

**First Meeting of the
EEC Subgroup on Business Facilitation**

***Agenda Item 1.3 : Progress report on implementation of
recommendations from review of
regulatory requirements on the
construction industry***

This paper summarizes the implementation progress of major recommendations from the review of licensing and other regulatory requirements for the construction industry.

Progress

2. In early 2003, Crow Maunsell Management Consultants Ltd and the Efficiency Unit were commissioned to review the licensing regulations of the construction industry in Hong Kong. The objectives of the study were to identify potential improvements in the licensing regime and other regulatory requirements of the construction industry including streamlining procedures, shortening processing time and minimizing conflicting requirements set by different agencies. The study was completed in September 2003 with 25 major recommendations including 11 quick-wins and 14 further studies. Quick-wins refer to improvements that could be achieved by implementation over a relatively short period whilst further studies are potential improvements that need to be further examined.

3. The following table summarizes the implementation progress of the major recommendations.

11 QUICK-WINS				14 FURTHER STUDIES			
Implemented	Not Pursued	Implementation In Progress	Implementation Being Considered	Completed	Not Pursued	In Progress	Being Considered
6	0	4	1	4	1	8	1

4. **Annex 1** provides the details on the quick-wins implemented, and on the follow-on studies completed or not pursued. We will continue to monitor the implementation of the remaining recommendations (listed at **Annex 2**).

Commerce and Industry Branch
Commerce, Industry and Technology Bureau
April 2004

Details of major recommendations implemented/not pursued**A. Recommendations implemented**

Recommendation	Achievements / Status
1. Various enhancements by Buildings Department (BD) to reduce the turnaround time for the issue of hoarding permits	<ul style="list-style-type: none">➤ Revised Practice Notes with provision for self-certification (PNAP75) was issued to authorized person in February 2004.➤ Fast-track processing was introduced in February 2004. Applications satisfying the criteria for fast track processing would be processed within 30 days otherwise a 60 day period will apply.➤ Subject to compliance with specified criteria, minor amendments to approved hoarding/covered walkway may be carried out without prior agreement of BD.➤ The validity period of hoarding permits will be extended from 3 months to 6 months for demolition works and from 1 year to 3 years for general building works subject to annual self-certification submitted by Authorized Person/Registered Structural Engineer (AP/RSE).
2. Environmental Protection Department (EPD) to provide additional guidelines on how to compile quality submission for construction noise permits (CNP) with a view to reducing the processing time.	<ul style="list-style-type: none">➤ Additional guidelines and faster (<i>14 days instead of 23 days</i>) processing of CNP application have been introduced since December 2003.

Recommendation	Achievements / Status
<p>3. Highways Department (HyD) to enhance the information available to all parties in planning their excavation work; reduce conflicts that may arise in securing the permits; and to reduce the lead time particularly for footpaths and non-strategic roads.</p>	<ul style="list-style-type: none"> ➤ Day Time Ban Routes are now ready on website for reference. ➤ Sub-group meeting was introduced in August 2003, which was held right after the monthly regional co-ordination meetings to resolve problematic cases. For those issues that cannot be solved in the sub-group meeting, they would be discussed in the Standing Committee on Implementation of the Land (Miscellaneous Provisions) (Amendment) Ordinance. ➤ Contractor's name is not required for Excavation Permit (XP) application unless for urgent case. The performance pledge of an urgent XP is five working days. ➤ Internet Interface Utility Management System (IIUMS) has been modified to allow for entry of Hong Kong Police & EPD's case references for cross-reference by Utility Undertaker (UU) from February 2004 onwards. A IIUMS training tool-kit is available for users. ➤ HyD has introduced 3 categories of work with different pledges ranging from 1 month to 6 months. For IIUMS users, the system will automatically classify the work into an appropriate category. ➤ Electronic XPs using IIUMS is available since the Ordinance was amended on 1 April 2004 and the target is to issue the permit 5 working days after formal application.

Recommendation	Achievements / Status
<p>4. Water Services Department (WSD) to facilitate access of contractors to temporary water supply by allowing contractors to retain a certain number of temporary water meters and obtain water from the nearby fire hydrant etc.</p>	<ul style="list-style-type: none"> ➤ WSD has scheduled to replace the existing 400 old meters with 1000 new design meters by April 2004. Contractors are allowed to retain the portable water meters unless usage was very low. Promotion will be carried out through trade associations and professional bodies. ➤ For those large-scale projects with relatively high water consumption, WSD will encourage and promote the use of the advanced booking system for water connection. WSD will take 5 working days for vetting plumbing proposal, 1 working day to inspect completed plumbing and 10 working days to make supply connection after obtaining the Excavation Permit.
<p>5. Lands Department (LandsD) to convene workshop with representatives of other Government departments and the major UUs with a view to promoting partnership and in increasing transparency the processing of tree felling proposals.</p>	<ul style="list-style-type: none"> ➤ Architectural Services Department (ArchSD), Leisure and Cultural Services Department and Agriculture, Fisheries and Conservation Department met on 6.2.2004 to review the partnering workshop arrangement for tree felling application. The meeting concluded that LandsD should continue to play a coordinating role in controversial cases involving UUs. ➤ BD has issued an instruction to staff to include in the approval letter a paragraph reminding the AP to obtain tree-felling approval before commencement of works if any trees are suspected to be affected by the development proposal. ➤ A Joint Practice Note on the need for applying Tree Felling Permits has been issued to AP and is now available on LandsD website.

Recommendation	Achievements / Status
<p>6. The Landscape Architects to provide guidelines stating the items to be inspected and the type of defects that would warrant additional works and re-inspection.</p> <p>LandsD and ArchSD to consider the need for partnering workshop to speed-up the issue of the Certificate of Compliance (C of C) and to agree on a performance pledge for processing these applications.</p>	<ul style="list-style-type: none"> ➤ Guidelines put in place in the new Joint Practice Note No. 3 since August 2003 and are now available on website. ➤ LandsD has clarified that the bulk of the C of C applications are from property developers and a performance pledge has already been established for issuing of C of C.
<p>7. Further study by BD to enable owners and their AP's to minimise delay in applying for consent to commence works.</p>	<ul style="list-style-type: none"> ➤ BD has reviewed and streamlined the application for consent by allowing concurrent processing with applications for plan approval.
<p>8. Further study by Fire Services Department (FSD) on the need for providing detailed plans for private dangerous goods stores; carrying out spot-checks on a risk management basis; and authorising training institutions to organise training courses on requirements of dangerous goods stores.</p>	<ul style="list-style-type: none"> ➤ After the review FSD concluded that there is a genuine need for the applicants to provide detailed plans in applying for licences to store dangerous goods. FSD also considered it necessary to conduct initial site inspections for the purposes of risk assessment and formulation of fire service requirements. To help the industry, FSD will refine and upload the "Detailed Guidelines on Application for Storage of Cat. 2 & Cat. 5 Dangerous Goods in Construction Sites" together with the performance pledges to FSD website for easy reference. ➤ FSD also supports the organization of training courses by training institutions for interested persons to uplift their knowledge on the handling and storage of dangerous goods.

Recommendation	Achievements / Status
9. Further study by FSD to study alternative approaches for controlling fire services installations with a view to shortening the time required for the processing of applications and the possible introduction of third party certification as is practiced internationally.	➤ FSD has completed a study covering certification of fire safety installations and ventilating systems in new buildings and licensed premises (<i>See details on EECSG Paper 1.2</i>).
10. Further study by various bureaux and departments to enhance formal industry consultations	➤ Departments have reviewed and established proper communication channels with key stakeholders of the construction industry comprising the Hong Kong Construction Association and the Hong Kong General Building Contractors Association Ltd. etc. Matters of common interest such as trade practice are discussed in various liaison group meetings.

B. Recommendation not pursued

Recommendation	Comments
Further Study - Buildings Department (BD) to consider waiving the need for site inspection and for issuing an occupation permit for special premises such as electricity substations and aerial towers; and review whether its current involvement in the completion of a development is warranted. This study would need to investigate whether alternative approaches as those adopted in many western counties would be effective for Hong Kong to reduce the administrative burden to industry.	<ul style="list-style-type: none"> ➤ BD opines that occupation permit is still valuable for control of special premises. ➤ BD is aware of alternative approaches adopted by overseas countries on the control of the development process. These include insurance for defects by developers/contractors and certification by private organization. The proposals put forward involve amendment to the Building Ordinance and as there are divergent views on the subject amongst the various sectors of the industry, BD believes it is not appropriate, at this juncture, to carry out further study on the subject.

Recommendations under implementation / being considered

A. Recommendations under implementation

1. BD to introduce a new “Integrated Supervision Plan” to rationalise current requirements and resource commitment.
2. EPD to provide additional guidelines on application for licences to conduct specified process of concrete batching plants.
3. Labour Department (LD) to investigate the registration process for Site Safety Officers and determine an appropriate performance pledge to speed up processing.
4. WSD to review the possibility of extending the validity period of plumber licences from existing one year to five years; establish performance pledges for processing new applications and renewals; and arrange with IVE to speed up the registration process and the renewal of licences.
5. Further Study by BD to address the concerns of industry relating to proposals for minor works and amendment of building plans.
6. Further Study by Civil Engineering Department (CED) to improve the processing of licence/permit application for use of explosives.
7. Further Study by CED on authorisation of training institutions to organise courses on storage of Category 1 dangerous goods.
8. Further Study by EPD to assess the impacts of a payment incentive for improved environmental control on government contracts.
9. Further Study by LD to review safety management across construction sites to reduce administrative burdens.
- 10–12. Three further studies by WSD:
 - (a) to review the application procedure of plumbing proposal,
 - (b) to review the possibility of third party certification for water connection; and
 - (c) to examine the need to register plumbing contractors for government contracts.

Note: Details on the progress of these projects will be available upon request.

B. Recommendations being further considered

1. BD to establish a performance pledge to issue an initial response within 21 days for an application for registration as a general building or specialist contractor; and to consider increasing flexibility in the appointment of provisional authorised signatory.
2. Further Study by BD to review the control of piling works and assess the cost implications of the current controls.