

**Thirtieth Meeting of  
the Business Facilitation Advisory Committee**

***Agenda Item 4 : Report on the progress of the  
“Be the Smart Regulator” Programme  
– November 2015 update***

**Purpose**

This paper reports on the progress of the “Be the Smart Regulator” Programme<sup>1</sup> (the Programme) since the last Business Facilitation Advisory Committee meeting held on 20 July 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 fronts to improve the overall regulatory environment for doing business in Hong Kong and its long-term competitiveness. Major highlights are summarised below.

***Hong Kong’s position in the World Bank’s Doing Business 2016 Report***

3. Hong Kong remains one of the world’s easiest places to do business, according to the World Bank’s Doing Business 2016 Report (the Report) released on 28 October 2015. This re-affirms our incessant efforts in business facilitation. The top five performers are Singapore, New Zealand, Denmark, Republic of Korea and Hong Kong. The Report compares the ease of doing business in 189 economies by focusing on 10 constituent indicator sets.

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<sup>1</sup> 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 continues to introduce substantive changes in methodology by broadening the scope of indicator sets to cover regulatory quality and good practices. Using the new methodology, Hong Kong would also rank 5<sup>th</sup> in last year's report. The aggregate score of Hong Kong is actually up from 82.87 last year to 83.67 this year, signifying an improvement in our overall business environment.

5. Among the 10 indicators, Hong Kong sustains its high rankings as the 1<sup>st</sup> in *protecting minority investors*, 4<sup>th</sup> in *paying taxes* and 7<sup>th</sup> in *dealing with construction permits*. In addition, Hong Kong improves its rankings in *starting a business*, *getting electricity* and *getting credit* from 8<sup>th</sup>, 10<sup>th</sup> and 24<sup>th</sup> last year to 4<sup>th</sup>, 9<sup>th</sup> and 19<sup>th</sup> this year respectively. 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 further 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 enhance their business licensing work in various areas. Some notable examples are –

- SMEs, except those incorporated or registered under the Companies Ordinance, may apply for exemption from payment of business registration fee and levy. The Inland Revenue Department has allowed the SME operators to submit their applications on-line. This measure reduces the time for them to obtain the approval to 2 calendar days from 21 working days when paper applications are made in person or by post.
- Following a recent review of licence conditions in carrier licences issued under the Telecommunications Ordinance (Cap. 106), the Communications Authority has removed five special conditions governing road opening works from the newly issued carrier licences and the existing licences which have been brought back for amendment. Carrier licensees are no longer subject to duplication of controls on road opening works from sector-specific

controls imposed under the telecommunications licensing regime on top of the cross-sectoral regulatory regimes governing all road openers including telecommunications licensees.

- In tune with evolving changes to global textiles-related trade rules and following a series of relaxation in 2009 and 2011, the Trade and Industry Department has removed all the remaining controls under the Textiles Control System (TCS). The further liberalisation of TCS has removed administrative burden and compliance costs arising from the licensing and notification requirements for textile imports and exports and the notification requirement for production of cut-and-sewn garments.

### ***Publicity of our business facilitation work***

8. In recognition of the Government's effort to implement 10 improvement measures to facilitate application for outside seating accommodation permission of restaurants, a feature article has been published in the periodical of the Association for Hong Kong Catering Services Management (October 2015 Issue). The article can be accessed at [www.hkcd.com.hk/pdf/201510/1006/HA07A06CKE1.pdf](http://www.hkcd.com.hk/pdf/201510/1006/HA07A06CKE1.pdf).

9. A "Business Facilitation Corner" has recently been set up under the new 'Government Information' section of the Federation of Hong Kong Hotel Owners' website at [www.fedhotelowners.com.hk/e-government.html](http://www.fedhotelowners.com.hk/e-government.html). In addition, the Government's business facilitation measures and business consultation relevant to the retail sector have also been published in the "Business Facilitation Corner" of the Hong Kong Retail Management Association Newsletter (Spring 2015 issue), which is available at [www.hkrma.org/file/info/newsletter/spring-2015/#40/z](http://www.hkrma.org/file/info/newsletter/spring-2015/#40/z).

### ***Business Impact Assessment***

10. EABFU has assisted the Development Bureau to source and select an external consultant to conduct a Business Impact Assessment (BIA) on the proposed security of payment legislation for the construction industry. The BIA on the proposed implementation of Section 33 of Personal Data (Privacy) Ordinance (Cap. 486) regarding transfer of personal data to places outside Hong Kong is underway while the one on the new producer responsibility scheme on glass beverage bottles has been completed.

## **Way forward**

11. 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 2015