

Second Meeting of the EEC Subgroup on Business Facilitation

Agenda Item 4.1 : Regulatory activities affecting the Retail trade

Purpose

This paper presents the initial findings on the regulatory activities affecting the retail trade.

2. The second EEC meeting held on 31 May decided on the priority of industry sectors for regulatory reviews and the retail trade was one of the priority areas identified.

Findings

3. Based on the Hong Kong Standard Industrial Classification⁽¹⁾, the retail trade can be divided into 7 broad industry subgroups comprising foodstuffs; alcoholic drinks and tobacco; fuel; clothing, footwear and allied products; consumer goods; transport equipment; and durable goods.

4. The employment and unemployment statistics of the retail trade in 2003 are –

<u>No of Employed Persons</u>	<u>Share in Employed Persons</u> ⁽²⁾	<u>No of Unemployed Persons</u>	<u>Share in Unemployed Persons</u> ⁽²⁾
267 500	8%	27 600	10%

5. Regulatory control on the retail trade is mainly exercised through approval, registration, permit and licensing. There are altogether 51 more common regulatory activities administered by 12 departments⁽³⁾. The **Annex** is a matrix showing the regulatory activities by industry subgroups, but the actual approval required would differ depending on the nature and the extent of a business operation.

⁽¹⁾ Hong Kong Standard Industrial Classification is published by the Census and Statistics Department.

⁽²⁾ Refers to percent share in all industries.

⁽³⁾ Source – Business Licence Information Centre of Trade and Industry Department.

6. In 2001, a review was conducted on supermarket-related licences. This included bakery licence; cold store licence; factory canteen licence; food factory licence; fresh provision shop licence; frozen confection factory licence; milk factory licence; siu mei and lo mei shop licence; and permits for the sale of restricted food. The objective of the review was to streamline the licensing systems of food premises, other than general restaurants, with a view to creating and maintaining an open and business-friendly environment for the trade to operate in. Some of the recommendations are still in the implementation stage.

7. There were no other comprehensive reviews on retail licences in recent years.

Industry's Concerns

8. Preliminary discussions with the industry have revealed the following broad issues –

- (a) There is a proliferation of regulations and licences affecting the retail sector. It is suggested that the possibility of a composite licence be explored or that the need for each licence be critically reviewed with a view to keeping the number of licences to the minimum. There are also suggestions that licences should have flexible validity periods.
- (b) Consultation with stakeholders is often insufficient and ineffective when a new regulation is introduced.
- (c) It is difficult to take up trade-related issues with the Government as there are too many government agencies involved and there lacks an effective coordinating agency.

Way Forward

9. Given the diversified nature of the operation in the retail trade, we shall arrange to set up a task force with participation by relevant industry stakeholders to identify and prioritize study areas, and to oversee the regulatory reviews. Subgroup Members are invited to join the task force.

Economic Analysis and Business Facilitation Unit,
Financial Secretary's Office
August 2004

List of Regulatory Activities for the Retail Trade

<div>Industry Sub-Group</div> <div>Types of Regulatory Activities (Executing Agency)</div>	Foodstuffs	Alcoholic Drinks & Tobacco	Fuel	Clothing	Consumer Goods	Transport Equipment	Durable Goods
1. Animal Trader Licence (AFCD)					X		
2. Approval of goods vehicles for transporting Mainland-chilled chicken (FEHD)	X						
3. Approval of Domestic Gas Appliances (EMSD)			X				
4. Approval for Storage of Chemical Waste in Large Container > 450 Litres (EPD)			X		X	X	X
5* Bakery Licence & Provisional Bakery Licence (FEHD)	X				X		
6. Boarding Establishment Licence for Animals (AFCD)					X		
7. Certificate of Registration of Premises of an Authorized Seller of Poisons (DH)					X		
8. Certificates of Registration of Gas Contractor (EMSD)					X		
9. Construction Approval of a LPG Vehicle Workshop (EMSD)			X				
10. Control of Chemicals Ordinance Cap 145 Licence (C&ED)					X		

<div>Industry Sub-Group</div> <div>Types of Regulatory Activities (Executing Agency)</div>	Foodstuffs	Alcoholic Drinks & Tobacco	Fuel	Clothing	Consumer Goods	Transport Equipment	Durable Goods
11. Coin-operated Automatic Vending Machine Permit (FEHD)	X				X		
12. Demonstration Licence for Radio Equipment (OFTA)							X
13.* Food Factory Licence & Provisional Food Factory Licence (FEHD)	X				X		
14.* Fresh Provision Shop Licence & Provisional Fresh Provision Shop Licence ((FEHD)	X				X		
15.* Frozen Confection Factory Licence & Provisional Frozen Confection Factory Licence (FEHD)	X						
16.* Frozen Confection Permit for packaged confection (FEHD)	X				X		
17.# General Restaurant Licence & Provisional General Restaurant Licence (FEHD)					X		
18. Irradiating Apparatus Licence (DH)					X		
19. Licence for Discharge from Industrial, Commercial & Institutional Premises (EPD)	X	X	X		X	X	X
20. Licence for Listed Sellers of Poisons (DH)					X		
21. Licence for Storage of Dangerous Goods (Cat 2-10, Excluding Cat 9A) (FSD)		X	X				

<div>Industry Sub-Group</div> <div>Types of Regulatory Activities (Executing Agency)</div>	Foodstuffs	Alcoholic Drinks & Tobacco	Fuel	Clothing	Consumer Goods	Transport Equipment	Durable Goods
22. [#] Light Refreshment Restaurant Licence & Provisional Light Refreshment Restaurant Licence (FEHD)					X		
23. Liquor Licence (FEHD)		X					
24. [#] Massage Establishments Licence (HKPF)					X		
25.* Milk Permit (FEHD)	X				X		
26.* Non-bottled Drinks Permit (FEHD)	X						
27. Permit for Conveyance of LPG Cylinders on Gas Vehicles (EMSD)			X				
28. Pesticide Licence (AFCD)					X		
29. Permit to Use and Operate Kiddie Ride (EMSD)					X		
30. Radio Dealer (Unrestricted) Licence (OFTA)							X
31. Radioactive Substance Licence and Permit to Move Radioactive Substances (DH)					X		
32. Registration as a Gas Supply Company (EMSD)			X				
33. Registration of Boilers and Pressure Vessels (LD)	X	X	X		X	X	X
34. Registration of Fire Service Installation Contractors, Class 1 & Class 2 (FSD)					X		

<div>Industry Sub-Group</div> <div>Types of Regulatory Activities (Executing Agency)</div>	Foodstuffs	Alcoholic Drinks & Tobacco	Fuel	Clothing	Consumer Goods	Transport Equipment	Durable Goods
35. Registration of Fire Service Installation Contractors, Class 3 (FSD)					X		
36. Registration of Waste Producers (EPD)			X		X	X	X
37* Restricted Food (Sale of Sashimi/Sushi/Oyster & Meat to be eaten in raw) Permit (FEHD)	X				X		
38* Restricted Food Permit (FEHD)	X				X		
39. Retailer Licence in Chinese Herbal Medicines (DH)					X		
40. Road Tanker Permit to Convey Liquefied Petroleum Gas in Bulk (EMSD)			X			X	
41* Siu Mei and Lo Mei Shop Licence / Provisional Siu Mei and Lo Mei Shop Licence (FEHD)	X				X		
42. Storage Approval for controlled chemicals (Schedule 1 or 2 Substance to Cap 145) (C&ED)					X		
43. Temporary Liquor Licence (HKPF)		X					
44. Trade Licence for Vehicle Trial (TD)						X	
45. Trade Promotion Competition Licence (TELA)	X	X	X	X	X	X	X
46. Traffic Permit (Left-hand Drive Vehicle) (TD)						X	

Industry Sub-Group Types of Regulatory Activities (Executing Agency)	Foodstuffs	Alcoholic Drinks & Tobacco	Fuel	Clothing	Consumer Goods	Transport Equipment	Durable Goods
47. Type Approval of Container (LPG) (EMSD)			X				
48. Use Approval of a LPG Vehicle Workshop (EMSD)			X				
49. Use Approval of Container (LPG) (EMSD)			X				
50. Vehicle Registration (TD)						X	
51. Waste Disposal Licence (EPD)			X		X	X	X
Total number of licences under each industry subgroup	15	6	15	1	32	10	8
Total number of Executing Agencies	4	6	5	1	10	5	4

Note :

- (1) Regulatory activities required depend on the nature and the extent of business. The above lists show the more common regulatory activities under each industry sub-group.
- (2) Activities marked with “*” have been covered in the supermarket licensing review, and “#” were subjects of past helping business studies.