

# **Business Compliance Cost for Places of Public Entertainment Licence (Cinemas) Renewal**

For discussion at BLG Meeting for Cinemas on 21 May 2014

## **Background**

- The Secretary for Home Affairs is the Licensing Authority who has authorized the Director of Food and Environmental Hygiene under section 3B of the Places of Public Entertainment Ordinance (Cap. 172) to issue or cancel any licence or exercise any other function relating to licensing matters under the Ordinance.
- Places of Public Entertainment Licence (PPEL) (Cinema) is an one-year licence.
- Application for renewal of full licence is required.
- Applicants may submit applications for renewal during the period not more than 6 months and not less than 5 months before the expiration of the licence.

## **Background (cont'd)**

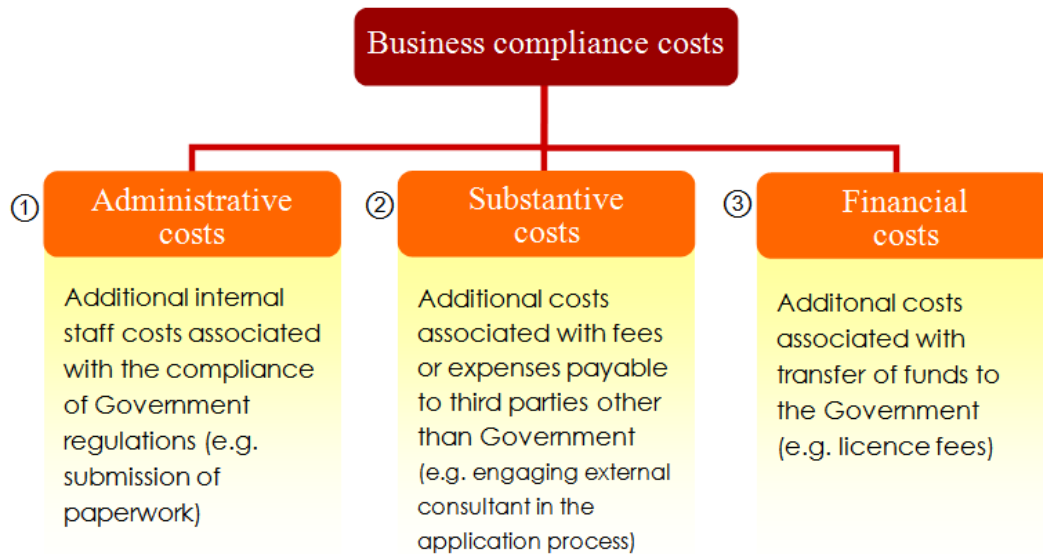
- At previous Cinema BLG meetings, the trade expressed their wish for provision of multi-year licence to reduce their compliance cost.
- At the 19<sup>th</sup> BLG meeting held in Oct 2013, the BLG Chairman suggested the BLG Secretary conduct an exercise to estimate the business compliance cost incurred by the trade in annual renewal applications for PPEL (Cinemas).

## **Purpose of exercise**

- To make a high level estimation of the business compliance cost incurred in an application for renewal of PPEL (Cinema) with a view to identifying any scope for improvement.

# EABFU's BCC framework

3 categories of costs to be collected:



## Key assumptions

- A normally efficient cinema business
- No alteration/addition of work in progress
- Marginal cost directly incurred in renewal application

# Cinema profile

No. of seats	No. of premises
(i) not more than 500 seats	11
(ii) more than 500 seats but not more than 1 000 seats	23
(iii) more than 1 000 seats but not more than 1 500 seats	14
(iv) more than 1 500 seats	4

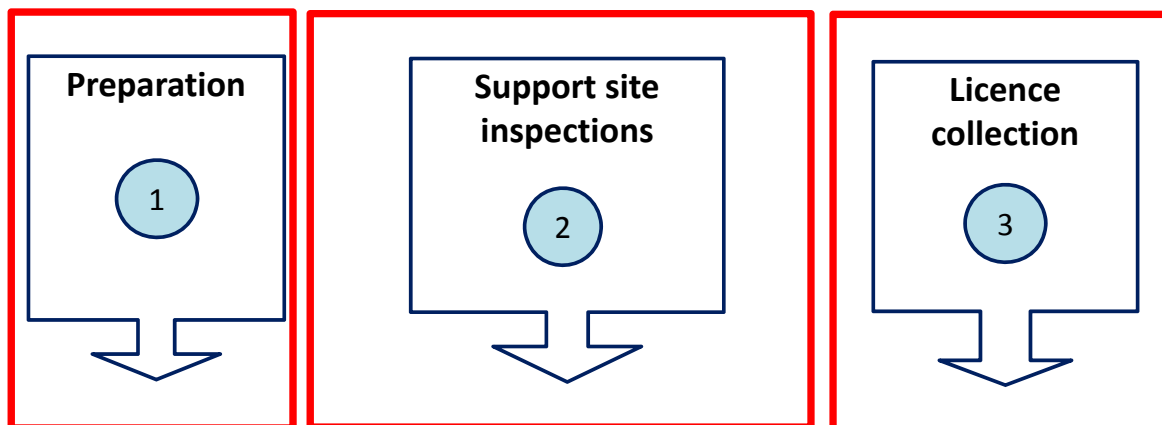
( Data as at May 2014 as provided by FEHD )

## PPEL (Cinema ) licence fee

No. of seats	Licence fee (Urban)	Licence fee (NT)
(i) not more than 500 seats	\$14,260	\$13,775
(ii) more than 500 seats but not more than 1 000 seats	\$17,830	\$16,510
(iii) more than 1 000 seats but not more than 1 500 seats	\$22,460	\$20,675
(iv) more than 1 500 seats	\$26,930	\$24,785

Note: With effect from 19 July 2013, the fees and charges in the urban area and the New Territories are aligned, based on the principle that the lower rate prevails .

# Tasks in PPEL (Cinema) renewal process



- Fill and submit intention reply slip
- Submit copies of relevant certificates to FEHD/FSD

- Liaise with FEHD, FSD and BD
- Attend site inspection conducted by FEHD, FSD and BD

- Pay Licence fee
- Collect Licence

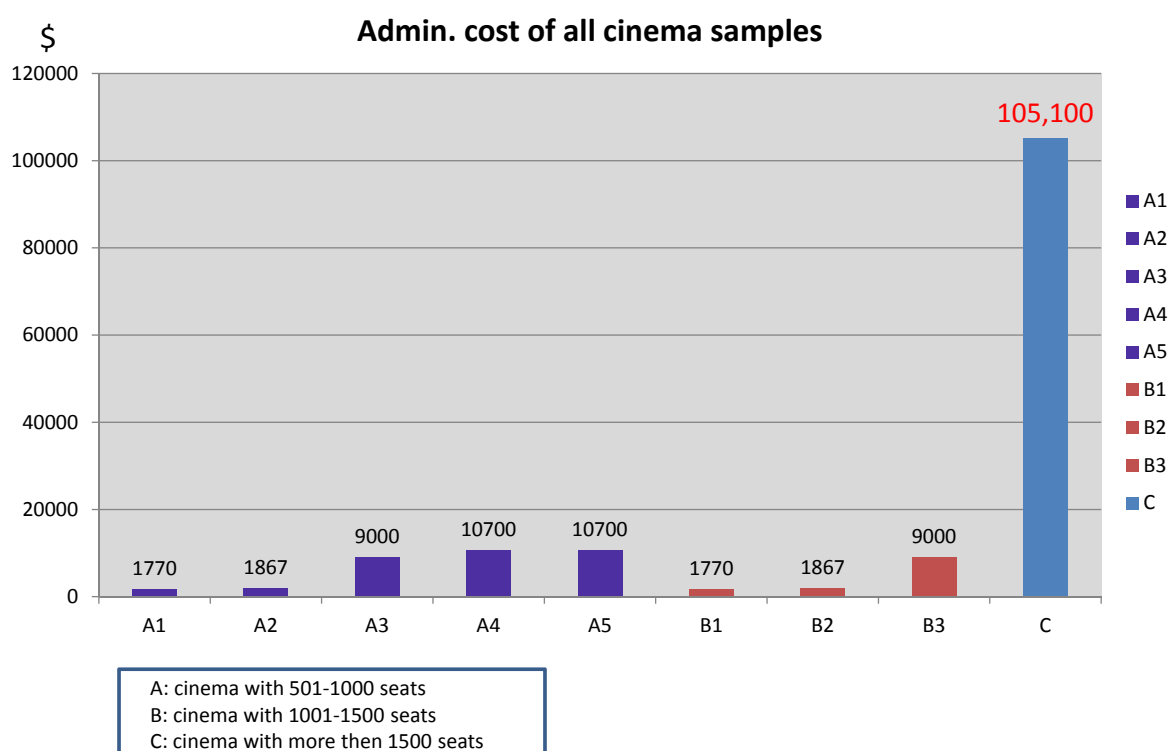
## Data collection form

Tasks	Activities	Staff Cost		Other cost (\$)	Assumptions / remarks
		Time Spent (No. of hours)	Hourly wage (\$)		
1 Prepare for renewal application	Fill and submit intention reply slip				Admin. cost
	Submit copies of certificates to FEHD/FSD				
	FS251 (Annual Certificate of Fire Service Installations and Equipment )				
	AIC (Annual Inspection Certificates for Ventilation System)				
	WR1* or WR2* (Work Completion Certificate or Periodic Test Certificate)				
	Others: _____ (please specify)				
2 Support site inspections	Liaise with FEHD, FSD and BD on renewal inspection date				
	Attend site inspection conducted by FEHD				
	Attend site inspection conducted by FSD				
	Attend site inspection conducted by BD				
	Follow-up work after site inspection by FEHD: _____ (please specify)				
	Follow-up work after site inspection by FSD: _____ (please specify)				
	Follow-up work after site inspection by BD: _____ (please specify)				
	Others: (please specify)				
3 Collect Places of Public Entertainment Licences (Cinemas)	Administration cost				
	Licence fee				
	Others: _____ (please specify)				
Other regulatory compliance tasks	Please specify: _____				

## No. of completed survey forms received

No. of seats	No. of premises
(i) not more than 500 seats	0
(ii) more than 500 seats but not more than 1 000 seats	5
(iii) more than 1 000 seats but not more than 1 500 seats	3
(iv) more than 1 500 seats	1

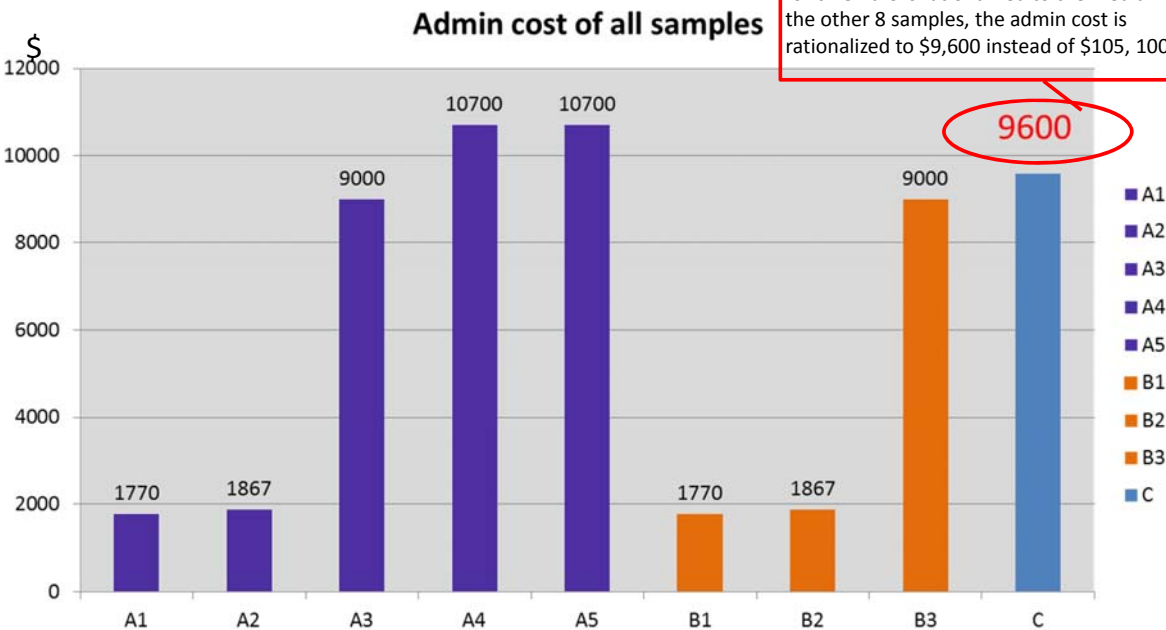
## Administration cost of all cinema samples



# A closer look at the data of a sample cinema with the highest adm. cost

Tasks	Activities	Staff cost	
		Time spent (No. of hours)	Hourly wage (\$)
Prepare for renewal application	Fill and submit intention reply slip	2	350
	Submit copies of certificates to FEHD/FSD	12	300
Support site inspections	Liaise with FEHD, FSD and BD on renewal inspection date	1 month	400
	Attend site inspection conducted by FEHD	4	300
	Attend site inspection conducted by FSD	4	300
	Attend site inspection conducted by BD	4	300
	Follow-up work after site inspection by FEHD		
	Follow-up work after site inspection by FSD		
	Follow-up work after site inspection by BD		
Collect Places of Public Entertainment Licence (Cinemas)	Administration cost	4	300

## Administration cost of all cinema samples



When the time spent in the activity "Liaise with FEHD, FSD and BD on renewal inspection date" for cinema C is rationalized to the median time of the other 8 samples, the admin cost is rationalized to \$9,600 instead of \$105, 100.

A: cinema with 501-1000 seats  
 B: cinema with 1001-1500 seats  
 C: cinema with more than 1500 seats

## A closer look at the data of the other 8 sample cinemas

Tasks	Activities	Staff cost	
		Time spent (No. of hours)	Hourly wage (\$)
Prepare for renewal application	Fill and submit intention reply slip	0.167 - 2	60 - 800
	Submit copies of certificates to FEHD/FSD	2 - 15	60 - 500
Support site inspections	Liaise with FEHD, FSD and BD on renewal inspection date	0.5 - 2	70 - 300
	Attend site inspection conducted by FEHD	1 - 2	70 - 500
	Attend site inspection conducted by FSD	1 - 2	70 - 500
	Attend site inspection conducted by BD	2 - 2	70 - 800
	Follow-up work after site inspection by FEHD		
	Follow-up work after site inspection by FSD	1 - 1.5	500
	Follow-up work after site inspection by BD		
Collect Places of Public Entertainment Licence (Cinemas)	Administration cost	0.5 - 5	60 - 500

## Discussion