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21 April 2004

Mr. Stanley Ma
Clerk to Subcommittee
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Mr. Ma,

Subcommittee on Review of the Building Management Ordinance

At the meeting of the Subcommittee on Review of the BMO on 4 March 2004, some Members have raised comments on the legislative amendment proposals regarding procurement of supplies, goods and services by an owners' corporation (OC). This letter sets out our latest proposals for Members' reference.

Having taken into account the views received during the public consultation, we have revised our original proposals as follows –

- (a) any procurement of supplies, goods and services which exceeds the sum of \$200,000 (*\$100,000 in the original proposal*) or a sum which is equivalent to 20% (*10% in the original proposal*) of the annual budget of the corporation (or such other sum or percentage in substitution which may be specified in the Gazette), whichever is the lesser, shall be done by invitation to tender.
- (b) any procurement of supplies, goods and services which exceeds the sum of 20% (*10% in the original proposal*) of the annual budget of an OC (or such other percentage in substitution which may be specified in the Gazette) shall be accepted or rejected by a resolution passed at a general meeting of the OC.

We believe that the revised proposals have managed to strike a balance between the protection of owners' rights and the operation of OCs in procurement of supplies, goods and services.

We are aware that the proposal of putting the tender requirements into the BMO would reduce flexibility for the work of the OC, especially in times of emergency. Having considered the practical difficulties, we will work with the Department of Justice during the drafting of the amendment bill to allow OCs to formulate a list of urgent matters which do not need to go through the process of tendering and owners' meetings. It is vital for the list to be pre-approved by owners at a general meeting. Any procurement which is not within the pre-approved list should follow the proposed tendering procedure and going through the owners' meeting.

If Members have any question or comment on the above revised proposals, please feel free to let us know.

Yours sincerely,

(Miss Christine Au)
for Director of Home Affairs