

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

***Agenda Item 6 : Report on the progress of the
“Be the Smart Regulator” Programme
– November 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 meeting held on 23 July 2014.

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 in various areas to improve our overall business licensing environment and long-term competitiveness. Recent major progress is highlighted below.

Hong Kong’s position in the World Bank’s Doing Business 2015 Report

3. The World Bank ranks Hong Kong as the world’s 3rd easiest place to do business according to its Doing Business 2015 Report (the Report) released on 29 October 2014. This affirms our incessant efforts in business facilitation. The top two performers are Singapore and New Zealand. The Report compares the ease of doing business in 189 economies by focusing on 10 constituent indicators.

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.

4. This year's report has introduced substantive changes in methodology. The ranking calculation is based on the distance to frontier (DTF) score rather than on the percentile rank. In addition, the scope of some indicators has been broadened to cover some aspects of the regulatory quality or to include additional good practices. Under the new methodology, Hong Kong also ranked third in last year's report. The aggregate DTF score of Hong Kong is slightly up from 84.45 last year to 84.97 this year. This indicates an improvement in our overall business environment.

5. Among the 10 indicators, Hong Kong ranks 1st in *dealing with construction permits*, 2nd in both *protecting minority investors* and *trading across borders*, 4th in *paying taxes*, 6th in *enforcing contracts* and 8th in *starting a business*. This reflects the Government's continuous efforts to push ahead with reforms to improve the business environment.

6. The Government will study the Report carefully to identify scope for improvement, and continue to explore ways to improve the business environment by partnering with the business sector and other stakeholders, and reforming the existing regulatory regimes to ensure that regulation is appropriate.

Major progress in various departments

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

- The Electrical and Mechanical Services Department (EMSD) has introduced an online training records enquiry system for registered electrical workers (REWs) to check through internet whether they have completed the continuing professional development training before applying for registration renewal. This measure not only offers greater convenience to REWs, but also helps relieve EMSD staff of workload in handling related enquiries from other channels such as phone, fax and email.
- The Home Affairs Department has enhanced its Application Tracking Facility to include applications for additions and alterations from clubhouses, hotels and guesthouses. The enhancement facilitates communication across different parties of the department in processing such applications.

- The Secretariat of the Security and Guarding Services Industry Authority has developed an information kit for all its staff with a view to enhancing the consistency and effectiveness of handling enquiries from the trade and the public.
- The Social Welfare Department has launched a mobile computing system to enable inspectors of residential care homes for the elderly to download relevant information as well as essential documents such as past inspection and complaint records before conducting on-site inspections, and to record and capture inspection results on site for uploading to the computer system for record and onward processing after inspections. This measure improves efficiency of the enforcement process and promotes a green working environment.

Promotion of good regulatory practices and publicity of our business facilitation work

8. A feature article entitled 'Unlocking potential business facilitation initiatives' was published in the Civil Service Newsletter (July 2014 Issue No. 90), which is available at http://www.csb.gov.hk/hkgcsb/csn/csn90/90e/close_up_1.html. It highlights how better licensing/regulatory services can be designed and delivered through greater use of insights and feedback from the trade, as well as closer collaboration across different departments/agencies.

9. In recognition of the Government's business facilitation effort in helping the trade avoid a break in the liquor licensing period ("斷牌") and improving the Police visit summary form, the Hong Kong Bar & Club Association published a feature article at its website (<http://www.hkbca.hk/gov.html>).

10. The Business Facilitation Initiatives (BFI) website (www.gov.hk/bfi) provides an overview of the Governments initiatives on business facilitation and serves as an e-platform for communicating with the business sector. EABFU has recently revamped this website with a new look and feel, together with enhanced features, to improve the user experience.

Business Impact Assessment

11. The Business Compliance Cost study on the application for renewal of the Places of Public Entertainment Licence (Cinemas) and the Business Impact Assessment (BIA) on the new producer responsibility scheme on glass beverage bottles are underway. The BIA on the proposed voluntary water efficiency labelling scheme on flow controllers has been completed.

Way forward

12. 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
November 2014