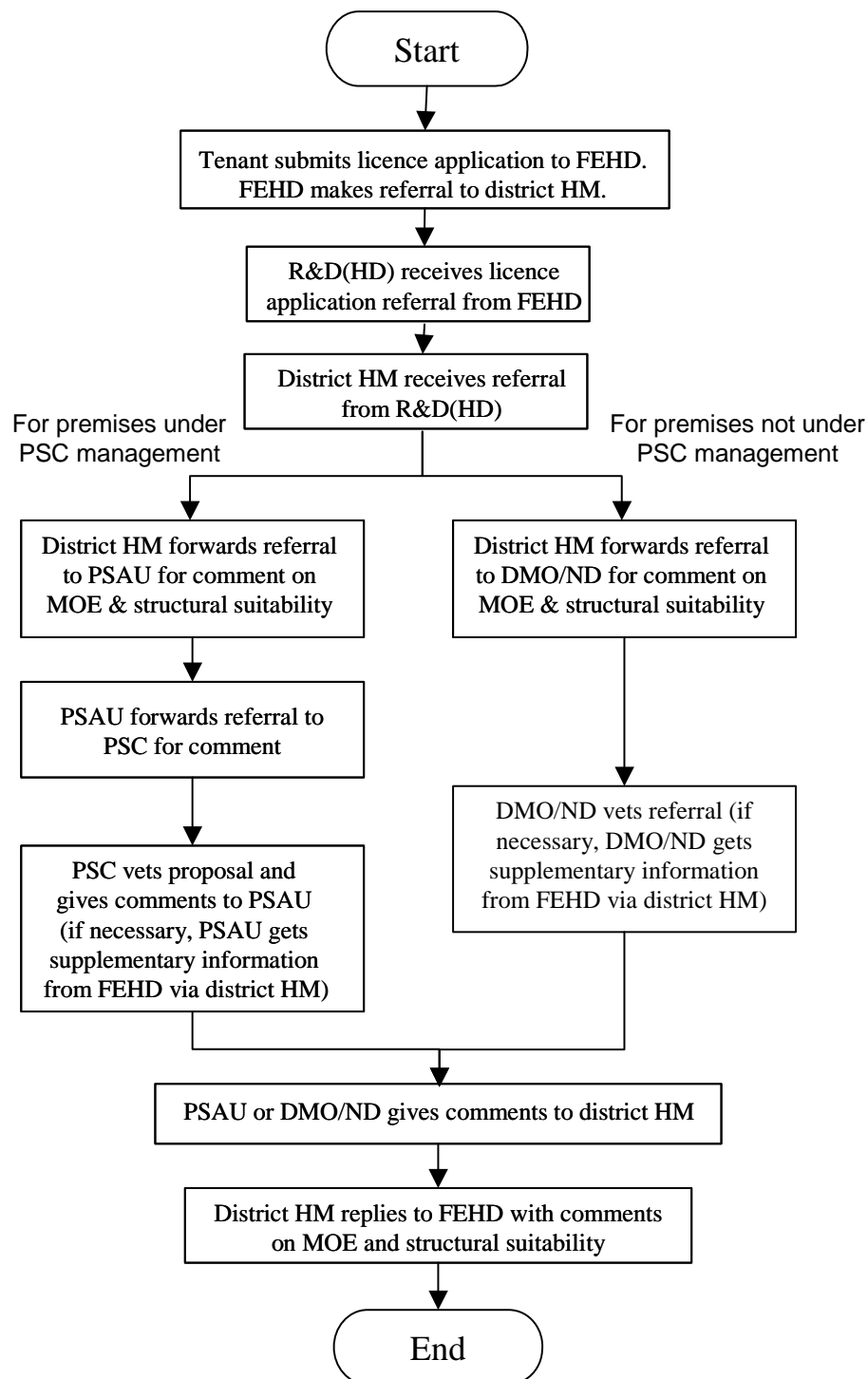
PSAU – Property Service Administration Unit

PSC – Property Service Company (outsourced)

Note 1: Average total no. of calendar days taken to approve fitting-out proposal as identified in the case review exercise

Note 2: Average no. of calendar days for relevant steps in the case review exercise

**Processing of non-restaurant
food licence application referral from FEHD**
(prior to taking up by ICU in Nov 2004)

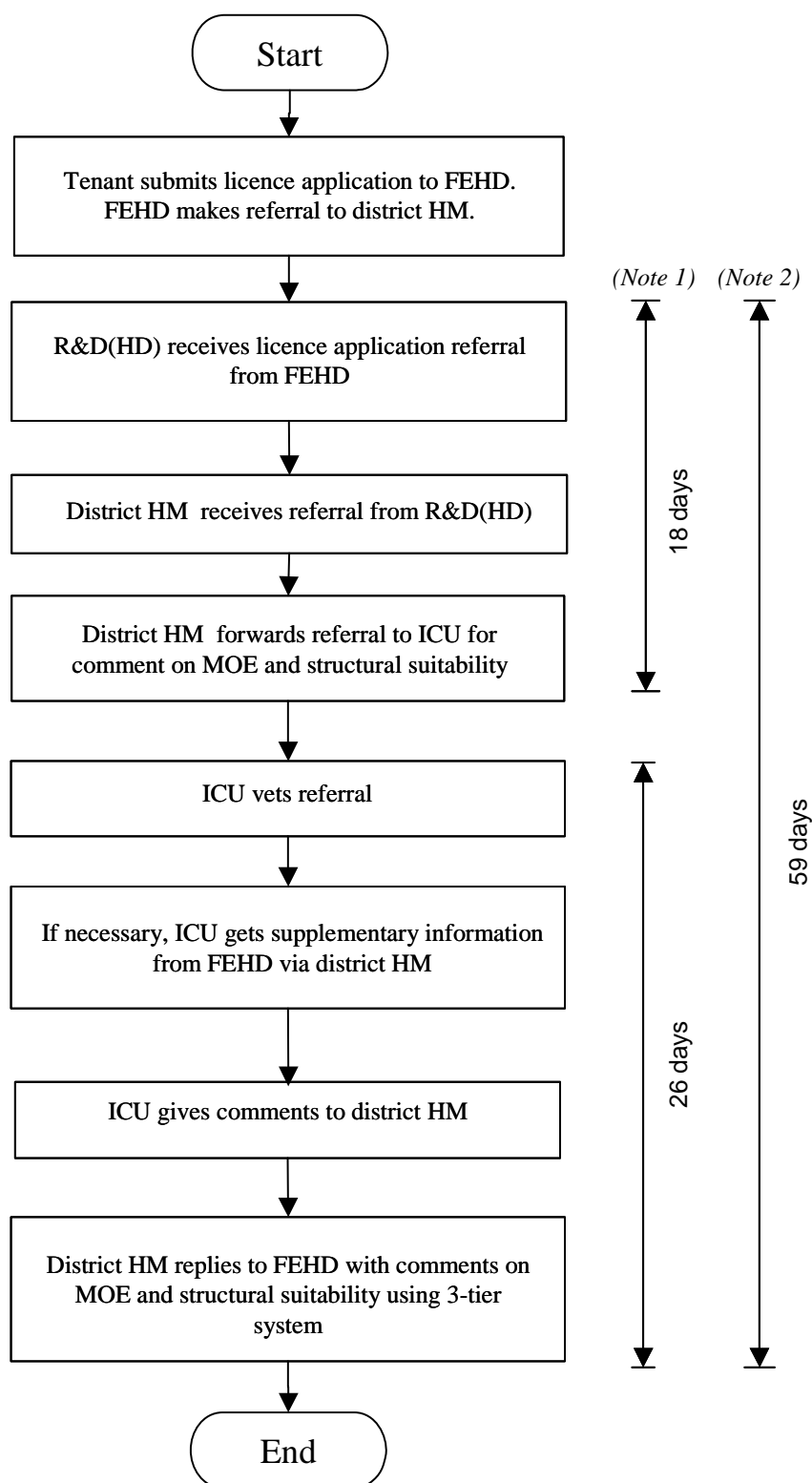


Legend

District HM – District Housing Manager
DMO – District Maintenance Office
FEHD – Food and Environmental Hygiene Department
ICU – Independent Checking Unit
MOE – Means of escape
ND – Non-domestic (Works) Office
PSAU – Property Service Administration Unit
PSC – Property Service Company (outsourced)
R&D(HD) – Receipt & Dispatch Unit

Processing of non-restaurant food licence application referral from FEHD

(since ICU took up the process in Nov 2004)



Legend

District HM – District Housing Manager

FEHD – Food and Environmental Hygiene Department

ICU – Independent Checking Unit

MOE – Means of escape

R&D(HD) – Receipt & Dispatch Unit

Note 1: Average no. of calendar days for relevant steps in the case review exercise

Note 2: Average total no. of calendar days taken to reply to referral from FEHD as identified in the case review exercise