

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

***Agenda Item 4 : Report on the progress of the
“Be the Smart Regulator” Programme
– March 2019 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 (BFAC) meeting held on 5 November 2018.

Latest progress

Overview

2. All the 29 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 further improve the overall regulatory environment for business in Hong Kong and its long-term competitiveness. Major progress is highlighted below.

World Bank’s Doing Business (DB) Report

3. Dr Rita Ramalho who is in charge of the World Bank’s Doing Business Report visited Hong Kong from 28 January to 1 February 2019 under the Information Services Department’s Sponsored Visitors Programme. During the visit, the Financial Secretary hosted a lunch for her, accompanied by Permanent Secretary for Financial Services and the Treasury (Financial Services), Government Economist and Commissioner for Efficiency. Besides, 18 Bureaux/Departments (B/Ds) and related bodies had meetings with her to demonstrate Hong Kong’s strength and our business friendly environment.

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. Moreover, Efficiency Office (EffO) arranged a luncheon for Dr Ramalho to meet with BFAC Chairman and members for sharing Hong Kong business opportunities and challenges. EffO also organized a briefing session for Dr Ramalho to present on the Doing Business Report's indicators, methodology and the performance of different economies, which attracted over 100 representatives from trade, academia and government.

5. Dr Ramalho expressed that the trip was well organised and gave her a good understanding of HK's regulatory regime and firsthand information on business environment.

6. A new survey cycle of the World Bank's Doing Business Report has just commenced. EffO is analysing the questions and keep the relevant B/Ds and local contributors abreast of the changes in the questionnaires in order to facilitate their compilation of returns.

Major progress in various departments

7. The participating departments has developed more than 130 business facilitation measures this year to reduce the compliance costs to trades and remove red tape through various means including enhancing the regulatory requirements, streamlining procedures, proactive use of information technology as well as strengthening support services and guidance for the trades. Most of these measures (75%) are scheduled for completion within 2018-19. Some notable examples of those already implemented are highlighted as follows –

- (a) The Government has launched Phase 1 of the Trade Single Window (TSW), which initially covers five types of import and export trade documents for specific types of commodities. By making use of the TSW platform, members of the trade can lodge the relevant types of trade document round the clock and check the status of their applications and the validity of the licences or permits at any time. Re-use of data for future applications is also more convenient.
- (b) To further enhance the transparency in the licensing process for hotels and guesthouses, the Home Affairs Department has launched a new performance pledge on the time required for notifying licence applicants of the results of their applications upon receipt of the report of completion of the required upgrading works.
- (c) The Transport Department has, through legislative amendment, extended the validity period for taxi and public light bus (PLB) driver identity plates as well as ferry licence from 1 year to 10 years and

from 3 years to 5 years respectively. The above measures lower the operating cost incurred by the taxi and PLB drivers in annual renewal of the driver identity plates, and provide ferry operators with greater certainty in business continuity so that they can have a more long-term planning on business operation and service improvement.

- (d) The Environmental Protection Department has streamlined the process of obtaining confirmations/directions for disposal of common 'Part A' chemical waste (e.g. asbestos waste, antibiotics, Part I Poisons) by introducing directions allowing multiple use within a one-year validity. Comparing with awaiting directions on each disposal occasion in the past, the measure can improve the efficiency of chemical waste collection and save the cost of chemical waste producers in waste storage and disposal.
- (e) The CreateHK has provided a land-accessible storage space at the Kowloon Government Explosives Depot for the film-making and entertainment industry to store special effects materials to reduce the trades' storage costs and facilitate business operation.

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

8. In 2018, we delivered four briefing sessions to cultivate business facilitation culture for over 430 new recruits from 47 B/Ds through the induction seminars organised by the Civil Service Training and Development Institute. We also conducted a seminar in December 2018 to inspire colleagues of B/Ds on how information and technology can be deployed more widely to enhance our licensing/regulatory services. A briefing session was also held on 26 February 2019 to give colleagues of B/Ds insights into how we can pursue further improvement in regulatory services through wider adoption of good practices in licensing. Each of these occasions was well-attended by over 100 colleagues from various B/Ds.

9. In addition, through the four major trade associations in the food business, we introduced to the trade the new initiatives launched by the Water Supplies Department to facilitate the catering industry in application for water supply. We also published feature articles on measures to facilitate the hotel industry, including those reforming the liquor licensing regime and measures to facilitate early commencement of new hotels, on the website of a trade association for hotels to promote business facilitation work.

Business impact assessment (BIA)

10. Since the last BFAC meeting, two BIA studies, namely the study 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 study on the proposed regulatory framework of plumbing materials under the Waterworks Ordinance (Cap. 102) have been completed. Two new BIA studies, i.e. the study on the proposed regulatory framework of the Mandatory Water Efficiency Labelling Scheme and the study on the plumbing works control system under the Waterworks Ordinance (Cap.102), have been kicked off, while the BIA study on the proposed security of payment legislation for the construction industry is being finalised. The findings and recommendations of these studies would help the B/Ds concerned better understand the business impact of the regulatory proposals and fine-tune their proposals to avoid unnecessary regulation and minimise the impact on trades.

Way forward

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

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