



Ease of Doing Business: “Be the Smart Regulator” - Hong Kong experience in business facilitation



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“Market Leads, Government Facilitates” principle

- **Free market**
- **Efficient infrastructure**
- **Sound regulatory framework**

Max. support, Min. intervention

- **Proper regulations**
- **Facilitating business without compromising public interests**

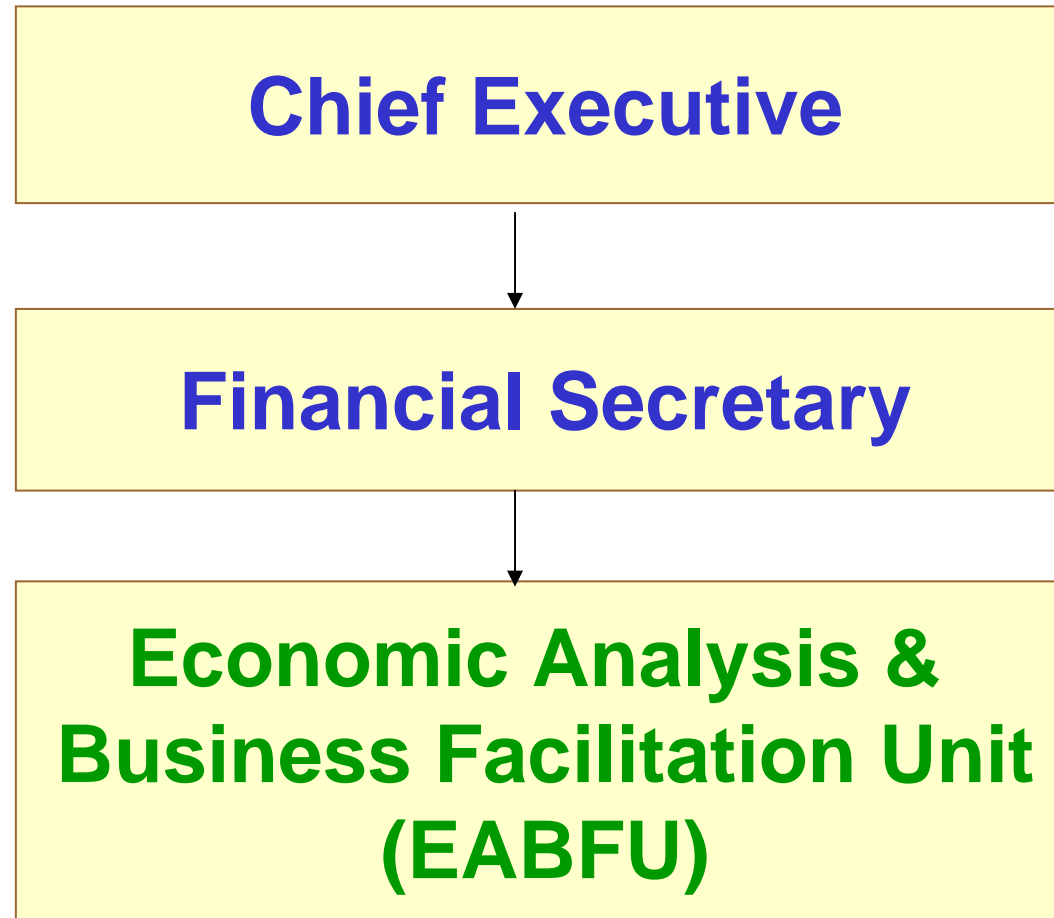
Small & Medium Enterprises (SME)

Importance of SME to Hong Kong's economy

- 276 000 SME
- 98% of all business establishments
- 1.2 mn employees, about 50% of total employment

Reducing compliance costs promotes entrepreneurship and economic dynamism

High level support for business facilitation



Objectives of business facilitation

- Reducing red tape
- Removing outdated regulation
- Reducing regulatory burden and compliance costs
- Advocating business facilitation culture

Early reform

Started in early 90's

- Focused on administrative procedures
- Reviewed business-related licences & permits
- Covered many business sectors:
 - Food business
 - Real estate development
 - Construction
 - Trading
 - Retail
 - Entertainment
 - Hotel

After a decade

- Shifting focus to regulation & legislation
- Business Facilitation Advisory Committee (BFAC)
- Going into second cycle of reviews

Restaurant licensing as an example

In 1993,

- 8,469 restaurants
- Employing 188,200
- HK\$ 24,699 million (2.9% of GDP)

Regulatory regime on restaurants:

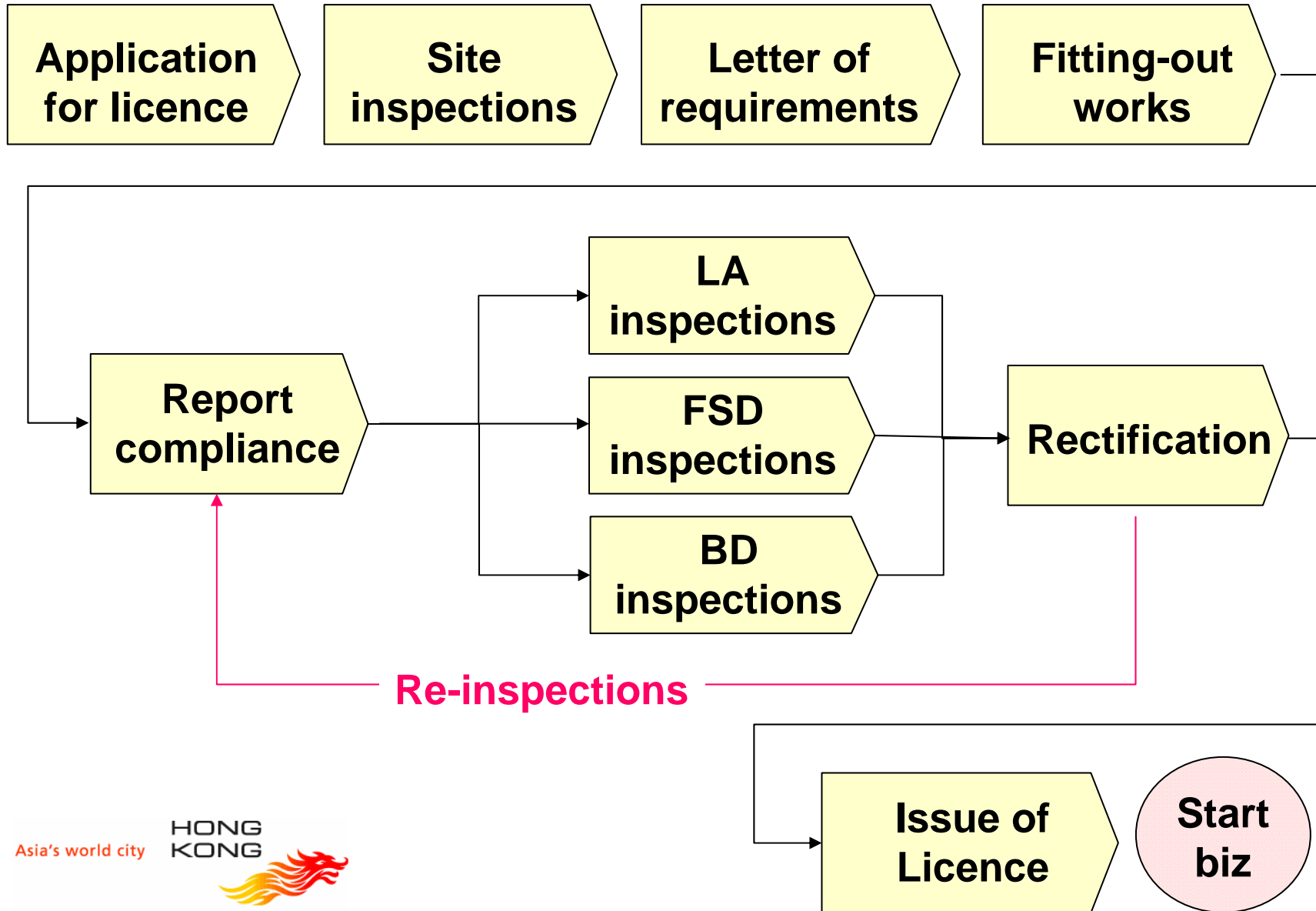
- Heavy on licensing control
- Premises based
- Focus on safety & health

Drivers for change – long processing time

- In 1993,
 - 10 months to get a licence
 - Many government departments involved
 - “risk-free” control mechanism
 - applicants not conversant with licensing requirements & procedures

- leading to:
 - high compliance costs & regulatory burdens

Before reform of restaurant licensing



Major milestones of restaurant licensing reform

Dec 1995

1. Application Vetting Panel (AVP)
2. Private Certification
3. Provisional Licence

Dec 1999

1. Case Manager
2. Guidelines for application
3. Computerised document management

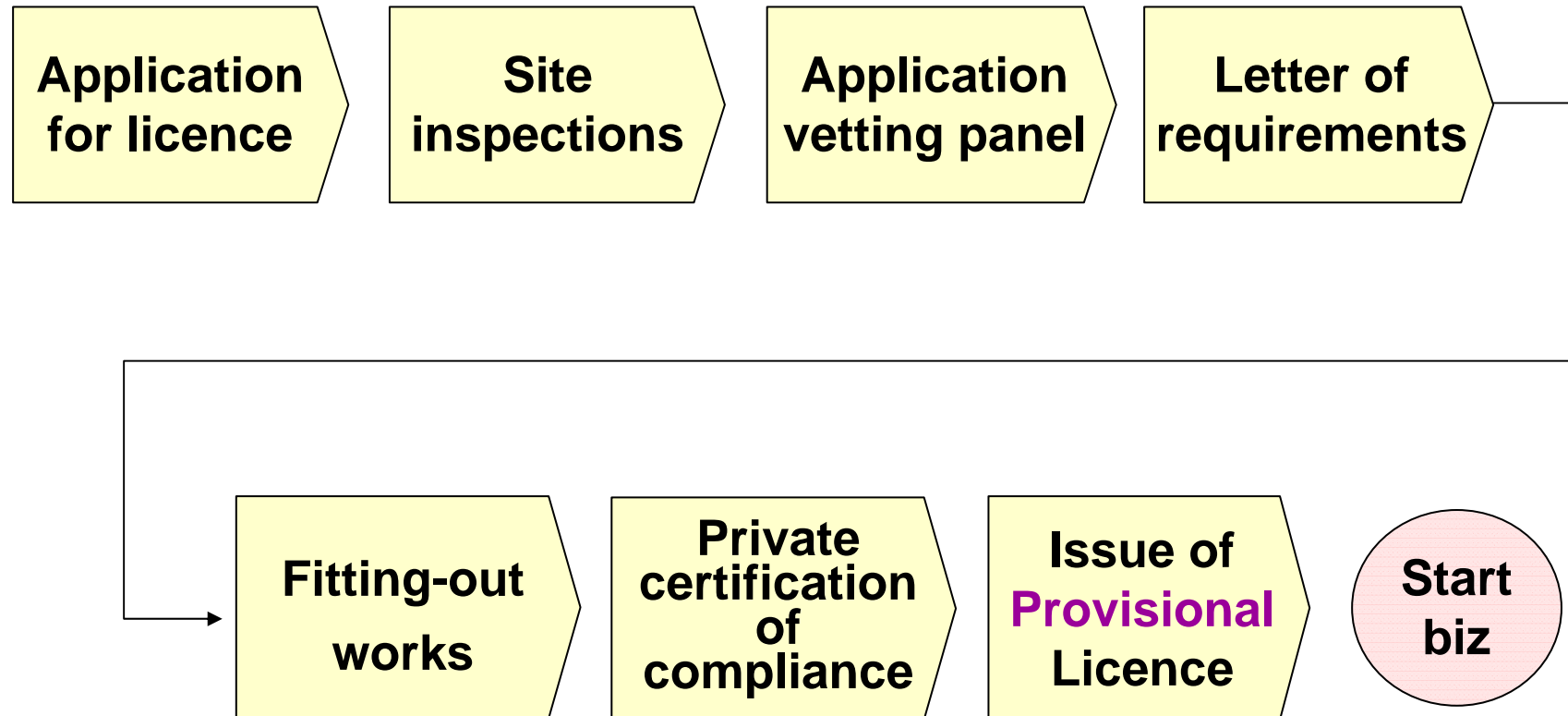
Major milestones of restaurant licensing reform

Dec 2006

1. Better performance pledge
2. Application tracking
3. Business Liaison Group

After reform of restaurant licensing

37 working days to obtain a Provisional licence



Restaurant business since 1993

year	no. of restaurant	no. of employment	value added to GDP (HK \$M)
1993	8,469	188,200	24,699
1996	9,111	205,800	26,933
2000	10,183	209,700	26,942
2003	10,574	206,700	18,893
2005	11,423	209,100	23,649

The “Be the Smart Regulator” Programme

- Promotion of business facilitation culture - customer service
 - Business Liaison Groups - communication
 - Application tracking system
 - Revamp of performance pledges & licensing guides
 - Regulatory assessment & review - impact
- } process

Asia's world city

HONG
KONG



Thank you