

Speech by CS at seminar on regulatory impact assessment hosted by HKGCC (English only) (with photos)

Following is the speech by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, at a seminar on "Designing an Effective Regulatory Impact Assessment Framework for Hong Kong" hosted by the Hong Kong General Chamber of Commerce (HKGCC) this afternoon (November 15):

Aron (Chairman of HKGCC, Dr Aron Harilela), Shirley (Chief Executive Officer of HKGCC, Ms Shirley Yuen), distinguished guests, ladies and gentlemen,

Good afternoon. It is my honour to join you all here to speak on the subject of "Regulatory Impact Assessment" which sits at the core of the legislative process of the Hong Kong Special Administrative Region (HKSAR) Government.

Hong Kong is an open and free market. For 24 consecutive years, Hong Kong has topped the Heritage Foundation's Index of Economic Freedom. In the 2018 Index, Hong Kong came first in a number of categories, including business freedom, trade freedom, financial freedom and fiscal health.

Freedom is not just a privilege enjoyed by large and established corporations. Across the city, small and medium enterprises thrive, and startups are burgeoning. To provide a level-playing field for businesses to grow, Hong Kong establishes safeguards and regulations needed for healthy competition to take place, so that good performers stand a fair chance to win market share, while those who cannot make it can try again. For this reason, Hong Kong has long been amongst the top five markets in the World Bank's Ease of Doing Business global ranking, which places great emphasis on market health for small and medium enterprises (SMEs).

One key building block to maintaining a level-playing field in Hong Kong is our competition regime. Competition is a key driver of growth and one of the pillars of a vibrant economy. A robust competition regime ensures that the most efficient and innovative market players, big or small, can thrive, and new players may also enter the market with no barrier. To this end, the Competition Ordinance in Hong Kong came into full effect in 2015. The Ordinance prohibits anti-competitive practices such as bid-rigging, price-fixing, market-sharing and abuse of market power. It is gradually making its mark across the economy.

Established under the Ordinance as an independent authority, the Competition Commission has achieved a number of important milestones across its various facets of work, including taking a number of anti-competitive cases to court, in less than three years. Besides enforcement, the Competition Commission has also spared no effort in public education and

giving sector-specific advice on compliance. As a result, both the business sector and the general public in Hong Kong are increasingly aware of the Ordinance and how it works. There have also been concrete changes in business practices and culture. I trust that you would agree with me that rather than tying the hands of businesses, the Competition Ordinance provides better safeguards for them to develop and expand freely in Hong Kong.

The HKSAR Government never takes Hong Kong's economic freedom for granted. It is the bedrock of our success, the basis for growth, and the prerequisite for economic and social progress. In practice, this means regulations should be made and implemented to the effect that companies are not subject to unreasonable compliance risks and can realise their full potential as compliant businesses.

In deciding whether to regulate and if so, how much, Government bureaux and departments need to strike the right balance between protecting the citizen and limiting the impact on those being regulated, especially small, medium and micro businesses. Considering what form of regulation if any is needed throughout the legislative process requires careful regulatory impact assessments.

The purpose of regulatory impact assessments is to explain the objective of the regulatory proposal, the risks being addressed and the likely costs and benefits of options for delivering the objective. To this end, the HKSAR Government has a long-established mechanism to assess the implications of legislative proposals from different perspectives. The key elements include evaluating a range of options, including not regulating, and encouraging self-regulation where feasible. If regulation is needed, relevant policy bureau and departments need to consider how to ensure compliance by those affected.

While many believe that regulation can safeguard citizens, promote a prosperous economy and protect the environment, regulation can also impose costs on businesses, charities, voluntary organisations, and ultimately the citizen. And the effort involved in understanding and implementing new regulations can bear particularly heavily on small, medium and even micro businesses that are more vulnerable to changes in the business environment.

This is the reason why Government policy bureaux and departments are required to assess thoroughly the impact of every legislative proposal, including whether it is in conformity with the Basic Law as well as relevant provisions on human rights, any impact on the binding effect of the existing laws, as well as implications on the financial, economic, productivity, environmental, sustainability, family, gender and civil service. An assessment of the implications of a legislative proposal needs to be set out clearly in writing for consideration during the legislative process.

The HKSAR Government takes it upon itself to ensure that legislative proposals are put through proper and thorough consultation with the public, which includes the business community. In addition, the Legislative Council maintains its critical function of scrutinising bills and subsidiary

legislation for any unintended or adverse impact on the business or other sectors. This system keeps regulatory impacts in check for business in Hong Kong.

Indeed, the current-term Government takes a pragmatic approach to "care", "listen" and "act" while being "innovative", "interactive" and "collaborative" in implementing our policy initiatives proactively. A case in point is the proposal to abolish the arrangement for "offsetting" severance payments (SPs) and long service payments (LSPs) with Mandatory Provident Fund (MPF) benefits. As you are aware, the Government has decided to further enhance the Government's financial support for employers, particularly the micro, small and medium-sized enterprises (MSMEs).

We will extend the period of the second-tier subsidy to 25 years. Together with the 12-year first-tier subsidy, the financial commitment of the entire government subsidy scheme will be significantly increased to \$29.3 billion. We believe that the arrangement of significantly extending the period and increasing the commitment will go a long way in helping MSMEs make preparation relating to possible SPs or LSPs payable by them.

Another good example is the proposal to extend the statutory maternity leave (ML) from the current 10 weeks to 14 weeks. If an employee is entitled to ML pay under the Employment Ordinance, the employer will, together with the current 10 weeks' statutory ML pay, also provide her with ML pay for the additional four weeks' statutory ML. The rate will be maintained at four-fifths of the employee's average daily wages and be subject to a cap of \$36,822 per employee. The cap may be adjusted from time to time. Employers may apply to the Government for reimbursement of the additional four weeks' statutory ML pay.

I just want to close by emphasising that when we started off with this new term of Government, we made it very clear that we would step forward – apart from traditional, conventional regulatory and service provider roles, we would also take on a new role proactively as a facilitator and promoter. That is why the Government is not only here to regulate, but is also actively promoting an environment conducive to businesses operating, striving, in Hong Kong.

On this note, I thank you all for inviting me and wish you all a very fruitful and stimulating exchange today. Thank you.



[EPD convictions in October](#)

Eighty-three convictions were recorded in October 2018 for breaches of legislation enforced by the Environmental Protection Department (EPD).

Ten of the convictions were under the Air Pollution Control Ordinance, one was under the Hazardous Chemicals Control Ordinance, fifteen were under the Noise Control Ordinance, and 57 were under the Waste Disposal Ordinance.

The heaviest fine in October was \$30,000, assessed against a company which used powered mechanical equipment otherwise than in accordance with permit conditions.

[Air Accident Investigation Authority investigates runway incident](#)

A spokesperson for the Air Accident Investigation Authority (AAIA) said today (November 15) that, in accordance with the requirements of Annex 13 to the Convention on International Civil Aviation, the AAIA has launched an investigation into the circumstances relating to a serious incident arising from a runway incursion that occurred at Hong Kong International Airport on November 13, 2018.

The serious incident involved a Boeing B738 airliner operated by China Southern Airlines and a Bombardier Global 5000 business jet.

"The AAIA is collecting the relevant data and information in order to analyse and determine the causes and contributing factors of the serious incident," the spokesperson said.

FEHD strengthens rodent prevention and control work during anti-rodent operation in designated target areas

The Food and Environmental Hygiene Department (FEHD) launched the second round of the two-month anti-rodent operation in designated target areas in various districts to enhance the effectiveness of rodent prevention and control work at the district level.

An FEHD spokesman said today (November 15), "The FEHD is conducting two rounds of the anti-rodent operation in designated target areas again this year. The second round operation started on October 8, adopting multi-pronged strategies including improving environmental hygiene and stepping up rodent disinfestation and enforcement actions to combat the rodent problem. During the operation, the FEHD has strengthened district rodent disinfestation work at problematic spots including rear lanes, refuse collection points, markets, hawker bazaars, cooked food markets and peripheral areas of construction sites. In the past month, as at November 7, the FEHD placed poisonous bait at 6 417 locations and placed 6 703 traps, and destroyed 240 rat holes, with 465 dead rodents collected and 409 rodents caught in traps.

"The FEHD has also stepped up inspections of food premises, markets, hawker bazaars and cooked food markets. Enforcement action against food premises causing poor environmental hygiene conditions, scullery and food preparation at rear lanes, and improper handling and disposal of rubbish have been strengthened. As at November 7, the FEHD conducted 8 169 inspections and issued 1 447 health advisories, 591 verbal warnings, 21 warning letters, 341 fixed penalty notices and took out 120 prosecutions.

"In addition, FEHD staff have enhanced street cleaning services and cleaning of public markets and hawker bazaars in the target areas, including sweeping and cleaning of streets and rear lanes, and clearing of refuse and waste on the streets, in public markets and at hawker bazaars, so as to keep the environment clean."

The spokesman stressed that effective rodent prevention and control hinges on the active participation of the community. The FEHD has stepped up

public education and publicity during the operation and arranged 92 health talks for building management offices of private buildings, persons-in-charge of food premises, and market and hawker stall operators to provide information and technical advice on rodent prevention and control.

He called on members of the public to continue to support and participate in the anti-rodent campaign and remember to eliminate the three survival conditions of rodents, namely food, harbourage and passages, i.e. the elimination of the food sources and hiding places of rodents, as well as blockage of their dispersal routes.

Postal services to Canada temporarily suspended

Hongkong Post announced today (November 15) that, as advised by the postal administration of Canada, mail operations in Canada have been affected by union action of the postal workers. Mail acceptance has ceased. Hongkong Post has suspended all postal services to Canada with immediate effect until further notice.