

**Administration's Response to questions raised by
Hon Tommy CHEUNG Yu-yan on the Report on Regulatory Impact
Assessment on the Licensing Control of Karaoke Establishments**

1. Timing of the Report on Regulatory Impact Assessment

It is the community consensus that for the sake of public safety, licensing control of karaoke establishments is a necessary means to upgrade fire safety in karaoke establishments. It is also noted that similar initiatives to require the upgrading of fire and building safety standards have been put in place through legislation in respect of commercial buildings and premises.

The Final Report on Regulatory Impact Assessment on the Licensing Control of Karaoke Establishments was completed in December 2000. The objectives of the regulatory impact assessment are to examine the licensing requirements stipulated in the Bill and the draft Karaoke Establishments (Licensing) Regulations (the Regulations) which reflect the policy intent and consider their impact on the trade with a view to identifying ways to streamline the licensing procedures and help karaoke establishment operators comply with the requirements and obtain a licence/permit. The Bill now tabled is the six draft. Therefore, the policy intent and conclusions are clear and settled and the proposed regulatory framework is well thought through.

2. Probability of fires in karaoke establishments

According to the consultants, the frequency of fire causing 17 fatalities in a karaoke establishment, from the data analyzed, was found to be 1 in 10 years.

The frequency of a 'significant fire', which may cause more or less fatalities than Top One, was back-calculated from this outcome and found to be 0.262/year, or 1 in 3.8 years.

Page 29 para. 4.4 states that '...statistically it would be expected that 1 fatality would occur approximately every 3 months, if all KE were similar to Top One, and 1 fatalities in 130 years if all KE comply with the proposed legislation.' This is therefore explaining the statistical expected fatalities, not the frequency of fire.

With respect to the data used, all available data sources available were utilized including Fire Services Department*, and local or international media.

In summary, the data suggests that while fire incidents do not occur very often, when they do, the conditions within the establishments lead to serious loss of life.

3. Reduction of fires in karaoke establishments

According to the consultants, it was assumed that through the implementation of the measures in the legislation, and through a general increase in vigilance, there would be a general decrease in the frequency of fires. The figure of 50% may be debatable, but *is* a best estimate of the effect, and is the standard used when other data is not available.

In order to take account of the uncertainties in the analysis, the sensitivity analysis (section 5.8) shows that even if there were no reduction in fire frequency (equivalent to halving the number of lives saved in the sensitivity test), the measures would still be cost-effective.

4. Affordability of upgrading costs by the trade

The study concluded that as a whole, the trade is likely to be able to afford the proposed upgrading (particularly given that the consultants understand that some operators have already made a lot of the proposed changes) but that some, particularly those with poor cash flow or who are in unsuitable buildings (buildings requiring substantial work to bring them up to the proposed fire and building safety standards) would face considerable financial constraints during the first year and possibly be put out of business. This was demonstrated in the affordability analysis.

* The fire statistics of the Fire Services Department do not have a separate category named "Karaoke Establishments". Such fires were generally included in the categories of "Restaurants" and "Places of Public Assembly". Places of public assembly include also cinemas, dancing halls, discos and private clubs etc. The two fires quoted by the consultants in Table 4.1 of the Consultant's Final Report were notable karaoke fires in 1997 with wide media coverage.

This resulted in the consultants' recommendation that the trade be given more time to undertake the most significant upgrading work – specifically the proposed requirement for one-hour fire resistant partition walls between entertainment rooms and main corridors – allowing them to either save for this expenditure or to move to more suitable premises. Subsequent analysis showed that assuming some prudence, operators could afford the proposed measures.

5. Need for licensing control

According to the consultants, the conclusions in para. 6.5 refer to the standards of safety and hygiene achieved in current activity-based licensing schemes in Hong Kong.

Karaoke activities are not currently covered by such schemes and are therefore out of step with other such activities.

Security Bureau
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