

**For information
26 February 2015**

**Subcommittee on
Dutiable Commodities (Liquor) (Amendment) Regulation 2015 and
Dutiable Commodities (Liquor Licences) (Fees) (Amendment) Regulation 2015**

Responses to Issues Raised by Members on 17 February 2015

PURPOSE

This paper provides the supplementary information on the captioned two items of subsidiary legislation sought by Members at the Subcommittee meeting held on 17 February 2015.

SUPPLEMENTARY INFORMATION

(a) Breakdown of liquor-licensed premises with “good track record” by business types (restaurants or bars)

2. Of the some 6 800 liquor-licensed premises in Hong Kong, over 90% have restaurant licences, and less than 20% have bar endorsement.

3. Applying the criteria for “good track record” as set out in Footnote 1 of the Legislative Council Brief (File Ref.: FH CR 2/3231/13) to the liquor-licensed premises as at 31 December 2013, it is reckoned that about 78% of them will meet the test. Of these 78%, the percentage figures of premises that hold restaurant licence and bar endorsement are similar to those set out in paragraph 2 above.

(b) Number of complaints received and substantiated against liquor-licensed premises in various districts in the past three years

4. The relevant information is provided at Annex.

(c) Existing cost recovery rates of new issue and renewal of liquor licences and the costing methods

5. The cost recovery rates for new issue and renewal of liquor licences based on the existing procedures are 25% and 149% respectively.

6. The cost computations are based on the estimated prevailing costs of the requisite work procedures involved and the related resources thus required for processing the new issue and renewal of liquor licences. The costs include staff costs, departmental expenses, accommodation costs, depreciation, cost of services provided by other departments and central administrative overheads.

(d) Estimated savings in overheads on a departmental basis in taking forward the proposal of extending the maximum validity period of a liquor licence

7. In supporting the Liquor Licensing Board's deliberation on applications for two-year renewal, the Liquor Licensing Office under the Food and Environmental Hygiene Department will take into account the regulatory records relevant to the applicant's operation, including complaints and enforcement actions, if any. Such information will also form an integral part of the mid-term review. The cost arising from the establishment of the mid-term review mechanism is expected to be out-weighted by the reduction in workload that would otherwise arise from the processing of straight forward licence renewal cases annually.

(e) Reasons for the reduction in the projected cost recovery rate of the licence renewal service from the present 149% to 119%

8. Under the proposed fee for a two-year licence (i.e. to be set at 1.5 times of that for a licence that is valid for one year), a licensee will actually pay less for renewal of a term of two years as compared to what he is required to pay under the existing mechanism. The annual revenue is therefore expected to drop. Moreover, there will be cost arising from the establishment of the mid-term review mechanism, though it is expected to be partially offset by the reduction in workload. All these together contribute to the projected drop in the cost recovery rate from 149% to 119%.

SUMMING UP

9. Members are invited to note the content of this paper.

**Food and Health Bureau
Food and Environmental Hygiene Department
February 2015**

Annex

**Number of complaints received and substantiated ^{Note}
against liquor-licensed premises in 2012, 2013 and 2014,
with breakdown by districts in which these premises were located**

District	Number of Complaints					
	2012		2013		2014	
	Received	Substantiated	Received	Substantiated	Received	Substantiated
Central and Western	303	39	430	45	218	65
Eastern	79	37	43	13	38	18
Southern	2	0	55	12	51	49
Wan Chai	245	26	271	26	218	55
Islands	14	14	39	16	8	5
Yau Tsim	482	215	360	234	302	213
Mong Kok	174	63	203	67	198	67
Sham Shui Po	41	15	67	29	133	80
Kowloon City	74	30	125	27	156	63
Wong Tai Sin	109	27	130	37	90	26
Kwun Tong	42	21	13	3	34	17
Tsuen Wan	85	56	137	39	97	28
Kwai Tsing	53	27	55	12	46	28
North	101	10	85	40	134	69
Tai Po	64	15	287	164	259	154
Sai Kung	222	114	60	19	107	65
Sha Tin	59	39	346	238	93	53
Tuen Mun	54	19	39	20	88	30
Yuen Long	151	42	226	131	86	53
Total	2 354	809	2 971	1 172	2 356	1 138

Note: A complaint is regarded as substantiated if enforcement action has been taken or verbal/written warning has been made against the premises after investigation by the concerned department(s).