

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

For discussion at BLG Meeting for Cinemas on 21 November 2014

Background

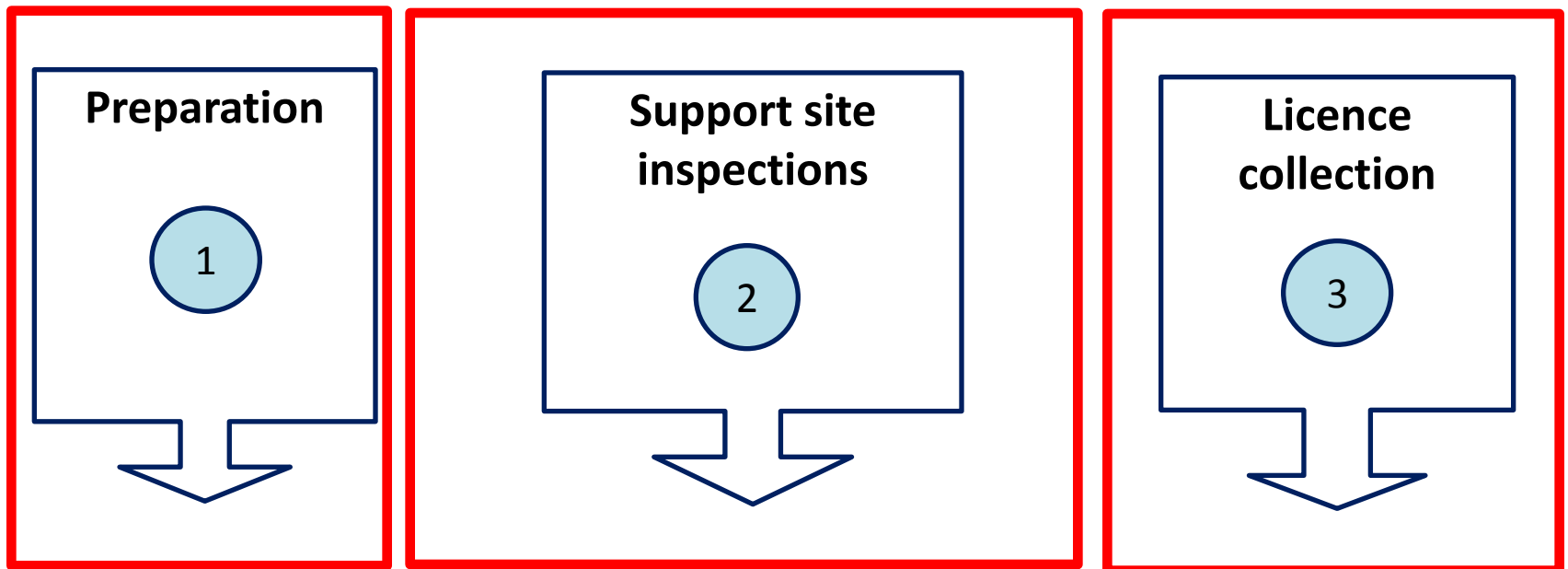
- Initial result of the exercise presented at the last BLG meeting in May 2014.
- Places of Public Entertainment Licence (PPEL) (Cinemas) is an one-year licence. Annual application for renewal of licence is required.

Purpose of the exercise

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

Business Compliance Cost Survey

- As discussed with the trade, the tasks involved in the renewal process for PPEL(Cinemas) are summarized below –



- 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
- Take follow-up actions as required by departments

- Pay Licence fee
- Collect Licence

Business Compliance Cost Survey

- Data collection forms were sent via the Hong Kong Theatres Association to the cinema trade for completion –

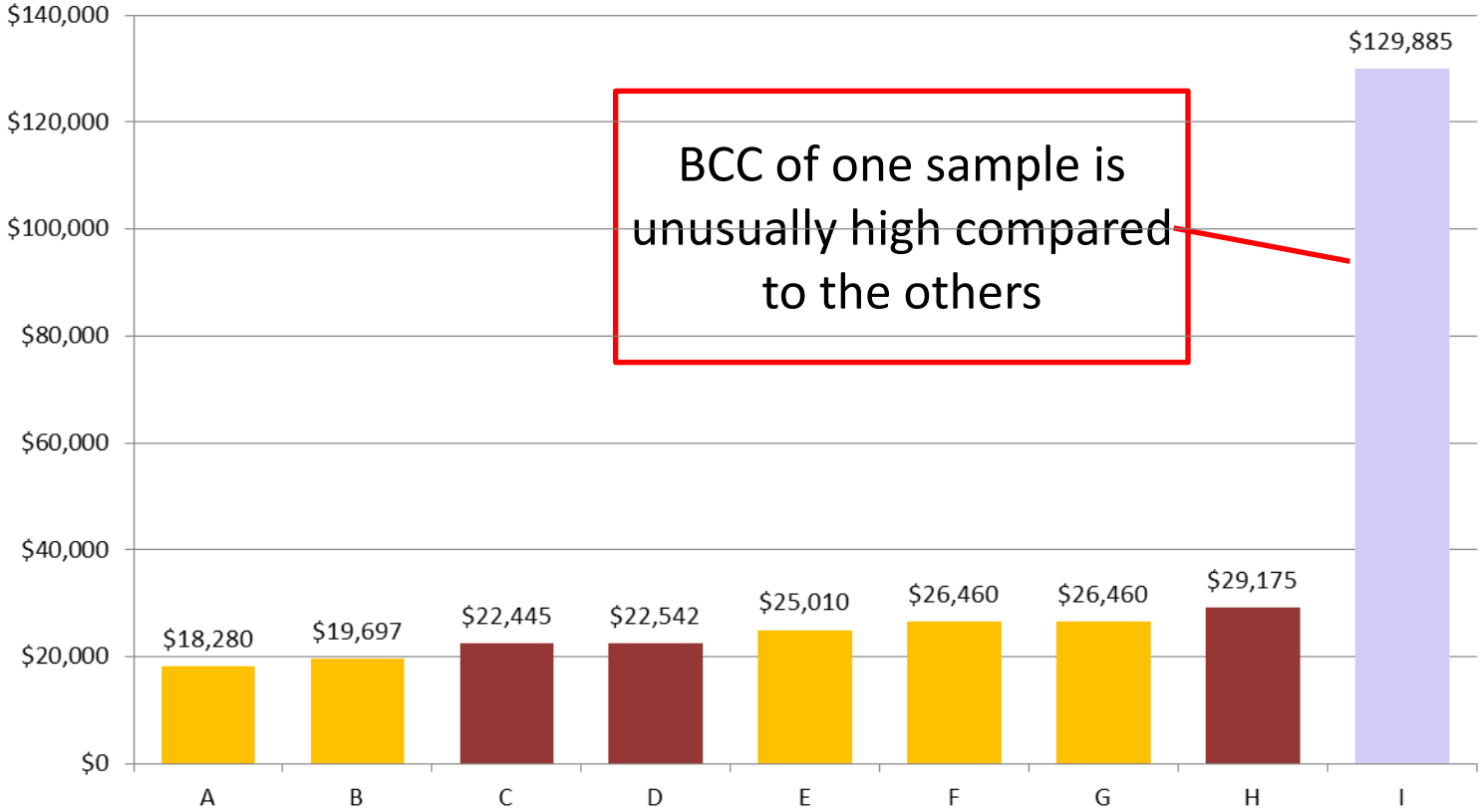
Tasks	Activities	Staff Cost		Other cost (\$)	Assumptions / remarks
		Time Spent (No. of hours)	Hourly wage (\$)		
1 Prepare for renewal application	Fill and submit intention reply slip				Admin. cost
	Submit copies of certificates to FEHD/FSD				
	FS251 (Annual Certificate of Fire Service Installations 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)				
3 Collect Places of Public Entertainment Licences (Cinemas)	Administration cost				
	Licence fee				
	Others: _____ (please specify)				
Other regulatory compliance tasks	Please specify: _____				

Business Compliance Cost Survey

- 9 out of 45 cinemas (HKTA members) sent back their completed forms –

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

Survey findings: BCC of all samples



■ : cinema with 501-1000 seats
■ : cinema with 1001-1500 seats
■ : cinema with more then 1500 seats

A closer look at the sample of unusually large BCC

Tasks	Activities	Staff cost	
		Time spent (No. of hours)	Hourly wage (\$)
1. Prepare for renewal application	a. Fill and submit intention reply slip	2	350
	b. Submit copies of certificates to FEHD/FSD	12	300
2. Support site inspections	a. Liaise with FEHD, FSD and BD on renewal inspection date	240	400
	b. Attend site inspection conducted by FEHD	4	300
	c. Attend site inspection conducted by FSD	4	300
	d. Attend site inspection conducted by BD	4	300
3. Collect cinema licence	Administration cost	4	300

Survey findings: BCC as % of Operating Expenses (OPEX)

OPEX per cinema (Data source): \$28,789,655

No. of seats	BCC per cinema	BCC as % of OPEX
501 - 1000	\$23,181	0.081%
1001 - 1500	\$24,721	0.086%
Overall	\$23,759	0.083%

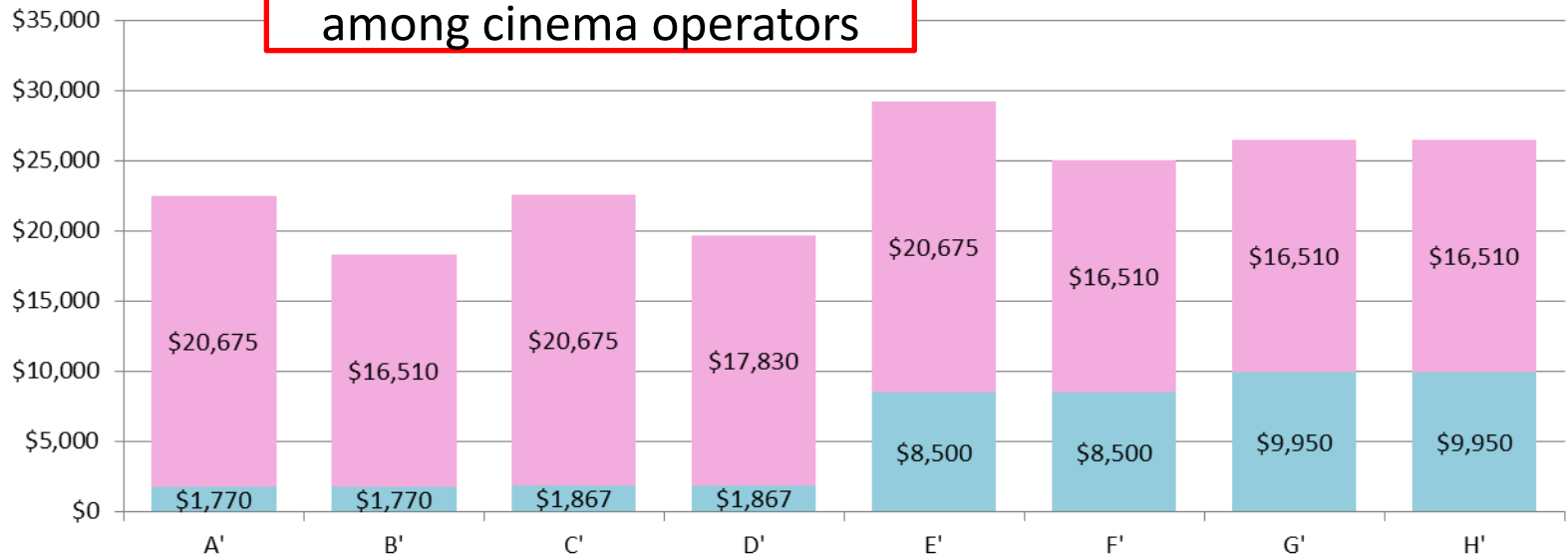
Date source:

OPEX value from Annual Survey of Economic Activities on “motion picture projection activities” for the year 2012 provided by Census and Statistics Department.

Survey findings: BCC by cost category

	Overall average	% of BCC
Admin cost	\$5,522	23%
Licence fee	\$18,237	77%
BCC	\$23,759	100%

Large variation in admin cost
among cinema operators



■ : Licence fee
■ : Administration cost

A closer look at the 8 sample data to identify scope for reducing BCC

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

Large variation in time spent on the same activity

Large variation in staff hourly wage on the same activity

Scope for reducing BCC – Task 1a

Tasks	Activities	Staff cost	
		Time spent (No. of hours)	Hourly wage (\$)
1. Prepare for renewal application	a. Fill and submit intention reply slip	0.167	2
	b. Submit copies of certificates to FEHD/FSD		
2. Support site inspections	a. Liaise with FEHD, FSD and BD on renewal inspection date	0.5	
	b. Attend site inspection conducted by FEHD	1	
	c. Attend site inspection conducted by FSD	1	
	d. Attend site inspection conducted by BD	2	
3. Collect cinema Licence	Administration cost	0.5	

RETURN SLIP

Sham Shui Po District Environmental Hygiene Office
 3/F, Tin Chai Street Municipal Services Building,
 70-83 Tin Chai Street, Sham Shui Po, Kowloon

Ref: (1) in FEHD SSP Adm 36-40/50/1/1 Pt 1

I wish / *intention to renew my Places of Public Entertainment Licence
 Cinema, 1
 Sham Shui Po, Kowloon for a period of one year with effect from 26.10.2021.

 1 copy of the completed application form is returned herewith.

Signature: _____
 Name of Licensee: _____
 Date: 21/5/2021

- Departments' requirements**
- Licensee to sign on reply slip
 - Reply slip to be sent by fax or by post

Scope for reducing BCC:
 Deploy clerical staff to submit reply slip by fax

Scope for reducing BCC – Task 1b

Tasks	Activities	Staff cost					
		Time spent (No. of hours)		Hourly wage (\$)			
1. Prepare for renewal application	a. Fill and submit intention reply slip	0.167	-	2	60	-	800
	b. Submit copies of certificates to FEHD/FSD	2	-	15	60	-	500
2. Support site inspections	a. Liaise with FEHD, FSD and BD on renewal inspection date	0.5	-	2	70	-	300
	b. Attend site inspection conducted by FEHD	1	-	2	70	-	500
	c. Attend site inspection conducted by FSD	1	-	2	70	-	500
	d. Attend site inspection conducted by BD	2	-	2	70	-	800
3. Collect cinema Licence	Administration cost						

Scope for reducing BCC:
Deploy clerical staff to submit certificate copies by fax

Departments' requirements

Submit copies of certificate by fax / email / post or in person

Scope for reducing BCC – Task 2a

Tasks	Activities	Staff cost					
		Time spent (No. of hours)		Hourly wage (\$)			
1. Prepare for renewal application	a. Fill and submit intention reply slip	0.167	-	2	60	-	800
	b. Submit copies of certificates to FEHD/FSD	2	-	15	60	-	500
2. Support site inspections	a. Liaise with FEHD, FSD and BD on renewal inspection date	0.5	-	2	70	-	300
	b. Attend site inspection conducted by FEHD	1	-	2	70	-	500
	c. Attend site inspection conducted by FSD	1	-	2	70	-	500
3. Collect cinema Licence Adm	d. At	2	-	2	70	-	800
		0.5	-	5	60	-	500

**Scope for reducing BCC:
 Deploy clerical staff to liaise
 with BD and FSD by phone**

Departments' requirements			
	FEHD	BD	FSD
Trade staff responsible:	Licensee or Nominated Manager	Any cinema staff	Any cinema staff
Means of liaison:	By phone or by post	By phone	By phone, email or fax
Remarks:	FEHD and BD will proactively approach trade to arrange the site inspection date		

Scope for reducing BCC – Tasks 2b,2c and 2d

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

Scope for reducing BCC:
 Deploy lower-hourly-wage staff to attend inspections by BD and FSD

Departments' requirement			
	FEHD	BD	FSD
Trade staff responsible for attending site inspection:	Licensee or Nominated Manager	Any cinema staff	Presence of staff not necessary

Scope for reducing BCC – Task 3

Tasks	Activities	Staff cost					
		Time spent (No. of hours)		Hourly wage (\$)			
1. Prepare for renewal application	a. Fill and submit intention reply slip	0.167	-	2	60	-	800
	b. Submit copies of certificates to FEHD/FSD	2	-	15	60	-	500
2. Support site inspections	a. Liaise with FEHD, FSD and BD on renewal inspection date	0.5	-	2	70	-	200
	b. Attend site inspection						
	c. Attend site inspection						
	d. Attend site inspection conducted by BD	2	-	2	70	-	800
3. Collect cinema Licence	Administration cost	0.5	-	5	60	-	500

**Scope for reducing BCC:
Collect licence by registered post**

Department's requirement

Collect licence in person or by registered post

Thank you