

**Economic and Employment Council
Retail Task Force**

***Views of the supermarket/convenience store category
on regulatory activities***

Purpose

This paper presents the initial views of the supermarket/convenience store operators on the related regulatory activities.

Views on regulatory activities

2. A focus group meeting was held with representatives of the following operators under the supermarket/convenience store category on 12 January 2005 -

Company A

Company B

Company C

Company D

Company E

Company F

Company G

The following summarizes the concerns raised by the trade.

Insufficient consultation of trade in introducing regulatory requirements

3. There is insufficient consultation with the business community especially the affected sector when new regulatory requirements are introduced.

Long lead time to ascertain structural suitability of premises

4. When the Buildings Department (BD) is consulted on the suitability of premises for business, a long turn-around time is experienced. There is no single point of contact that a potential applicant could seek advice on the suitability of premises for supermarket business. Business operators either miss the lease or pay nugatory rent for the premises. If a store is to be set up in an old building that requires substantial alteration work, the 6-month validity period for provisional licences is barely sufficient.

Tightening control over unauthorized building works

5. BD has recently stepped up control over unauthorized building works. This would reduce the supply of suitable premises for supermarkets/convenience stores in the long run.

Duplicate and outdated licensing requirements

6. Each product licence has its own set of licensing requirements. When an operator carries multiple products, some requirements common to several licences would become excessive. An example is to provide different sets of basin and sink for a Modified Food Factory Licence and a Frozen Confection Factory Licence in a convenience store.

7. Licensing by specific products is considered outdated. The number of licences for a supermarket should be reduced by grouping licences into broad categories. Sale of different products could be taken as endorsements under a broad licence category. Consideration could be given to group existing food licences under the two broad categories – raw and ready to eat food.

Absence of performance pledge for processing layout change

8. While provisional licensing and the associated performance pledges have speeded up the processing of new licence applications, there is no performance pledge for processing applications for layout changes. Business operators could not plan and monitor progress in this respect.

Inconsistent interpretation of licensing requirements

9. The interpretation of licensing requirements sometimes vary among different officers. There is inconsistency in applying compliance requirements and standards in processing licence applications.

10. The Food and Environmental Hygiene Department seems to have reverted to the practice of assigning different officers to process different licence applications lodged for a particular store location. This causes inconvenience to applicants and a longer licence process time.

Inconsistent requirements and practices for shops in urban areas and the New Territories

11. Licence fees for shops in the New Territories (NT) are higher than those in the urban areas. Furthermore, licences for a NT shop can only be collected with the licence fee settled at a designated local post office while an applicant in the urban area could have the licence sent to him and the payment settled at any post office. The arrangement for NT shops has generated additional administrative work for operators.

Different requirements of government agencies on a common regulatory subject

12. Different government agencies could have own regulatory requirements on a common subject, probably due to different policy intent. For instance, the Fire Services Department and the Labour Department both have specific requirements about the backdoor of a convenience store. Operators, at times, have difficulties to satisfy the requirements of both departments.

Problems with shops in Housing Authority (HA) estates

13. A long lead time is needed to obtain the precise information from the estate management office on matters relating to setting up of stores in the HA estates. More problems arise if the management of an estate has been outsourced.

Unnecessary information requirements for licence renewal

14. In renewing licences, operators have to re-submit documents on company profiles, among other documents. The former is considered unnecessary if there is no change in ownership.

Absence of a standard practice in corresponding with chain stores operated by the same operator

15. There is no standard practice in communicating with chain stores operated by the same operator. A few regional offices of FEHD communicate with a branch store, while some regional offices write to the head office of the operator. In other cases, FEHD write to both the branch store and its head office. In general, operators prefer correspondence direct with the head office.

Other concerns and issues

16. The trade will revisit relevant regulations and licences in the light of the following and revert with their further comments before the Chinese New Year –

- appropriateness of regulations and ordinances;
- licensing requirements and procedures; and
- improvement opportunities related to the above areas.