

Fourth 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 15 September 2004.

Subgroup Meeting

2. The Subgroup held its third meeting on 21 October 2004. The meeting discussed the Product Responsibility Scheme for waste dry rechargeable batteries and vehicle tyres, the operation of private residential care homes for elderly (RCHEs), and the regulatory framework affecting the entertainment sector. It also reviewed progress of business facilitation work.

3. The Environmental Protection Department (EPD) and the Consultant briefed Members on the Regulatory Impact Assessment study on the Product Responsibility Scheme for both waste dry rechargeable batteries and used tyres. On the former, Members noted that it was not pragmatic to segregate batteries from other wastes at landfills and experience in UK and other overseas countries showed little difficulties in setting up industry bodies to run a product responsibility scheme for waste dry rechargeable batteries. Having considered the benefits and constraints of the available options, Members were supportive of the launching of a voluntary scheme operated by the industry. If this option proved ineffective, a mandatory scheme should be introduced.

4. Regarding the scheme for waste vehicle tyres, Members were informed of the benefits and drawbacks of the four options identified and that the cost and benefit analysis was yet to be finalized. EPD was requested to brief the Subgroup again when a recommendation was made.

5. The subject of private RCHEs was a referral from the LegCo Secretariat regarding a complaint from an elderly home operator in Sha Tin. The Health, Welfare and Food Bureau (HWFB) and the Social Welfare Department briefed the Subgroup on the licensing and other premises-related requirements and measures recently introduced to improve the operation of private RCHEs.

6. Some Members considered that the fundamental problem was the height restriction which had particularly disadvantaged the private RCHEs. Because RCHEs were not allowed to locate at a level higher than 24 m., they were forced to compete with other commercial operators e.g. retail shops, for use of lower floors of commercial premises which often demanded a higher rent. Members questioned the fairness of this restriction as elderly persons could be hospitalized in wards located on high floors and there were also modern fire services installations which could greatly help reduce fire risks. HWFB was requested to consider the suggestions in consultation with the Fire Services Department and report back to the Subgroup in due course.

7. The Subgroup considered a supplementary report on regulatory activities affecting the entertainment sector. Members noted the problems and suggestions of the respective entertainment industry disciplines. The Subgroup agreed that the licensing framework for both cinema and Places of Public Entertainment should be reviewed.

8. Members were briefed on the progress of a Regulatory Impact Assessment Study on the nutrition information labelling scheme proposed by the Health, Welfare and Food Bureau. The study is in an advanced stage and the recommendations would be presented to the Subgroup at the next meeting.

9. The Subgroup also noted that further to earlier complaints received from the Hong Kong Association of Property Management Companies regarding property management services contracts of the Housing Department, the Department had implemented a series of measures to streamline and speed up the payment process, and the Department would meet the industry quarterly to exchange ideas and issues of mutual interests.

Formation of task forces

10. Two task forces have been set up under the Subgroup on Business Facilitation to steer and oversee the review of regulatory activities in the pre-construction stage and the regulatory requirements affecting the retail sector. The primary objectives of both task forces are to eliminate outdated, repetitive, or excessive regulations and to cut red tape. Both task forces will meet monthly and progress reports will be made to the Subgroup periodically.

11. The Pre-construction Task Force has altogether 13 members comprising developers, Authorized Persons, a solicitor, a town planner and a LegCo Member (**Annex I**). At the first meeting of the Pre-construction Task Force held on 6 October, members had a candid discussion on the prevailing issues and agreed on a work programme covering simplification of lease conditions, lease modification mechanism including premium assessment, alignment of ordinances, needs to further delegate authorities and a review of the town planning procedures to clarify authority, re-define scope and improve efficiency.

12. The November meeting of the Pre-construction Task Force discussed problems associated with lease conditions and improvement opportunities. The secretariat is working with the Lands Department and other departments concerned on the industry's recommendations. The third meeting scheduled for December 7 will focus on lease modification issues.

13. The Retail Task Force includes 12 representatives drawn from a wide spectrum of the retail sector (**Annex II**). At the first Retail Task Force meeting held on 7 October, members noted the vast number of related ordinances and regulatory activities of past, present and future. In view of the resources and time required to go through all of them, members decided to focus on regulations affecting the trade at present and those being proposed. The initial work programme would cover food/catering, supermarket and chain store, beauty products/cosmetics and medicines. The Task Force also felt that a regulatory impact assessment was needed for any proposed regulation, which might have substantial impact on the economy and/or the business community.

14. The November meeting of the Retail Task Force considered the regulatory activities of the food/catering sector. To ensure that the review address the source of problems, focus groups are being arranged with representatives of the concerned sector. The December meeting scheduled for 9 December will discuss the proposed scheme to require mandatory registration and labeling of the content of volatile organic compounds in specified products. Many members have indicated serious concerns on this subject.

15. To facilitate the review of regulatory regimes governing the construction stage of the development process, the Provisional Construction Industry Co-ordination Board has also set up a dedicated task force with industry representatives and other stakeholders. In addition to the regulatory review, this task force would make recommendations on measures to speed up the construction cycle and reduce the cost of compliance with prevailing statutory requirements and tackle any issues related to construction activities referred to it by EEC and its Subgroup. The composition of this task force is at **Annex III** and its first meeting has been scheduled for 14 December.

EEC Subgroup on Business Facilitation Secretariat
December 2004

**Composition of
Pre-construction Task Force**

Convener :	Mr Keith Kerr	(Developer)
Members :	Mr Bernard Hui, JP	(Authorised Person)
	Mr Thomas Kwok, JP	(Developer)
	Mr Lam Wo Hei, BBS, JP	(Authorised Person)
	Mr C K Lau	(Developer)
	Mr Dennis Lau, JP	(Authorised Person)
	Hon Emily Lau, JP	(LegCo Member)
	Ms Angela Lee, JP	(Solicitor)
	Mr Victor Li	(Developer)
	Mr Francis Lui	(Developer)
	Mr Gordon Ongley	(Developer)
	Ms Iris Tam	(Town Planner)
	Mr Robert Wong	(Developer)

**Composition of
Retail Task Force**

Convener :	Mr Yu Pang-chun, JP	(Hong Kong Retail Management Association)
Members :	Ms Anita Bagaman	(Hong Kong Retail Management Association)
	Mr Bobby Chan	(Fashion)
	Professor Stephen Cheung	(Academic)
	Mr Vincent Chow, BBS, JP	(Jewellery)
	Mr Vincent Fang, JP	(Fashion)
	Mr Philippe Giard	(General merchandise)
	Hon Emily Lau, JP	(LegCo Member)
	Mr Brian Li, JP	(Electrical appliance)
	Mr Y K Pang, JP	(Hong Kong General Chamber of Commerce)
	Mr Jeff Shaw	(General merchandise)
	Mr Raphael Tong	(Food products)

**Composition of
Task Force to Review
the Construction Stage of the Development Process**

Chairman :

Mr Francis Bong

Members

Board Members

Mr Peter Ayres

Mr James Chiu

Mr Martin Hadaway

Mr W H Lam

Mr C K Lau (also representing REDA)

Working group members

Ms Ada Fung

Industry organizations and government department –

Mr T T Cheung (Hong Kong Institute of Surveyors)

Mr A M Gibson (MTR Corporation)

Hong Kong Construction Association

Hong Kong Institute of Planners

Mr Martin King (Hong Kong Federation of Electrical and Mechanical Contractors)

Ir Helen Kwan (Hong Kong Institution of Engineers)

Prof Bernard Lim (Hong Kong Institute of Architects)

Mr LIN Ming-ying (Kowloon-Canton Railway Corporation)

Mr K M Mo (Buildings Department)