

**Twenty-fifth Meeting of
the Business Facilitation Advisory Committee**

***Agenda Item 5 : Report on the progress of the
“Be the Smart Regulator” Programme
– March 2014 update***

Purpose

This paper reports on the progress of the “Be the Smart Regulator” Programme¹ (the Programme) since the last Business Facilitation Advisory Committee (BFAC) meeting held on 28 November 2013.

Latest progress

Overview

2. All the 30 participating bureaux and departments (B/Ds) have sustained momentum in further enhancing the business licensing services in Hong Kong. Good progress has been made on various fronts and major highlights are summarized below.

***Efficiency improvement measures in connection with the World Bank’s
“Doing Business” Report***

3. Since the release of the World Bank’s Doing Business 2014 Report in October 2013, the Economic Analysis and Business Facilitation Unit (EABFU) has been working with relevant B/Ds to identify improvement opportunities. In response to the World Bank’s new round of annual survey, EABFU has recently updated the World Bank of the following reform measures –

¹ The Government has launched the Programme since early 2007 to further improve Hong Kong’s overall business licensing environment and long-term competitiveness. The Programme aims to enhance the efficiency, transparency and business-friendliness of Hong Kong’s licensing services and to reduce compliance costs to business while safeguarding public interests.

- Starting a business

The rate of the Business Registration Certificate levy has been reduced from HK\$450 per annum to HK\$250 per annum with effect from 19 July 2013. In addition, with the commencement of the new Companies Ordinance on 3 March 2014, the mandatory requirement for a company to keep a corporate seal has been removed and the legal requirement of preparing a Memorandum of Association to incorporate a company has been abolished. These reforms can reduce the number of procedures, cost and time of starting a business in Hong Kong.

- Trading across borders

The Customs & Excise Department (C&ED) signed Authorized Economic Operator (AEO) Mutual Recognition Arrangements with the Mainland Customs and Indian Customs in October and November 2013 respectively, thereby enabling Hong Kong AEOs to enjoy corresponding customs facilitation provided by the two Customs administrations. To further streamline the cargo clearance process at the land boundary, C&ED has been cooperating with the Mainland Customs on interconnecting Hong Kong Customs' Intermodal Transshipment Facilitation Scheme with Mainland Customs' "Speedy Customs Clearance" Scheme. With the use of the same e-lock on a cross-boundary truck conveying cargoes under the two schemes, both Customs administrations are able to accord facilitation by automating the cargo clearance process at the land boundary and minimizing the chance of repeated inspection of the cargoes.

- Resolving insolvency

With effect from 1 November 2013, 31 items of statutory fees, charges and deposits levied by the Official Receiver's Office (ORO) in relation to the provision of bankruptcy and winding-up services have been revised. This generally reduces the fees and charges payable to ORO in the bankruptcy and winding-up proceedings.

Major progress in various departments

4. All participating B/Ds have continued to further enhance their business licensing work in various areas. Some notable examples are –

- The Hong Kong Police Force regularly organizes licensing seminars for its frontline officers to update them on the latest licensing-related matters. Colleagues from relevant licensing authorities such as the Home Affairs Department are invited to speak at these seminars in order to help maintain the consistency in interpretation of licensing conditions and enforcement standards across departments.
- The Department of Health has launched Phase IIB of the Electronic Radiation Licensing System which accepts on-line submission of applications for new issue, renewal or amendment of licences. The system can offer greater convenience to applicants, enabling them to view the progress of applications on-line and make payment of fees through multiple channels. It can also enhance the efficiency of the licensing application process.
- The Agriculture, Fisheries and Conservation Department has revamped its thematic website (http://www.pets.gov.hk/en_business_main.php) to facilitate the animal traders and other stakeholders to obtain updated information about animal trading.

Promotion of smart regulation culture and publicity of our business facilitation work

5. In January 2014, EABFU organized a workshop on “Business Facilitation and Smart Regulation Culture” for frontline staff and their supervisors involved in business licensing/regulatory work. A total of 22 colleagues from 15 licensing departments participated in the workshop. The participants found the workshop interesting and practical.

6. A new “Business Facilitation Corner” has been set up at the Hong Kong Retail Management Association Newsletter to facilitate regular dissemination of our business facilitation measures to the wholesale and retail trade, and update them on any regulatory proposals that may have an impact on them. So far, two issues have been published in the Spring and Winter 2013 Newsletter respectively.

Business Impact Assessment

7. The Business Impact Assessments (BIAs) on the new producer responsibility scheme on glass beverage bottles and the proposed voluntary water efficiency labelling scheme on flow controllers are underway. The BIA on the proposed private columbaria bill is near completion and the BIA on the proposed new measures for compliance with fire safety requirements by licensed food premises has been completed.

8. As part of our continuous efforts to raise B/Ds' awareness of the importance of a proper and thorough assessment of the compliance costs of their regulatory proposals to the affected trades, two training workshops on the Business Compliance Costs framework were conducted in December 2013 and February 2014. Over 50 officers from 17 B/Ds attended the workshops with positive feedback.

Review of business licensing services and SME support services

9. The Efficiency Unit's review of business licensing services and SME support services has been completed. The Efficiency Unit has been discussing with departmental stakeholders on the recommendations of the review for refinement. The Efficiency Unit will brief members on the review recommendations afterwards.

Way forward

10. Members are invited to note the progress of the Programme.

Efficiency Unit,
Chief Secretary for Administration's Office
Economic Analysis and Business Facilitation Unit,
Financial Secretary's Office
March 2014