

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

***Agenda Item 5 : Progress Report on the
Business Facilitation Work***

Purpose

Members are invited to note the business facilitation work in progress.

Matters taken up

2. In the last three months, the EEC Secretariat received complaints / proposals for improvement in the following areas –

- (a) Food retail licensing
- (b) Product labelling requirements
- (c) Registration of drug / vitamin registration
- (d) Management service contracts
- (e) Government computer procurement process
- (f) Operation of Residential Care Home for the Elderly (*RCHE*)
- (g) Regulation governing vehicle design.

3. The **Annex** contains an account of progress on each case.

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

(a) Food retail licensing

- ◆ Implementation of the 24 recommendations identified in the 2001 Review should be speeded up to streamline food retail licensing

Progress

Twelve recommendations are still in progress. They relate to rationalization of the licensing systems, streamlining of the application and renewal process, rationalization of enforcement activities and work methods.

Five of them need the support of a computerized Licensing Management Information System which is being developed, and is planned for completion in 2005.

Three outstanding ones (*i.e. changing the scope and classification system for food licences; standardising and simplifying the duplicated and outdated licensing requirements under different licences; and revising the current system of demerit points*) are being considered with the recommendations of the Team Clean Report.

Three other items relating to fees and charges are being finalized. Decision on their implementation will be made by end 2004.

Regarding the recommendation on removing less risky food from the current permit system, Food and Environmental Hygiene Department (*FEHD*) will take it forward in its overall legislative programme.

- ◆ Long processing time for change of layout applications in Fresh Provision Shop Licensing

Progress

To rationalize the overall processing time, FEHD has instigated an improved communication procedure with licensees in processing alteration proposals. Details of inadequacies will be put in writing in addition to verbal advice given to applicants during site inspection. These would help cut down abortive work causing unnecessary delay to the licensing process.

(b) Product labelling requirements

- ◆ The procedures adopted by the Administration in promulgating product labelling requirements have not balanced the needs of all stakeholders

Progress

We have recently commissioned a regulatory impact assessment study on the labelling scheme for nutrition information, jointly with FEHD. The objective is to assess the impact of implementing such labelling scheme on the affected business and the community at large.

The regulatory impact assessment will take about 5 months to complete. The trade will be fully consulted during the course of the study.

(c) Registration of drug / vitamin

- ◆ A reduced registration lead-time from 5-6 months and removal of registration of vitamins

Progress

The Department of Health (*DH*) considers that registration of vitamins is needed to protect public health. *DH*'s current performance pledge for drug registration is 5 months and this is in line with the practice in many overseas countries. The proposer has been invited to provide more information on actual performance so that the department could explore improvement measures with a view to reducing the process time.

- ◆ Clearer written guidelines to facilitate the registration process

Progress

The proposer has been invited to give concrete suggestions to improve the current guidelines.

- ◆ A single point communication contact be provided for single brand registration projects with multi item applications

Progress

The department has agreed to assign a single point of contact when many applications are received from the same applicant.

- ◆ Introduction of official reference studies / proof of safety for ingredients / claims

Progress

DH has agreed to introduce official standards in very general terms to cater for the wide variety of claims that importers / manufacturers might make.

- ◆ Current customs regulation would not allow sample import for registration application

Progress

There is a standing procedure for importing samples. DH will expand its guidance notes on how to apply for sample importation.

- ◆ Existing and re-registered products (of the same sku) could be sold at the same time

Progress

The department will explore the feasibility of amending the legislation to enable the selling of existing / re-registered products at the same time, taking into account the cost and benefit of the proposal to the community at large.

(d) Management service contracts

- ◆ The Housing Department has no performance targets for the approval and payment of invoices, thus resulting in delay in settlement of service charges.
- ◆ Management service contracts of the Housing Department do not specify the duration or the expiry dates for Performance Bonds, thus resulting in continuation of bank charges after expiration of contracts.
- ◆ Tenders for Housing Department's management service contracts require a statement on the minimum salary packages. This would constrain the service provider's ability to respond flexibly to market conditions.
- ◆ Government outsourcing contracts for facilities and property management are not standardized. Some have imposed excessive terms which are not commercially viable. The trade has suggested that the Efficiency Unit promote good outsourcing practice among civil servants.

Progress

We have met with the complainant and taken up the issues with the management of the Housing Department and Efficiency Unit respectively. Efficiency Unit has scheduled an outsourcing seminar for civil servants in October, and Housing Department is considering the various proposals.

(e) Government computer procurement process

- ◆ The Standing Offer Agreement (SOA) was introduced in 1996/97 for the supply of computer products and services. Under the SOA arrangement the Government appoints 3-5 contractors to serve on a standing list. Each SOA contractor is required to bid every time government departments put up order requirements, but only one of them would eventually get the purchase orders based on the best price offer. The number of request for quotations ranges from 30 to 60 per day. The SOA agreement will only last for about two years and the entire tendering process will be repeated to select new SOA contractors. The SOA arrangement is considered onerous by many service-providers.

Progress

We are taking up the matter with the Government Logistics Department and the Office of the Government Chief Information Officer with a view to addressing the trade's concerns and to exploring improvement opportunities.

(f) Operation of Residential Care Home for the Elderly (RCHE)

- ◆ This was a referral from the LegCo Secretariat reflecting a coordination problem between government departments in the approval of a specific RCHE operation in Sha Tin. The gist was that whilst the Social Welfare Department had issued a licence under the Residential Care Homes (Elderly Persons) Ordinance and Buildings Department had also given approval to building conversion work for the purpose, the Lands Department would not grant a waiver under the land lease due to objections from owners of the building who act under the provisions in the Deed of Mutual Covenant.

Progress

We have discussed the issue with the Health, Welfare and Food Bureau. We are given to understand that the Bureau is working with the concerned departments to address the coordination issue. The Health, Welfare and Food Bureau will brief the Subgroup in the October meeting on the progress and outcomes.

(g) Regulation governing vehicle design

- ◆ This was a referral from the Singapore Economic and Trade Office of the Commerce, Industry and Technology Bureau regarding a complaint from the regional headquarters of a logistics company. The gist was that the company wished to introduce a vehicle type with an inside bulkhead door to replace their fleet of over 100 delivery vans in Hong Kong. The design of their vehicles would ensure that the bulkhead door would not open when the vehicle was in motion and the engine would not start when the door was not properly closed. The complainant claimed that this vehicle type had been widely used and proven to be safe in many countries. The proposed design would result in the company reducing the number of on-road vehicles by 20% over 5 years.

Progress

The proposal was declined by the Transport Department (*TD*) which main argument was that the law introduced in 1991 required a permanent partition between the seating accommodation and the goods compartment for all vans, the aim being to protect the driver and passengers given the possibility of goods movement when the vehicle was in motion.

We had a meeting with the management of TD whose acknowledged that the proposed design was theoretically sound and safe. TD however considered that the granting of exemption on the permanent partition had safety implications, hence had to act cautiously. The department had agreed to review the existing provisions for permanent partitions and to discuss with Department of Justice and the Police on issues of their concern.