

**Thirty-sixth Meeting of
the Business Facilitation Advisory Committee**

***Agenda Item 4 : Report on the progress of the
“Be the Smart Regulator” Programme
– December 2017 update***

Purpose

This paper updates on the progress of the “Be the Smart Regulator” Programme ¹ (the Programme) reported since the last Business Facilitation Advisory Committee meeting held on 18 August 2017.

Latest progress

Overview

2. All the 29 ² 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.

Hong Kong’s position in the World Bank’s Doing Business 2018 Report

3. The World Bank ranks Hong Kong as the world’s 5th easiest place to do business, according to its Doing Business 2018 Report (the Report) released on 31 October 2017. This re-affirms our incessant efforts in

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.

² The Insurance Authority (IA) took over the statutory functions of the Office of the Commissioner of Insurance (OCI) under the Financial Services and the Treasury Bureau with effect from 26 June 2017 and the OCI was disbanded on the same day. IA is a new insurance regulator independent of the Government, hence the number of participating B/Ds of the Programme was updated to 29.

business facilitation. The top five performers are New Zealand, Singapore, Denmark, the Republic of Korea and Hong Kong. The Report compares the ease of doing business in 190 economies according to 10 indicators.

4. Hong Kong performs well in four of the 10 indicators, namely "starting a business" (third), "paying taxes" (third), "getting electricity" (fourth) and "dealing with construction permits" (fifth). This reflects the Government's continuous efforts to improve the business environment.

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

Major progress in various departments

6. All participating B/Ds continue to further enhance their business licensing services in various areas. Some notable examples are –

- The Companies Registry has enhanced their electronic services to further facilitate the trade -
 - A mobile application has been developed to facilitate submission of application for company incorporation and reporting changes of company particulars.
 - Free e-Monitor Service has been implemented to facilitate companies in monitoring their filing records to stay vigilant of any unauthorized filing or alteration of company information.
- The Food and Environmental Hygiene Department (FEHD) has enhanced their services in respect of liquor licensing -
 - Online submission service has been extended to cover application related to reserve licensee and temporary absence of licensee. With the launch of this enhanced service in December 2017, all liquor licensing and related applications are provided with online services.
 - A new mechanism under which the business owner could apply for transfer of liquor licence without the consent of current licensee (who is usually an employee) has been set up, thus

avoiding disruption to business operation if the current licensee leaves the job and refuses to transfer the licence to another person.

- FEHD has introduced various facilitation measures during the grace period to help food business operators understand and comply with the new regulatory measures for preventing waste cooking oils from re-entering the food chain, which have been smoothly implemented since November 2017 without overburdening the trade.
- The Centre for Food Safety of FEHD has been conducting surveillance on hairy crabs by taking samples for testing to ensure compliance with food safety requirements. With concerted efforts rendered by the department and the Government Laboratory, the time taken for dioxins testing this year has been shortened from about four weeks to two weeks, thereby facilitating trade operation while safeguarding public health.
- The Water Supplies Department (WSD) has enhanced their water quality monitoring programme by testing water samples collected from randomly selected premises all over the territory, including premises for operating business such as restaurants and hotels. If exceedance of metal contents is found, WSD will provide free investigation service and professional advice on possible mitigation measures, and take follow up actions as appropriate in order to protect public health.

Promotion of business facilitation and customer centric culture within the civil service

7. In the second half of 2017, the Economic Analysis and Business Facilitation Unit (EABFU) organised an experience sharing session for participants from 20 B/Ds to share ideas and experiences of good regulatory practices. EABFU also delivered two briefing sessions to cultivate business facilitation culture for about 350 new recruits from 46 B/Ds through the induction seminars organised by the Civil Service Training and Development Institute.

Business Impact Assessment

8. With the assistance of EABFU, WSD has commissioned a consulting firm to conduct a Business Impact Assessment (BIA) on the proposed regulatory framework of plumbing materials under the Waterworks

Ordinance (Cap. 102). The BIA studies 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 and the proposed security of payment legislation for the construction industry are being finalised.

Way forward

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

Efficiency Unit,
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Economic Analysis and Business Facilitation Unit,
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December 2017