

## **Eighth Meeting of the Economic and Employment Council**

### ***Agenda Item 6 : Role of the Economic and Employment Council***

#### **Introduction**

The EEC was established in January 2004, pursuant to an initiative announced in the Chief Executive's 2004 Policy Address. It provides a comprehensive forum to facilitate different sectors of the community to reach consensus on policies concerning economic development, attracting inward investment, facilitating business and enhancing employment opportunities. A Subgroup on Business Facilitation (Subgroup) was established in March 2004 to conduct regulatory reviews so as to eliminate outdated, excessive, repetitive or unnecessary regulations to facilitate business and job creation.

2. In the 2005-06 Policy Address, the Chief Executive announced an initiative to achieve strong governance by, inter alia, expanding the Commission on Strategic Development (CSD) to provide a platform for all sectors of the community to explore with the Government major issues pertaining to Hong Kong's long-term development. A CSD Committee on Economic Development and Economic Cooperation with the Mainland (CSD Committee), chaired by the Financial Secretary (FS), has also been established in November. This CSD Committee held its first meeting on 5 December 2005.

3. In the light of these latest developments, the Administration considers it an opportune time to revisit the role of the EEC and to see how the work of the Subgroup could be more effectively taken forward.

#### **Work of the EEC**

4. The EEC has so far held eight meetings (*including the current meeting*) and one Retreat and has discussed from a macro perspective broad economic and employment issues as well as more specific issues pertaining to promotion of inward investment, development of new cruise terminal

facility, employment opportunities for the recycling industry, tackling illegal employment, competition policy, effort to arrest urban decay, replacing CSSA with employment and CEPA etc. Through free and candid deliberations, EEC has helped foster a general consensus or better understanding among different sectors of the community on Government policies relating to various issues. The many constructive ideas arising from the discussions have also helped the Administration to have a better focus of its work and to refine its policy proposals.

5. Another significant work of the EEC is to decide on the priorities and to steer the overall strategies and directions of the Subgroup and its Task Forces in conducting regulatory reviews. Priorities have so far been placed on the construction, real estate, retail and entertainment sectors. Deliberations relating to this sphere of work are more detailed, mostly pertaining to specific legislation, licensing, regulatory impact, and administrative procedures. A brief summary of the progress-to-date of some of the key reviews is given in **Annex A**.

### **Work of the CSD Committee on Economic Development and Economic Cooperation with the Mainland**

6. In the first meeting of the CSD Committee, a wide range of broad economic subjects were discussed and a number of strategic issues have been identified for further discussion in the future. These issues include employment creation, creative industries, high value-added logistics and solidification of talents. Other strategic issues that may be discussed in the future include enhancing Hong Kong's economic competitiveness, promoting fair competition and improving Hong Kong's business environment etc.

### **Way forward**

7. The CSD Committee with its remits and composition provides an effective forum for the business, political, academic and professional sectors to express their views on macroeconomic and employment issues, as well as the strategic economic subjects facing Hong Kong such as fostering the growth of creative industries. The setting up of the CSD has made it necessary to review the future direction and focus of EEC's work. It is proposed that EEC in its present form should be disbanded.

8. Meanwhile, it is important that the work on business facilitation should continue, building on the momentum generated by the EEC, its Subgroup and Task Forces. A more focused approach is needed to cater for the often more detailed and specific deliberations on legislations, rules and procedures. This could best be achieved by the formation of a dedicated Business Facilitation Advisory Committee (BFAC). The BFAC's job is to advise the FS on measures to facilitate business and to monitor on behalf of the FS the implementation of these measures. The BFAC will comprise both official and unofficial members and will be chaired by an un-official. It will steer and oversee the business facilitation work carried out by the Economic Analysis and Business Facilitation Unit. The Task Forces for the various ongoing regulatory reviews under the current Subgroup will continue their work and will report to the BFAC after its establishment. The proposed TOR of the BFAC is at **Annex B**.

#### **Advice sought**

9. Members are invited to advise on whether the changes proposed in paragraphs 7 and 8 above are a good way to take forward the EEC's work.

Economic Analysis and Business Facilitation Unit,  
Financial Secretary's Office  
December 2005

## **Brief Summary of Progress-to-date of some Key Reviews**

### **Retail Task Force**

#### ***Review of non-restaurant food licences***

- ❑ The Retail Task Force (RTF) commenced the review of food licensing in October 2004. In June 2005, RTF recommended a composite licence covering retail licences/permits for 12 categories of ready-to-eat food that do not require complicated processing or manufacturing procedures. FEHD is working on the implementation details.
- ❑ HD has introduced performance pledge to vet and approve simple fitting out works for setting up food retail shops in public housing estates within 7 working days, and within 21 working days if more complicated works are involved.

#### ***Regulatory Proposal regarding Volatile Organic Compounds***

- ❑ RTF has facilitated discussions between the trade and ETWB regarding the registration and labeling scheme relating to the volatile organic compound content of consumer products. After actively exchanging views with the trade, the bureau subsequently reduced the number of consumer product categories to be regulated from 40 to 6.

#### ***Beauty/cosmetics/pharmaceutical products regulatory review***

- ❑ RTF has recently discussed with the trades regarding their concerns and has reflected the latter's views to the concerned departments for identification of improvement measures.

#### ***Proposed nutrition information labelling scheme and allergen labelling guidelines***

- ❑ The trade has met with the concerned departments regarding the options and time-table for implementation on a number of occasions but no consensus has yet been reached. RTF has reflected the trade's views to the latter for further study and consideration.

### ***Regulatory Impact Assessment on the proposed nutrition information labelling scheme***

- ❑ The Government commissioned a consultant to conduct the Regulatory Impact Assessment study on the proposed scheme with a view to examining the total costs and benefits in introducing a nutrition information labelling scheme in Hong Kong, the various options available and to recommend an appropriate option.

### **Review of land matters by the Pre-construction Task Force**

- ❑ The Pre-construction Task Force (PCTF) is tasked to review the regulatory problems facing the real estate development sector, and to recommend measures to enhance the efficiency of operation of the sector. PCTF has completed the first stage of the review covering land matters in June 2005.
- ❑ Substantive recommendations
  - Simplification of the lease conditions
  - Improve the lease modification procedures
- ❑ Regarding simplification of lease conditions, the concerned departments have been taking forward improvement measures where consensus has been reached. The LandsD has deleted 6 Special Conditions and taking action to delete or simplify the other 16 items. The revised General Conditions will be adopted in early 2006. LandsD has commenced the mechanism for enquiry of the “before value” of land for special cases, which will help speed up the processing of land exchange/lease modification cases.

### **Review of Entertainment Licensing**

- ❑ The Government is reviewing the regulatory procedures and licensing requirements relating to theme parks and family amusement centres. The review will be completed by end 2005, with the aims of speeding up and simplifying the licensing procedures and relaxing some regulations to facilitate the operation of the trade.

## **Review of Cinema Licensing**

- ❑ The review has been completed in August 2005. The concerned department will implement the review recommendations, including the introduction of “Provisional Licence” for cinemas and enhancing communication with the trade in the short term. In the long term, the department will consider introducing private certification in the approval process of cinema licences.

**Business Facilitation Advisory Committee**

**Terms of Reference**

- ☐ Advise and report to the Financial Secretary the development and implementation of programmes and measures to facilitate business;
- ☐ Develop and oversee a programme to review government regulations and procedures impacting on business, with the aims of eliminating outdated or burdensome regulations on business, enhancing the quality of delivery and business-friendliness of government services to facilitate business operations and development, and reducing regulatory impact and compliance cost to the business sector;
- ☐ Set up and steer Task Forces to take forward the regulatory reviews or other business facilitation initiatives; and
- ☐ Examine other relevant areas to facilitate business as appropriate.