

Third Meeting of the Economic and Employment Council

Agenda Item 3 : Report of the Subgroup on Business Facilitation

Purpose

This paper reports on the work of the Subgroup on Business Facilitation since the last EEC meeting on 31 May 2004.

Subgroup Meeting

2. At the meeting of 5 August 2004, Subgroup had a thorough discussion on factors leading to a longer construction time for high-rise buildings in Hong Kong as compared to Shanghai, Australia, UK and USA. There were also discussions on the review of regulatory framework relating to construction and real estate, retail and entertainment sectors.

3. On the construction time of development projects, Members were of the view that some of the contributing factors for the long lead-time were difficulties in obtaining government approvals and restrictions in the way works were carried out. Members considered that the efficiency of the industry could be improved without compromising public safety.

4. Subgroup Members noted that a typical property development project must go through two stages - the land and planning stage and the building construction stage. For the building construction stage, the Provisional Construction Industry Co-ordination Board (PCICB) had been taking the lead to promote continuous quality improvement. This effective platform could be used to take on the review of the related regulatory regime.

5. Subgroup was informed that the land and planning stage often consumed a substantially longer elapse time due to complexity of the issues involved. Members considered it necessary to set up a dedicated task force with participation of the relevant industry stakeholders to review the

regulatory framework relating to pre-construction property development activities.

6. Subgroup discussed the concerns of the retail sector. These included a suggestion to designate one government agency to deal with all subjects related to the retail industry, and reluctance of some government agencies to consider and accept the views of the trade when new legislation having a significant impact on the retail sector was prepared. There were also remarks that some retail-related regulations were outdated. Members agreed that a dedicated task force should be formed to oversee the review of regulatory activities affecting the retail trade.

7. In discussing the proposed review of the entertainment-related regulatory framework, Members noted cinema operators' concerns about fire safety requirements and the provision of a lift for workers with physical disabilities to work in the projection room. Since these were building-related issues, Subgroup considered that PCICB could be requested to take on these issues and to keep Subgroup informed of the findings and recommendations. Subsequent to the meeting, the Subgroup secretariat received further views from cinema operators to streamline the licensing process.

8. Members also noted that there were reviews on hotel, restaurant and massage establishment licensing in recent years although the focus of these views was mainly on streamlining procedures. This being the case, Members agreed that the decision for setting up a dedicated task force be deferred upon receipt of further information from the Subgroup secretariat on the concerns of other operators in the entertainment sector. Subsequent to the Subgroup meeting, the secretariat met representatives of the movie production and distribution, phonographic and theme park industries. There were complaints and suggestions relating to the respective licensing and regulatory issues. The secretariat is studying their views in detail and a report will be made to the Subgroup at the October meeting.

9. Subgroup Members were informed of the progress of seven improvement proposals received from the business community to enhance the business-friendliness of the respective regulatory regime. These included, inter alia, a request from Singapore related to the regulation governing vehicle design. All items were being taken up by the respective government

agencies and Subgroup would be informed of the outcome of the deliberations. Some Members suggested that business chambers and professional associations be used as a channel to encourage the business community to come up with genuine suggestions for improvement or reports of problems that it encountered on business-related regulatory framework.

Formation of task forces

10. The Subgroup secretariat is actively pursuing the setting up of dedicated task forces to oversee the regulatory reviews of pre-construction development activities and the retail trade. The broad terms of reference of the task forces are at **Annex** and their compositions are being firmed up. It is expected that both task forces will start work in early October 2004.

Other tasks

Regulatory Impact Assessment (RIA) studies

11. Under the steer of the then Business Advisory Group, RIA studies were conducted on regulatory proposals which might have a significant impact on the business community. Based on a clearly defined and systematic framework, RIA evaluates the compliant costs and benefits to the concerned business sector and other stakeholders. RIA studies have helped avoid creation of unnecessary regulatory obstacles or disproportionately high compliant costs to businesses as a result of introduction of new regulations or control measures.

12. Two RIA studies are currently underway. They are –

- the products responsibility scheme concerning waste tyres and batteries proposed by the Environment, Transport and Works Bureau, and
- the nutrition information labelling scheme proposed by the Health, Welfare and Food Bureau.

The first study is nearing completion. The second study has commenced work in July 2004 and will take about six months to complete. The findings and the recommendations of both RIA studies will be presented to the Subgroup in due course.

Monitoring progress of implementation of helping business studies

13. The Subgroup secretariat will continue to monitor the implementation of various helping business proposals endorsed by the former Business Advisory Group and the Subgroup on Business Facilitation, and report progress to Members in the form of half-yearly reports.

EEC Subgroup on Business Facilitation Secretariat
September 2004

**Terms of Reference
for Task Forces**

Having regard to the overall aims of the EEC Subgroup on Business Facilitation, to –

- ☐ develop a review programme, in order of priority areas identified, for the regulatory activities affecting the respective trade to eliminate outdated, repetitive or excessive regulation and to cut red tape;
- ☐ oversee and monitor development of the review work; and
- ☐ report progress to EEC Subgroup on a regular basis.