

LCQ4: Enhancing private building management

Following is a question by the Hon Chan Kin-por and a reply by the Secretary for Home Affairs, Mr Tsang Tak-sing, in the Legislative Council today (November 3):

Question:

The Chief Executive has announced in the Policy Address just delivered that the Government will adopt a number of measures to enhance private building management, including the proposal of establishing a statutory licensing regime for the property management industry to monitor the operation of property management companies and ensure the quality of their services. It will also strengthen its support for owners of properties in old buildings and embark on a series of initiatives to help owners and owners' corporations ("OCs") better understand their rights and responsibilities. In this regard, will the Government inform this Council:

- (a) How it ensures that in implementing the licensing regime for the property management industry, the small and medium property management companies have room for survival;
- (b) Focusing on the fact that owners of properties in old buildings are mostly the elderly and the grassroots, what specific new measures the authorities have planned to implement to help these owners form OCs, and of the details of the one-stop professional building management services which will be provided by the dedicated working group to be established; and
- (c) Whether it will make it mandatory for property management companies to take out professional indemnity insurance so as to enhance protection for property owners who hire property management companies?

Reply:

President,

Thanks for the question from the Hon Chan Kin-por. Regarding the work in building management, the Government provides a legal framework and support services to assist owners to discharge their management responsibilities. The Government will introduce a number of new initiatives in building management to

help various stakeholders (including owners, owners' corporations ("OCs") and the building management industry) to manage and maintain their buildings properly.

The reply to the three parts of the question is as follows:

a) We consider that implementing a mandatory licensing regime to establish the basic standards for services provided by the property management companies can enhance and ensure the quality of property management services. We are aware that some small and medium property management companies are concerned about the impact on their operational cost if the threshold for obtaining a licence is too high. There are views that consideration may be given to providing different levels of licences to enable small and medium property management companies which comply with the minimum requirements to obtain lower level licences, while larger and more experienced ones may apply for higher level licences. As such, property management companies with different background may continue to provide services to different types of buildings provided that they have met the prescribed requirements. The impact of the licensing regime on the industry can also be reduced to the minimum. We will embark on a public consultation next month to listen to the views of the industry.

b) We are concerned that although some owners of properties in old buildings recognise that it is their responsibility to maintain and manage their buildings, they are willing but unable to do so owing to limited financial resources or other reasons. Therefore, we intend to further enhance the support to owners of properties in old buildings by collaborating with the expert teams formed by property management professionals to pay visits to households in the target building clusters, provide owners with technical advice required, and produce building management audit reports with suggestions to enhance building maintenance and management. The expert teams will also assist owners and OCs to hold meetings to consider improvement plans, apply for various loan and assistance schemes, prepare tender documents for maintenance works, follow up on tender evaluation and implementation, provide training on management, etc. Along with the expert teams, District Offices will assist in the formation of OCs for buildings, including offering assistance in convening general meetings for owners.

c) We note that there are views that property management companies should take out professional indemnity insurance. Should acts of professional negligence result in losses suffered by owners and OCs, any liability engendered shall be compensated.

We will listen carefully to the views of various stakeholders during the public consultation, including whether the Government should make it mandatory by legislation for property management companies to take out professional indemnity insurance.

Thank you, President.

Ends/Wednesday, November 3, 2010

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