

**Fifth Meeting of  
the Economic and Employment Council**

***Agenda Item 3 : Report of the Subgroup on Business Facilitation***

**Purpose**

This paper reports on the work of the Subgroup on Business Facilitation since the last EEC meeting on 8 December 2004.

**Subgroup Meeting**

2. The Subgroup held its fourth meeting on 27 January 2005. The meeting received work reports from the secretariat and the respective task forces on regulatory reviews in hand. Details are set out in the ensuing paragraphs.

3. The Subgroup discussed the proposal of the Health, Welfare and Food Bureau to relax the height restriction on private Residential Care Homes for the Elderly from the existing 24 metres above ground level to 30 metres on a case-by-case basis taking into consideration the respective fire risk factors. By comparing to overseas practices, Members generally considered the proposal too conservative and had requested a meeting with the respective departments to better understand the constraints.

4. The Environment, Transport and Works Bureau (ETWB) briefed Members on the Administration's deliberations of a complaint case lodged with the Subgroup about the prohibition to use a light goods vehicle type equipped with a sliding door in the partition between its goods compartment and its seating accommodation. The complainant reported that the proposed vehicle type had been widely used in many overseas countries. Having carefully considered all the information provided by the applicant and after a demonstration of the operation of the proposed vehicle, the Commissioner for Transport is prepared to grant exemption subject to the applicant's

compliance with additional conditions to enhance safety. Members had a discussion of the subject making reference to the use of such vehicle type in other overseas countries, and were content with the outcome.

5. The Subgroup also deliberated on a recent complaint received from the travel service industry relating to the provisions under the Travel Agents Ordinance resulting in duplicated licensing conditions and high costs of compliance. The subject has been passed to the Tourism Commission for consideration.

## **Progress on regulatory reviews**

### ***Pre-construction Task Force***

6. In the past quarter, the Pre-construction Task Force has focused its attention on simplification of lease conditions and improving the lease modification mechanism to make the process more efficient.

7. On simplification of lease conditions, the secretariat and the respective departments are reviewing the need of such conditions which requirements have already been covered by legislation. Suggestions are made to replace some special conditions with a Joint Practice Note. Concurrently, a working group comprising the Buildings Department, the Lands Department and the Planning Department is studying the alignment of interpretation of common development control parameters with a view to speeding up the construction development process. It is expected that the work on simplification of lease conditions will be completed by end February/early March.

8. The Pre-construction Task Force has initially drawn up a list of improvement potentials for discussion with the Lands Department. The list covers policy-related and process improvement issues as well as areas where governance and transparency of the lease modification system could be enhanced.

### ***Construction Task Force***

9. The work plan of the Construction Task Force includes six broad priority tasks for completion in 2005. These are -

- (a) Self-certification and third party certification;
- (b) Alignment of definitions of key parameters;
- (c) Delegation of authority;
- (d) Centralized processing;
- (e) Tracking status of processing of building submissions; and
- (f) Overall review of regulatory framework for construction stage.

10. In addition to reviewing problems with existing systems, the Buildings Department has undertaken research on overseas practices for self and third-party certification and is now seeking feedback from the industry. The Construction Task Force which was formed under the Provisional Construction Industry Co-ordination Board will report progress to the Subgroup on milestones achieved.

### ***Retail Task Force***

11. The Retail Task Force had an open discussion with trade representatives and ETWB in early December on the proposed Volatile Organic Compounds (VOC) regulation. The trade expressed serious concerns about the restrictive consultation conducted by the Government and it challenged the effectiveness of product labelling and mandatory registration in minimizing air pollution. There was also the worry that the compliance costs might drive 60% or more of the SMEs in the cosmetics and perfumery sector out of business. The Subgroup Members were of the view that there could be other serious emission sources such as petrol stations that might warrant more prominent attention than the retail trade. ETWB was advised of the Subgroup's views.

12. The Retail Task Force has commenced a review of regulatory control on the food/catering industry by drawing reference to similar

regulatory regimes in Singapore, United Kingdom and Australia. Task Force members have an initial view that supermarkets and food stores in Hong Kong require more licences than other places although we have some degree of one-stop licensing. The following three broad areas have been identified for a more in-depth study -

- (a) composite licensing for food retailers;
- (b) a variable fee structure; and
- (c) streamlining the approval process.

13. In the light of the concerns expressed by many retail sectors, the Retail Task Force is also considering a mechanism to improve on the public consultation process when a regulatory proposal is introduced.

#### ***Review of Cinema Licensing***

14. The review commenced in November 2004 aims at simplifying the regulatory regime of the cinema industry and speeding up the licensing process. Cinema operators, contractors, authorized persons, the trade association and the related Government departments have been involved in the study process to identify improvement opportunities. Findings and recommendations will be presented to the Subgroup at the April meeting.

EEC Subgroup on Business Facilitation Secretariat  
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