

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

***Agenda Item 5 : Report on the progress of the
“Be the Smart Regulator” Programme
– July 2015 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 26 March 2015.

Latest progress

Overview

2. All the 30 participating bureaux and departments (B/Ds) continue to sustain momentum in enhancing their business licensing services. Good progress has been made on various areas to further improve the overall regulatory environment for business in Hong Kong and its long-term competitiveness. Major progress is highlighted below.

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

3. The Economic Analysis and Business Facilitation Unit (EABFU) continues to work with relevant agencies to devise focused reform measures to improve Hong Kong’s ease of doing business ranking. We have recently updated the World Bank that with the launch of a full scale electronic filing service at its e-Registry on 3 March 2015, the Companies Registry (CR) has an online system for registration, amendment, renewal, cancellation and

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.

search of security interests. This reform measure, which can strengthen the legal rights of borrowers and lenders, would help Hong Kong secure additional score in the area of “Getting credit”.

4. We have also informed the World Bank of the following one-off measures announced in the 2015-16 Budget Speech by the Financial Secretary as a counter-cyclical measure to provide cushioning effects for the economy and alleviate imminent economic hardships –

- reduction in profit tax for 2014-15 by 75% subject to a ceiling of \$20,000; and
- waiver of rates for the first two quarters of 2015-16 subject to a ceiling of \$2,500 per quarter for each rateable property.

These measures can help reduce the total tax rate of Hong Kong in the area of “Paying taxes”.

Major progress in various departments

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

- With the launch of a full scale electronic filing services at CR’s e-Registry on 3 March 2015, local companies and registered non-Hong Kong companies can now comply with their reporting obligations more efficiently by delivering all specified forms and related documents for registration anytime and anywhere. This initiative not only reduces time and compliance cost, but also enhances the updating of the Companies Register to facilitate business.
- The Environmental Protection Department (EPD) has required as a licensing condition all clinical and chemical waste collection vehicles/vessels to have the Global Positioning System for real-time online tracking of their location with logging facilities. This measure reduces the drivers’ incentive to conduct illegal collection and fly-tipping activities and enhances the effectiveness and efficiency of EPD’s inspection and enforcement.

- The Highways Department has provided e-payment option for applicants to settle through PPS online Excavation Permit and Excavation Permit Extension fees when they do not have deposit accounts with the department. This new payment method facilitates early issuance of permits / extension of permits by allowing fees to be settled online instantly instead of 2-5 days when using the general demand note payment method.

Customer Satisfaction with Licensing Services

6. EABFU has developed a Business Licensing Services Excellence Index (BLSEI) model² to gauge and track different aspects of customers' satisfaction and trust towards the Government's business licensing services as well as its overall performance level over time. This approach helps identify key drivers of service excellence and provide diagnostic information on priority of service improvements.

7. BLSEI score for 2014 is 69.1, which is 1.47% higher than that of the baseline year 2013 (i.e. 68.1). The scores of its 2 constituents, viz. the Customer Satisfaction Index (CSI) and the Customer Trust Index (CTI), below show improved performance not only in achieving customer satisfaction, but also in gaining customer trust –

Constituents of BLSEI	Score <i>(on a scale of 0 to 100 representing ascending levels of customer satisfaction/trust/service excellence)</i>	
	2013	2014
CSI	70.2	71.0 (↑1.14%)
CTI	64.6	65.6 (↑1.55%)
Overall performance	68.1	69.1 (↑1.47%)

² The model is estimated by a structural equation modeling technique that is considered the state-of-the-art methodology for calibrating various well-known national indices such as the American Customer Satisfaction Index and the Customer Satisfaction Index of Singapore.

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

8. In the first half of 2015, EABFU organised an experience sharing session to enable the participating B/Ds to share ideas and experiences of good regulatory practices. In addition, two workshops on “Business Facilitation and Smart Regulation Culture” were organised for frontline staff and their supervisors involved in business licensing / regulatory work. The participants found the workshops interesting and practical.

9. In recognition of the Government’s effort in setting up Business Liaison Groups for SMEs in the entertainment, food and hospitality business sectors to strengthen their communication with the licensing authorities, the Y-Elites Association has published a feature article entitled “A Battle to Stay on Top” on its website (<http://www.yelites.org/web/subpage.php?mid=87&id=186>).

Business Impact Assessment

10. The Business Impact Assessment (BIA) on the proposed implementation of Section 33 of the Personal Data (Privacy) Ordinance (Cap. 486) regarding transfer of personal data to places outside Hong Kong has commenced. The BIA on the new producer responsibility scheme on glass beverage bottles is near completion.

Way forward

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

Efficiency Unit,
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