

Recommendations Put Forward by the Retail Task Force on Setting Up of Review Committees

**Proposal to the EEC Subgroup
February 2005**

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Key Issues and Concerns of Trade on Regulations and Licensing

Key concerns on current procedures related to introduction of new regulations

- Insufficient consultation with the trade, public and relevant stakeholders prior to introducing new regulatory requirements
- Bureau/Dept selectively seek feedback from trade and industry bodies
- Not all relevant stakeholders are aware or given the opportunity to provide feedback on proposed new regulations
- Even when feedback is given, Bureaux/Dept have not adequately addressed or responded to their comments and concerns in the formal consultation document.

Key Issues and Concerns of Trade on Regulations and Licensing (cont'd)

Key concerns on licensing requirements and procedures

- Duplicate and excessive licensing requirements
- Inconsistent application and interpretation of licence processes and requirements
- Long lead time involved in processing applications, conducting site inspections and issuing licences
- No performance pledge for licensing amendments, that may result in delay in licence approvals.

Summary of Key Recommendations

On Pre-regulatory review

1. Formalise the public consultation process for draft regulatory proposals that have a significant impact on the business sector*
2. Establish Committee for Pre-regulatory Review to carry out the public consultation of draft regulatory proposals

On Licensing and related regulatory review

3. Establish Committee for Licensing & Regulatory Review to initiate and conduct review of current licensing procedures and requirements and related regulatory activities
4. Set up a Secretariat team to support Committees for Pre-regulatory and Licensing & Regulatory Review.

** Could be determined in terms of: cost of compliance, number of businesses involved, number of employees involved, or degree of controversy.*

1. Formalise the Public Consultation Process for Draft Regulatory Proposals

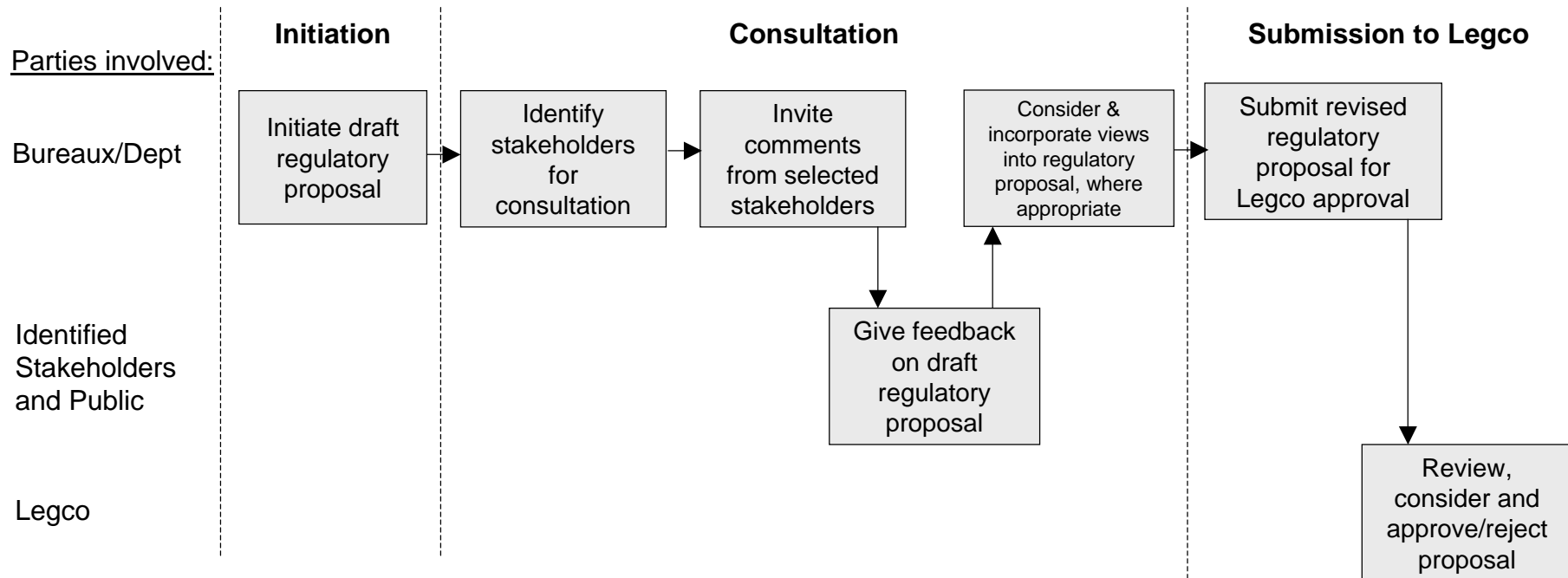
- Currently, the relevant Bureau/Dept is responsible for gathering feedback and views on draft regulatory proposals
- But there are concerns that there is inadequate public consultation, and that views of the trade and other stakeholders are not given due consideration

Recommendations

- Formalise the public consultation procedure, by making it a mandatory requirement for draft regulatory proposals that have a significant impact on the business sector, prior to Legco consideration
- All stakeholders and the public must be invited to give views and comments on the draft regulatory proposal
- Delegate the role of conducting public consultation to the Committee for Pre-regulatory Review (*refer to [Recommendation # 2](#) for further details*).

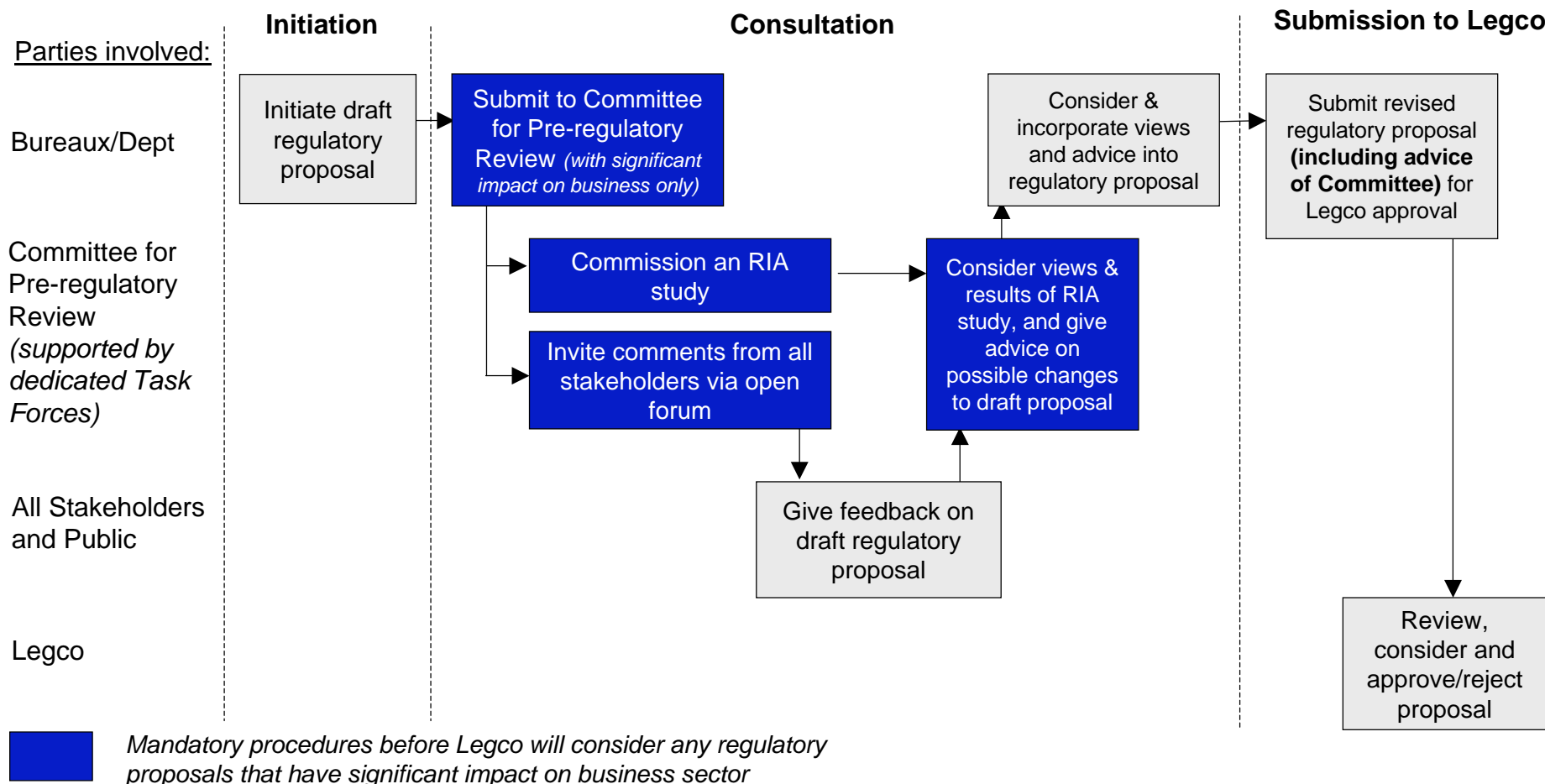
Process on Public Consultation for Draft Regulations Affecting the Business Sector

Current process



Process on Public Consultation for Draft Regulations Affecting the Business Sector

Proposed process



2. Establish Committee for Pre-regulatory Review

Role of the Committee for Pre-regulatory Review

- A focussed mandate to review pre-regulatory proposals, in terms of impact on the community and the trade
- Key roles of the Pre-regulatory Committee are to:
 - Identify areas that require pre-regulatory review
 - Commission a Regulatory Impact Assessment (RIA) study on the proposed regulation
 - Conduct consultation through open forum
- Committee will be supported by dedicated Task Forces, which will carry out the detailed consultation and RIA for specific regulatory areas (*see next page for Task Force membership*)
- Committee will consider the results of the RIA study and comments received from the consultation process
- On this basis, give impartial and objective advice to Bureaux/Dept on possible revisions to the draft regulatory proposal.

2. Establish Committee for Pre-regulatory Review (cont'd)

Membership Structure and Composition – Pre-regulatory Committee

- Membership will comprise of:
 - Chairman (non-government individual)
 - Representatives from various business sector and interest groups

Membership Structure and Composition – Pre-regulatory Task Force

- Pre-regulatory Committee will nominate and propose Task Force members
- Membership will comprise of:
 - Chairman (non-government individual)
 - Representatives* from relevant Bureau/Dept
 - Representatives* from relevant trade and interest groups.

** Will depend on specific regulatory issue involved*

3. Establish Committee for Licensing & Regulatory Review

Role of the Committee for Licensing and Regulatory Review

- A focussed mandate to review existing licensing and related regulatory regime. The aim is to streamline licensing procedures and requirements, and remove any outdated regulatory activities
- Key roles of the Licensing Committee are to:
 - Identify areas that require licensing review. Priority will be given to issues that have a greater impact on the business sector
 - Set up dedicated Licensing Task Forces to conduct review, investigate the issues concerning the licensing area, and make recommendations
 - Consider the findings and recommendations made by the Licensing Task Force.

3. Establish Committee for Licensing & Regulatory Review

Dedicated Licensing Task Force to Conduct the Review

- Each dedicated Licensing Task Force will conduct focussed reviews on specific areas
- This Task Force will consult with the relevant business sector, Bureaux/Dept and interest groups, and present findings and recommendations to the Licensing Committee
- Less complex reviews may be carried out by the Secretariat, which will also consult with the relevant business sector, Bureaux/Dept, and interest groups.

3. Establish Committee for Licensing & Regulatory Review (cont'd)

Membership Structure and Composition – Licensing Committee

- Membership will comprise of:
 - Chairman (non-government individual)
 - Representatives from various business sector and interest groups

Membership Structure and Composition – Licensing Task Force

- Licensing Committee will nominate and propose Task Force members
- Membership will comprise of:
 - Chairman (non-government individual)
 - Representatives* from relevant Bureau/Dept
 - Representatives* from relevant trade and interest groups

** Will depend on specific licence and regulatory issue involved*
- Retail covers a wide range of subjects. It is important that Task Force members are drawn from the pool of experienced personnel of the respective discipline.

4. Supporting Structure – Role of the Secretariat

- Provide the necessary administrative and logistical support for both Committees
- Supporting tasks will include:
 - Organise open forum public consultation for Pre-regulatory Review
 - Identify the relevant stakeholders to be consulted for public consultation (final endorsement by the Committee Chairman)
 - Organise open forum and invite all relevant stakeholders to provide feedback
 - Consolidate all views and feedback received
 - Commission licensing and regulatory review and field work for less complex projects. This may involve consulting with the relevant business sectors, Bureaux/Dept, and interest groups, and developing recommendations for consideration by the Licensing Committee
 - Provide administrative support to both Committees and Task Forces
 - Liaise with Bureaux/Dept, business sector and other stakeholders
 - Conduct research and analysis
- Given the wide functions and responsibilities of the Secretariat, it is essential that sufficient resources be available to properly manage the associated tasks.

Mode of Implementation

- The current Terms of Reference of the EEC Subgroup on Business Facilitation (EEC Subgroup) cover developing and overseeing review programmes which review government regulations and procedures impacting on business, with a view to eliminating outdated and unnecessary regulation on business
- The two proposed Committees have functions and roles similar to the EEC Subgroup of overseeing and identifying subject areas for review
- Rather than setting up additional layers of reporting structure, the work of the two proposed Committees may be subsumed under the current EEC Subgroup (see *page 17 for proposed structure*).

Mode of Implementation (cont'd)

- The EEC Subgroup will set up dedicated Task Forces for Pre-regulatory and Licensing reviews on specific subjects, to conduct the public consultation, and detailed investigation work
- The Task Forces will report directly to the EEC Subgroup, and present findings and recommendations for consideration
- Chairman and skeleton members of dedicated Task Forces can be drawn from the EEC Subgroup. Representatives from the relevant Bureaux/Dept, business sector, and interest groups will depend on the subject matter under review.

Proposed Reporting Structure

EEC Subgroup on Business Facilitation

- *More explicit role on pre-regulatory reviews and licensing & regulatory reviews*

Support from
Secretariat team
(Strengthened)

Task Forces for Pre-regulatory Review

- *Separate teams for each review area*
- *Each team has well-defined mandate and focused membership*
- *Membership comprises Chairman and skeleton members from EEC Subgroup, plus representatives from the relevant Bureau / Dept, business sectors and interest groups*

Task Forces for Licensing & Regulatory Review

- *Separate teams for each review area*
- *Each team has well-defined mandate and focused membership*
- *Membership comprises Chairman and skeleton members from EEC Subgroup, plus representatives from the relevant Bureau / Dept, business sectors and interest groups*

Expected Benefits of Recommendations

- Ensure impartial and objective views, as a result of a wider consultation of public, relevant business sector and interest groups
- Formalise the process of public consultation to ensure the views of trade, interest parties and the public are received and properly accounted for, prior to Legco consideration
- Reduce potential barriers for business sector, from onerous and outdated licensing and regulatory requirements and procedures
- Streamline regulatory and licensing requirements and enhance efficiency of associated processes
- Reduce the upfront and on-going costs of compliance for business sector, without compromising the public interest.