

First Meeting of the Economic and Employment Council

Agenda Item 3(b) : Facilitating Business

Purpose

This paper introduces the Government's work on business facilitation under the Helping Business Programme (*the Programme*) and sets the scene for Members' discussion on future directions.

Helping Business Programme

2. The Government launched the Programme in 1996 with the aims of securing a business-friendly environment and maintaining Hong Kong's position as one of the best place in the world for doing business. Under the Programme, bureaux/departments are encouraged to conduct studies on their operations to identify areas where they can better facilitate business development. The scope of these projects normally fall into the following areas -

- ☐ cutting red tape and eliminating over-regulation;
- ☐ impact assessment of regulatory proposals with a view to cutting compliance cost to business and enforcement cost to the Government;
- ☐ introduction of new and improved services for the business community; and
- ☐ transfer of public services to the private sector where appropriate market conditions prevail.

3. The Business Promotion Division (BPD) of the Commerce, Industry and Technology Bureau (CITB) is responsible for co-ordinating the implementation of the first three types of studies and initiatives. Work relating to transfer of public services is coordinated by the Efficiency Unit (EU) under the Chief Secretary for Administration's Office.

4. Since the launch of the Programme in 1996, over 100 studies and projects have been completed and more than 370 initiatives have been implemented. Some of the more important achievements include :

- ☐ streamlining the restaurant licensing regime to make it much easier for operators to start business and introducing a provisional licence that can be issued on the same day as the application;
- ☐ setting up the Business Licence Information Centre where information on all business licences is available at a single location;
- ☐ streamlining the business registration process and introducing one-stop services so that applications in person can be handled and a business certificate can be issued within 30 minutes;
- ☐ improving the hotel and guesthouse licensing procedures to provide more business-friendly and speedy services and introducing multi-year licences lasting up to seven years to help lower operators' costs;
- ☐ reviewing the customs clearance requirements and services for cargoes and implementing measures to facilitate clearance of land, sea, air and inter-modal cargoes;
- ☐ introducing the Open Bond System to increase flexibility in operation and reduce operating costs of dutiable goods traders and bonded warehouse operators;
- ☐ automating retrieval of approved building plans so that retrieval time is substantially shortened from a matter of weeks in the past to a matter of minutes; and
- ☐ introducing electronic public forms on the internet to provide the community, particularly the business sector, with better and more efficient government services.

5. A detailed list of the projects undertaken under the Programme and their achievements is at ***Annex I***.

Promotion of Helping Business Culture

6. Apart from institutional and procedural changes, the cultivation of a helping business culture and mindset in the civil service is also important if we are to achieve the goal of making government operations more business friendly. To this end, we have organized Helping Business Awards to commend worthwhile projects undertaken by government agencies, published reference guides, distributed information leaflets and given talks to civil servants to enhance their awareness of the need to facilitate business.

Business Advisory Group

7. In order to benefit from the advice and experience of the private sector, we established the Business Advisory Group (BAG) with a membership coming from various sectors of the business community. The BAG advised the Financial Secretary on the development and implementation of the Programme as well as identified problems and difficulty encountered by the business sector and recommended improvements or solutions.

8. Projects under the Programme were all steered by the BAG. The initiation of a project, however, may come from different sources – sub-groups under the BAG, BPD or EU having regard to specific complaints or feedbacks from the business community or request of government agencies. Once a potential project had been identified and endorsed by BAG, BPD or EU would define the project objectives and liaise with the relevant government agencies on the study requirements. The study might be undertaken by the concerned government agency or a consultant. The BAG and its sub-groups would follow closely the study, consider its recommendations with regard to comments from the concerned government agency and monitor any follow-up action taken.

Ongoing Helping Business Projects

9. Apart from the completed projects at Annex I, a number of studies are still in progress and initiatives/measures recommended in previous studies are still being implemented by various government agencies. These include :

- ☐ departmental business study for Fire Services Department;
- ☐ regulatory impact assessment on proposed product responsibility schemes by Environmental Protection Department;

- ❑ follow-up studies from review of licensing and other regulatory requirements for the construction industry;
- ❑ review of licensing requirements for private residential care homes for the elderly;
- ❑ introduction of public private partnership approach for the reprovisioning of Sha Tin Water Treatment Works;
- ❑ development of public private partnership for the provision of marine floating refuse collection service;
- ❑ implementation of recommendations from previous departmental business studies for Transport Department and Environmental Protection Department;
- ❑ implementation of recommendations from previous review of licensing requirements for food premises (*other than restaurants*) and for the construction industry; and
- ❑ outsourcing of the management and operation of Cheung Sha Wan Government Wholesale Market and Hong Kong Wetland Park.

———— A detailed list of the ongoing helping business projects and their scope is at ***Annex II***.

———— 10. With the advice of BAG, we also identified a number of potential projects. Details are at ***Annex III***. We are defining the scope and objectives of these projects in preparation for commissioning the required studies. To further take forward the Programme, we will continue to identify new potential projects which will simplify and eradicate obsolete, overlapping or unnecessary regulations to facilitate business. We will also consider ways to seek the views of relevant stakeholders more systematically.

Discussion

11. Members are requested to note the progress of the Helping Business Programme and give their views on the future direction of the Programme and the most effective way to take it forward.

**Major Projects/Studies Completed under the
Helping Business Programme since its Launch in 1996**

Item No.	Project/Study	Achievements
Lands, Buildings and Works		
1.	Review of industrial land use	Restrictions on use of industrial land for entertainment, business and other institutional uses relaxed to provide flexibility to owners and occupiers.
2.	Review of lease modification and land exchange procedures	The processing of land exchanges and lease modifications has been speeded up by 35%.
3.	Review of Buildings Regulations regarding prescribed windows for bathrooms	The requirement has been made flexible to accord with modern practice in other countries. This also helps reduce the development costs of buildings.
4.	Review of application for consent to sales of uncompleted buildings	Procedures for processing such applications have been speeded up by 33%.
5.	Review of application procedures for short-term waivers of land grant conditions	Average processing time has been reduced by 15%. An across-the-board 15% reduction on waiver fees has also been achieved.
6.	Review of procedures for water supply applications	A number of improvement measures introduced. These include application for water supply via Internet and more user-friendly leaflets and forms. Processing time for different types of water supply applications has been shortened by 2 to 26 days.
7.	Relaxing the restriction on sales of service apartments	Unnecessary restrictions on sales of service apartments lifted.
8.	Processing of Short Term Waiver in North District	Processing of application for Short Term Waiver in North District speeded up.
9.	Review of Electricity Ordinance relating to prohibition of socket outlet in bathrooms	Adopted International Electrotechnical Commission standard to allow socket outlets to be protected by a 30mA RCD and installed in zone 3 in bathrooms.

Item No.	Project/Study	Achievements
10.	Review of building regulation on lighting and ventilation	Measures identified to relax the lighting and ventilation requirements in domestic buildings and to provide clearer guidelines on requirements for non-domestic buildings.
11.	Study on licensing and other regulatory requirements for the construction industry	Recommendations made to streamline the regulatory procedures for issue of licences and permits, minimizing conflicting requirements across agencies, shortening processing time for construction noise permits and registration of gas contractors etc.
12.	Speeding up the retrieval of approved building plans	Opportunities identified to cut down the service time from 28 working days to within minutes.
13.	Review of approval procedures for general building plan submission	Process streamlined with increased transparency and business-friendliness.
14.	Departmental business study for Planning Department	Opportunities to improve the business-friendliness of the Department identified. The Department has become more transparent.
15.	Booklet on excavation permits	An easy-to-use guide prepared on procedures for applicants. Procedures have become more transparent.
16.	Information booklet on application procedures for drainage connections	An easy-to-use guide prepared on procedures for applicants.
17.	Electronic retrieval of approved building plans	Plans for the Yau Tsim Mong District can be retrieved electronically. Retrieval time is substantially shortened from weeks in the past to within minutes. Work in hand to extend the service to cover buildings in all districts.
18.	Provision of portable water meters to the construction industry	Contractors can obtain metered water supply speedily and conveniently for early commencement of their works.
19.	Pilot project on slope advertisement	Two slopes in Lung Cheung Road and Lion Rock Tunnel Road opened up on trial basis for advertisement industry to create more business opportunities.
20.	Internet project for promoting environmental protection in the construction industry	Websites on green equipment & examples of green achievement launched.

Item No.	Project/Study	Achievements
21.	Feasibility study on advertising on lamp posts and bridge structures	Market situations explored and business potential assessed. Assessments made serve good reference for similar initiatives in future.
22.	Utilities connection and run-ins to completed developments	Developers have been given better control of building programmes enabling earlier completion sale of units. Building developments have been speeded up by 3 months.
23.	Feasibility study on private sector participation in water supply services	Options for private sector to participate in the provision of water supply services identified.
24.	Corporatisation of the Survey & Mapping Office	Business case established for corporatisation of SMO.
Food Industry		
25.	Extension of provisional licensing to food premises other than restaurants	Operators may start to do business pending the issue of a full licence.
26.	Review of restaurant licensing	A resource centre has been set up to help potential operators. Provisional licence can be issued on the same day of application.
27.	Review of licensing of outside seating accommodation for food premises	Agreement reached with all stake-holding departments on streamlining the licensing procedures.
28.	Review of licensing of food premises other than restaurants	Streamlined licensing processes identified. The number of licences and permits to be significantly reduced.
29.	Re-definition of light refreshment restaurants	Flexibility for food items to be sold at light refreshment restaurants.
Entertainment and Leisure		
30.	Review of hotel and guesthouse licensing	Licensing procedures have become more business-friendly. Savings to operators achieved with the introduction of multi-year licences.
31.	Review of entertainment licensing for amusement games centres, public dance halls, dancing schools and mah-jong / Tin Kau establishments	Several licences (including those for dancing schools) are identified suitable for removal. Procedures for other licences have been simplified.

Item No.	Project/Study	Achievements
32.	Review of entertainment licensing for lotteries, tombola, amusements with prizes and trade promotion competition	Improvement opportunities identified being implemented. Processing of trade promotion competition licences is reduced from 21 days to 7 working days.
33.	Review of licensing requirements for massage establishments	Consent Panel set up to help applicants understand requirements of different departments and address technical problems. Guides (also in braille and sound tape versions) have been prepared to help potential operators understand the requirements. Licence processing time has also been reduced.
34.	Review on relaxing the restrictions on home and leisure brewing	Unnecessary restrictions on home and leisure brewing lifted.
35.	Review of entertainment licensing in 2000	"One-stop licensing" concept confirmed. Alternative arrangements proposed to replace licensing of bowling alleys, public skating rinks, public dancing halls and dancing schools.
36.	Business process re-engineering study of massage establishments licensing procedures	Licensing control of massage establishment relaxed and processing of applications for licences speeded up to 25 working days.
37.	Review of regulatory activities for amusement rides	Measures identified for speeding up application process and easy access to information.
38.	Licensed hotels/guesthouses on Internet	New service to publicize licensed hotels and guesthouses in Hong Kong.
39.	Information booklet on application procedures for hotel and guesthouse licensing	An easy-to-use guide prepared to help applicants understand the requirements and procedures.
40.	A feasibility study on greater private sector participation in the ticketing, promotion and venue booking of sports, cultural and performing arts events	Business case confirmed. Ticketing services outsourced by phases with effect from August 2000.
Marine and Transport		
41.	Review of application procedures for cross-boundary permits for private cars	Procedures have been streamlined, with less supporting documents required.

Item No.	Project/Study	Achievements
42.	Review of management of public cargo working areas	The fee structure has been simplified with 1 composite permit to replace 7 separate permits. Physical access and landside management have also been improved.
43.	Review of licensing of local vessels	Licence fee items reduced from 135 to 65. Relevant procedures have also been streamlined.
44.	Review of 2 Regulations administered by Transport Department	Disaggregation of regulation and standards to be in line with modern practices worldwide.
45.	Departmental business study in the Marine Department	Department has become more business-friendly, with simpler and speedier licensing arrangements and other improvements. One-stop service for port formality procedures.
46.	Review on overnight parking for non-franchised buses.	More overnight parking spaces to meet the shortfall.
47.	Departmental business study for Transport Department	Initiatives identified to streamline operations and improve communication with the business community and among government departments.
48.	Research on overseas practices in the licensing and testing of vehicles and drivers (2 projects)	Options for private sector participation have been worked out.
49.	Corporatisating Government Dockyard	Business case not established. Recommendations made to streamline the Dockyard operation instead.
Trade and Industry		
50.	Review of customs cargo clearance requirements and services	Opportunities for improving trade facilitation and tightening up customs control identified.
51.	Review of the payment remittance form	The form is now providing more information to facilitate processing at the recipient end.
52.	Departmental business study for the Trade Department	Department has become more business-friendly, with enhanced performance pledges for processing transactions and other improvements. Substantial savings have also been achieved.

Item No.	Project/Study	Achievements
53.	Establishment of a Business Licence Information Centre	Information on all business licences is available at a single location to provide an efficient and effective service on licence information to the business sector (also available on Internet).
54.	Introduction of the Open Bond System (2 studies)	New system became operative on 1 April 2003.
55.	Departmental business study for Government Supplies Department	Increase business-friendliness of the Department's suppliers' registration system and web site.
56.	Review of registration procedures in Business Registration Office	Business certificates can now be issued within 30 minutes.
Education		
57.	Review of the registration procedures for kindergartens and tutorial schools	Streamlined procedures in place with improved coordination between departments. The school registration process time improved by 50%. Clear guidelines published for reference by school operators.
58.	Transfer of Non-means tested loan scheme for students to the private sector	Business case confirmed. Financial models developed to test out different options.
Labour and Employment		
59.	Employers' practical guide and good management practices and frequently asked questions about labour laws on Internet (2 projects)	A user-friendly information kit prepared to help employers understand the labour laws.
60.	Labour Department Cyber Resource Centre for Business	A more business-friendly web site prepared covering employment and labour related issues.
Fire Services		
61.	Outsourcing the maintenance of portable fire fighting equipment in government premises	Business opportunities in the value of \$5 million transferred to the private sector.

Item No.	Project/Study	Achievements
Social, Medical & Health Services		
62.	Streamlining the issue of import/export licences for pharmaceutical products	The processing of import/export licences has been streamlined and the turn-around time reduced from two to three days to just one day.
63.	Review of registration procedures of new pharmaceutical products	Time taken by the full legislative process for registration of new drugs reduced from 13 weeks to 10 weeks. Facilitated registration by accepting sample tests of drugs by accredited laboratories in place of by the Government Laboratory.
64.	Provision of quality homes for the elderly at vacant quarters at Prince of Wales Hospital	Vacant quarters leased out to the private sector for use as quality homes for the elderly.
65.	Outsourcing the preparation and delivery of meals for the elderly	Opening up business opportunities involving the provision of 350,000 meals per annum.
66.	Medical examination service in Government	From August 2000, all medical examination services for new recruits are taken up by the private sector.
Intellectual Property		
67.	Identification of activities in the Intellectual Property Department appropriate for transfer to the private sector	Non-core activities identified for contracting out to the private sector. These include IT and publication functions, as well as the front desk operation.
Others		
68.	Development of a Regulatory Impact Assessment framework	A ready-to-use tool for comprehensive assessment of impacts of regulatory proposals.
69.	Regulatory Impact Assessments on various legislative proposals (9 legislative proposals)	Costs and benefits to traders, Government and the community assessed with a view to identifying the best option.
70.	Stocktaking of public forms (1997, 1998, 2000 & 2001) (4 rounds of exercises)	Increase awareness by departments to contain growth in public forms.
71.	Stocktaking of business related regulatory activities	Database on business regulations developed to facilitate subsequent reviews.

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72.	Public forms on Internet (5 projects)	Over 1500 public forms, some of which are capable of electronic submission, are now available via Internet to provide the community with a better and more efficient service. Bilingual search facilities available.
73.	Electronic submission of Government forms through Internet (2 projects)	Enables the public to fill in and submit forms to Government electronically anytime and anywhere. Currently, about 240 "e-Forms" of various departments and over 100 Labour Department's electronic forms are available for electronic submission.
74.	Review of government payment and collection procedures	Government settlement of invoices has been made faster (shortened from one month to 20 days), and payment to Government can be made more convenient through electronic means including ATMs.
75.	Government flying service for industries	Services terminated in 1997 now resumed providing competitive service to industries which require aerial photography service.
76.	Feasibility study on the bulk billing functionality for rates and government rent	Bulk billing options recommended to save multi-property rate and government rent payers' time and operating costs.
77.	Water-cooled air-conditioning systems	Trial scheme to allow energy saving water-cool air-conditioning systems extended to more districts, thus helping users save costs.
78.	Departmental business study for the Environmental Protection Department	Over 20 improvement measures identified. Those implemented include coordinated inspection to the power stations of the two utility companies, EIA Helpdesk to provide advice and support, and EIA Training and Capacity Building Program for professional engineers and architects.
79.	Government courier services	50% reduction in courier service for routine documents by civil servants. Opening up business opportunities for private courier companies.
80.	A short guide to private sector involvement in the delivery of public services	A simple guide issued for civil servants to encourage greater private sector participation in the delivery of public services.

Item No.	Project/Study	Achievements
81.	A feasibility study on setting up a private-sector operated business centre in two major government offices buildings	Business case not established. Alternative measure taken to compile a list of service providers in business services to help small & medium enterprises introduce themselves to departments requiring their services.

Commerce and Industry Branch
Commerce, Industry and Technology Bureau
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List of Current Helping Business Projects

No.	Study / Project Title	Objectives / Potential Benefits
1.	Follow-on studies and implementation of quick-wins identified in the review on licensing and other regulatory requirements for the construction industry	Implementing the quick-wins would give rise to immediate improvements in licensing and regulatory requirements. The follow-on studies would identify further improvement opportunities.
2.	Developing and implementing Public Private Partnership for reprovisioning of Sha Tin Water Treatment Works	Examine the feasibility of private sector involvement to reprovision the water treatment facilities.
3.	Departmental Business Study for Fire Services Department	Streamline and enhance the business-friendliness of the department's regulatory regime relating to fire services installations and ventilation in new buildings and licensed premises to enable businesses to obtain the necessary fire service certificates for building occupation/business operation more speedily and flexibly.
4.	Phasing out of non-railway-related public cargo working activities of the KCRC facilities in the harbour waterfront	Minimise the environmental impact of public cargo working areas on the surrounding area and make the area more aesthetically compatible with the surrounding development and more conducive to tourism.
5.	Implementation of recommendations from review of licensing requirements of food premises other than restaurants	Streamline and enhance licensing processes.
6.	Outsourcing management and operation of Cheung Sha Wan Government Wholesale Market	Enhance efficiency, cost-effectiveness and service quality.
7.	Review of licensing arrangement for expansion of Residential Care Home for the Elderly (RCHE)	To rationalize the licensing criteria for the merging of RCHEs located separately (<i>e.g. in different floors of the same building</i>).
8.	Implementation of recommendations from Departmental Business Study for Transport Department	Improve TD's communications and streamline the department's operations involving car traders, transport operators and contractors for management of transport infrastructure and services.

No.	Study / Project Title	Objectives / Potential Benefits
9.	Review to increase the flexibility in public auction of vehicle registration numbers	Increase business opportunities by allowing auction of special vehicle registration numbers suggested by the public.
10.	Implementation of recommendations from Departmental Business Study for Environmental Protection Department	Increase transparency of the environmental requirements, improve quality of service, streamline procedure and reduce administrative effort and operating costs for the trade.
11.	Regulatory Impact Assessment study on product responsibility schemes	Review the merits and need for regulatory scheme over waste tyres and rechargeable dry batteries and assess its impact on the trade and community.
12.	Developing and implementing Public Private Partnership for marine floating refuse collection service	Assess the potential of the provision of marine floating refuse collection services through Private Sector Involvement (PSI) arrangements.
13.	Transferring non-means tested loan scheme (NLS) for students to the private sector	Assess the potential of transferring the loan scheme to the private sector.
14.	Review of Broadcasting Regulatory Regime	To update and rationalise broadcasting regulatory regime to facilitate convergence and digitisation, thereby benefitting the future development of the broadcasting industry.
15.	Outsourcing technical services for government communication facilities	Identify the best arrangement for outsourcing technical services currently provided at the three radio stations at Victoria Peak, Mount Butler, and Cape D'Aguilar under the Technical Services Agreement.
16.	Outsourcing management and operation of Hong Kong Wetland Park	Enhance operating efficiency and cost-effectiveness.

List of Potential Helping Business Projects

No.	Study / Project Title	Objectives / Potential Benefits
1.	Departmental Business Study for Labour Department*	Enhance the business-friendliness of the department's operations and develop quality and cost-effective services to the business community.
2.	Regulatory Impact Assessment on Labelling Scheme on Nutrition Information	Assess the overall impacts to the community if the Government introduced the labelling scheme on nutrition information in prepackaged food in HKSAR.
3.	Billboards for advertisements on government land	Generate new business opportunities for advertising industry and increase the choices of advertising spaces for the business community.
4.	Review of standards governing car park requirements in developments	Allow developers more flexibility in the provision of car parks in new developments having regard to local supply and demand.
5.	Revamping the database on regulatory activities	Re-construct an inventory of regulatory activities for reference in conducting reviews to identify and eliminate over-regulations and cumbersome Government procedures.
6.	Feasibility study of "Pay for Environment" Scheme	Assess the feasibility of incorporating environmental requirements into public works contracts to facilitate contractors' compliance with the required standards.

* Labour Department is considering the priority of the project.