

**For discussion
on 2 March 2005**

**Subcommittee to Study the Streamlining of Food Business Licensing
LegCo Panel on Food Safety and Environmental Hygiene**

**Work Progress in Streamlining Food Business Licensing
Undertaken by the Subgroup on Business Facilitation,
Economic and Employment Council**

Purpose

This paper aims to brief Members of the Subcommittee on the progress of work undertaken by the Subgroup on Business Facilitation in streamlining food business licensing.

Background

2. The Subgroup on Business Facilitation was established under the Economic and Employment Council. The terms of reference of the Subgroup cover mainly the development and overseeing of a review programme with a view to eliminating outdated, excessive, repetitive or unnecessary government regulations impacting on business so as to facilitate business development and job creation.

3. At the first Subgroup meeting held in April 2004, members decided that the focus of future helping business studies should adopt a business sector approach and ad hoc task forces should be set up, with representatives from the respective business sector co-opted as members if necessary, to oversee these studies. The Subgroup also identified retail, among several other trade disciplines, as a priority review area.

4. A dedicated task force was formed in October 2004 to oversee the review on retail (membership at **Annex 1**). Based on the General

Categorisation of the Hong Kong Retail Management Association, the Retail Task Force accorded priority to the catering/food and supermarkets/chain stores because of the number of licences involved (**Annex 2**). This has not covered general restaurants or fast food shops⁽¹⁾.

5. The review has followed three basic steps as follows –
- focus group sessions with business representatives of different sizes;
 - research on overseas experience; and
 - collaboration with the concerned departments/bureaux to identify improvement opportunities.

View of the trade

6. In December 2004 and January 2005, the Retail Task Force convened two focus group meetings with representatives of the catering/food sector and operators of supermarkets/convenience stores. The two meetings received similar feedback pointing to the need for improvement in the following areas -

- Standardizing requirements under the regulations of different disciplines;
- Consistency in the interpretation of licensing requirements;
- Consistency in the requirements and practices for shops in urban areas and the New Territories;
- Removing duplicate and excessive licensing requirements;
- Introducing performance pledges for processing applications for alteration of layout;

⁽¹⁾ In 1999 and 2000, the former Business and Services Promotion Unit conducted reviews on restaurant licensing, licensing of light food refreshment premises and non-restaurant premises. Recommendations were made to improve on the licensing processes, some of the proposed measures have been accepted by departments and implemented.

- More thorough consultation with trade when introducing regulatory requirements;
- Speeding up the implementation of the recommendations of the study on licensing of non-restaurant food premises; and
- Streamlining the process for setting up shops in the Housing Authority estates.

7. In addition, the trades have proposed centralizing the staff of different departments under a single licensing office with the authority to approve applications and to give concessions to requirements laid down in regulations; and simplifying the number of food licences.

Research on overseas practices in licensing supermarkets

8. The Task Force has considered a broad comparison of supermarket licensing practices in Hong Kong, Singapore, London and Victoria. The following highlights the key differences observed –

- a) Unlike overseas practices, Hong Kong does not have a supermarket licence in itself. Operators apply for licences and/or permits according to products sold or manufactured.
- b) Food licensing authorities overseas focus mainly on food safety and hygiene standards. Operators are required to deal with other authorities separately on other issues e.g. fire and building safety, town planning. In Hong Kong, certification or approvals by other authorities (e.g. Fire Services Department) are pertinent to the issue of many food business licences.
- c) The performance pledge for processing a food business application in Hong Kong is slightly longer than many overseas counterparts which have also broken down the work process of an application in a similar manner.
- d) One overseas counterpart has introduced an electronic application service by which an application is routed to relevant authorities for

parallel processing.

- e) Hong Kong has a provisional licensing arrangement by which a provisional licence, valid for 6 months, is issued when compliance of licensing requirements has been certified by authorized persons. The licensing authority will carry out compliance checks prior to the issue of a full licence. In Singapore, a temporary licence with a validity period of one month could be issued if outstanding requirements are not hazardous.

Way forward

9. Having considered the views of the two food retail categories and the research findings of the licensing regime for supermarkets in overseas countries, the Retail Task Force has initially identified the following three broad areas for closer examination –

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

10. The Retail Task Force is working with the licensing authority and other related government departments as well as the respective trades to further develop these options. It is expected that the work will complete by May this year.

Advice sought

11. Members are invited to comment on the way forward outlined in paragraphs 9 and 10.

Retail Task Force

Terms of Reference

Having regard to the overall aims of the EEC Subgroup on Business Facilitation, to –

- ❑ develop a review programme, in order of priority areas identified, for the regulatory activities affecting the retail sector to eliminate outdated, repetitive or excessive regulation and to cut red tape;
- ❑ oversee and monitor development of the review work; and
- ❑ report progress to EEC Subgroup on a regular basis.

Membership :

Convener : Mr Yu Pang-chun, JP

Members : Ms Anita Bagaman
Mr Bobby Chan
Professor Stephen Cheung
Mr Vincent Chow, BBS, JP
Hon Vincent Fang, JP
Mr Philippe Giard
Hon Emily Lau, JP
Mr Brian Li, JP
Mr Y K Pang, JP
Mr Jeff Shaw
Mr Raphael Tong

**List of More Common Regulatory Activities for
Catering/Food and Supermarkets/Convenience Stores**

Types of Regulatory Activities ^{(1), (2)}		Executing Agency	Catering / Food	Supermarkets / Convenience Stores
1	Pesticide Licence	AFCD	X	X
2	Permit to Use and Operate Kiddie Ride	EMSD	X	X
3	Licence for Discharge from Industrial, Commercial and Institutional Premises	EPD	X	X
4	Waste Disposal Licence	EPD	X	
5	Registration of Waste Producers	EPD	X	
6	Approval for Storage of Chemical Waste in Large Container > 450 Litres	EPD	X	
7	Places of Public Entertainment Licence	FEHD	X	
8	Bakery Licence and Provisional Bakery Licence	FEHD	X	X
9	Milk Permit	FEHD	X	X
10	Frozen Confection Permit for Packaged Confection	FEHD	X	X
11	Non-bottled Drinks Permit	FEHD	X	X
12	Restricted Food Permit	FEHD	X	X
13	Restricted Food (Sale of Sashimi/Sushi/Oyster & Meat to be eaten in raw) Permit	FEHD	X	X
14	Food Factory Licence and Provisional Food Factory Licence	FEHD	X	X
15	Frozen Confection Factory Licence and Provisional Frozen Confection Factory Licence	FEHD	X	X
16	Fresh Provision Shop Licence and Provisional Fresh Provision Shop Licence	FEHD	X	X
17	Siu Mei and Lo Mei Shop Licence / Provisional Siu Mei and Lo Mei Shop Licence	FEHD	X	X
18	Liquor Licence	FEHD	X	
19	Coin-operated Automatic Vending Machine Permit	FEHD	X	X
20	Import Licence (Frozen Meat, Chilled Meat, Frozen Poultry and Chilled Poultry)	FEHD		X
21	Permission for Importation of Mainland Chilled Chicken into Hong Kong	FEHD		X
22	Approval of Goods Vehicle for Transporting Mainland Chilled Chicken	FEHD		X
23	Licence for Storage of Dangerous Goods (Categories 2 to 10 (Excluding Category 9A))	FSD	X	

Types of Regulatory Activities ^{(1), (2)}		Executing Agency	Catering / Food	Supermarkets / Convenience Stores
24	Licence for Listed Sellers of Poisons	DH		X
25	Wholesaler Licence in Chinese Herbal Medicines	DH		X ⁽²⁾
26	Registration of Boilers and Pressure Vessels	LD	X	X
27	Temporary Liquor Licence	HKPF	X	
28	Mobile Radio System Licence (System Consisting of Portables Only)	OFTA	X	
29	Radio Dealer (Unrestricted) Licence	OFTA	X	
30	Trade Promotion Competition Licence	TELA	X	X
Total number of licences under each retail category			25	21
Total number of executing agencies			9	7

Source:

Extracted from the Business Licensing Information Centre web-site and confirmed by the trade.

Note :

- (1) Regulatory activities depend on the nature and the extent of business. The above lists the more common ones for the two food business related retail categories.
- (2) Proposed for inclusion by a supermarket operator at the focus group meeting held on 21 January 2005.

Legend :

AFCD - Agricultural, Fisheries and Conservation Department

DH - Department of Health

EMSD - Electrical and Mechanical Services Department

EPD - Environmental Protection Department

FEHD - Food and Environmental Hygiene Department

FSD - Fire Services Department

LD - Labour Department

HKPF - Hong Kong Police Force

OFTA - Office of the Telecommunications Authority

TELA - Television and Entertainment Licensing Authority