

**Administration's response to issues raised at the meetings  
on 9 January 2004, 12 November 2004 and 8 April 2005**

**Briefing by the Secretary for Home Affairs on the Chief Executive's Policy  
Address 2004 on 9 January 2004**

The Administration was requested to provide the implementation plan for building the community-wide political network as mentioned in paragraphs 57 to 66 in the Policy Address 2004.

Administration's response

To follow up on the above initiative, the Administration has established various forums including the Human Rights Forum, Ethnic Minorities Forum, Sexual Minorities Forum, Non-governmental Organizations Forum on Community Development and Public Affairs Forum. The Administration will also establish a Children's Rights Forum shortly. The Administration has been reviewing the on-going system of appointments to advisory and statutory bodies (ASBs) with a view to bringing in more people from different sectors who will be able to participate and give play to their talent in helping the Government take the public pulse and improve governance.

The Administration's on-going initiatives regarding the review of ASBs, the Ethnic Minorities Forum and the Sexual Minorities Forum are spelt out in the paper on the 2005-06 Policy initiatives for the Panel meeting on 20 October 2005. Details of the establishment of the Public Affairs Forum were reported to the Panel at the meetings on 14 July 2004 and 10 December 2004.

**Discussion on the case of Albert House at the meeting on 12 November  
2004**

- (a) The Administration was requested to provide a report on the following issues before it introduced the draft Regulation on third party risks insurance into the Legislative Council –
  - (i) whether or not it was in order from a legal point of view to require the owners' corporation (OC) of Albert House to bear the liabilities for the payment of compensation which should be made by the other four defendants which were bankrupt, given that the OC had already paid its share of compensation, i.e. 15% of the total compensation, as ruled by the court in 1999;
  - (ii) what measures the Administration would take to deal with buildings which could not secure third party risks insurance because they had unauthorised building works (UBWs) or did not have OCs; and

- (iii) whether consideration would be given to setting up a statutory body to undertake insurance for buildings with UBWs or without forming OCs.
- (b) The Administration was requested to review the following issues and provide progress reports to the Panel on a regular basis –
- (i) whether or not a ceiling should be imposed on the third party liabilities borne by OCs for the common parts of their buildings;
  - (ii) whether or not a ceiling should be imposed on civil claims; and
  - (iii) whether the building accident compensation assistance fund as proposed by Hon Andrew CHENG should be set up.

#### Administration's response

For item (a)(i), the High Court heard on 19.10.2005 an application from the liquidator of the OC of Albert House to stay the winding up order. The judge ordered that the winding order be stayed and that the liquidation fee should be \$700,000. This in effect means that the charging order on the individual units of Albert House can be lifted. The account of the corporation which is now re-activated, should be sufficient to meet the liquidation fees and other miscellaneous expenses. An owners' meeting will be held in November to appoint a new management committee to take over the management of the building.

For items (a)(ii) and (iii) and b(i)-(iii), they are being followed up by the Bills Committee on Building Management (Amendment) Bill 2005.

#### **Discussion on the regulation of property management companies by legislation and formation of owners' corporations of buildings with more than one Deed of Mutual Covenant at the meeting on 8 April 2005**

The Administration was requested to consider the following suggestions –

- (a) to set up a tribunal for handling building management disputes between property management companies and property owners/OCs;
- (b) to impose a declaration requirement on property management companies. By this requirement, a property management company would have to declare whether any of its subsidiary companies was providing cleansing or maintenance services for the building which had engaged the service of this property management company;

- (c) to require each property management company to provide a copy each of the summary of income and expenditure and of the property management company's balance sheet to each owner of the building;
- (d) to issue basic guidelines on the avoidance of conflicts of interest for reference of small property management companies; and
- (e) to consider the mechanisms proposed by Hon Albert HO and Hon James TO for amending provisions of old deeds of mutual covenants which were unfair and unreasonable to owners.

Administration's response

For item (a), the Housing, Planning and Lands Bureau is currently consulting the public on the proposal for the setting up of a Building Affairs Tribunal (BAT) in the context of the second round of the Consultation on Building Management and Maintenance.

For items (b)-(d), the Home Affairs Department (HAD) will launch a two-phase study on the feasibility of introducing a regulatory scheme for the property management industry. The first phase of the study will focus on the present situation of the local property management industry, as well as the existing regulatory regime implemented by overseas authorities. The Administration hopes to complete the first phase of the study in mid-2006. The Administration will, based on the result of this study, conduct a second phase of the study, the objective of which will be to assess the need for a regulatory scheme, and if confirmative, the most appropriate one for the property management industry in Hong Kong.

For item (e), HAD is studying the matter in consultation with other relevant departments and will report to the Panel in due course.