



香港物業管理聯會有限公司
The Federation of Hong Kong Property Management Industry Limited

SUBMISSION

In response to the 5 issues as raised in paragraph 44 of “Putting in Place a Regulatory Framework for Property Management Industry” Public Consultation Paper issued by the Home Affairs Bureau and the Home Affairs Department on 3 December 2010, on behalf of the property management industry, The Federation of Hong Kong Property Management Industry Limited would like to express the following views:

1. Whether the property management industry should be regulated at the company level or the individual level or both?

Our Federation in principle supports regulation of the property management industry at the company level because it is the prerequisite for property management industry in approaching regularization and professionalism with an ultimate aim of providing stable and superb property management services. However, there should not be too many thresholds and the threshold(s) to be set up for licensing system should not be too high. Otherwise, the survival of the medium and small scale property management companies and their practitioners would be greatly affected, and would inevitably result in the uncontrolled situation of monopoly. Our Federation opines that the most important requirement for licensing is to ensure sound financial operation and accounts transparency of the property management companies. In relation to licensing at the individual level, it is not urgent for the time being and should be considered and dealt with separately from that at the company level. Since licensing at the individual level will have direct impact on the overheads of the property management companies, it should only be further considered in the future.

From the consultancy report on regulatory and licensing system of the property management industry published earlier which was further discussed in the Legislative Council on 9 July 2010, and the above Public Consultation Paper, one can see that the Government



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does not know about the real operation of the property management industry as a whole, as well as the different ways of running by companies of different scales in our industry. Therefore, our Federation urges the Government to really understand the actual operation and the market situation before formulating any regulation policies so that the end product will be beneficial to our industry and the citizens as a whole.

2. Whether there should be a single universal set of requirements for all or there should be different tiers of requirements for companies and/or individuals with different qualifications and background?

Our Federation opines that fair competition can only be protected by introducing a single universal set of requirements for all. By adopting a simple universal standard not only enhances professional standard of our industry but also avoids causing labelling effect. The question of survival of property management companies should be determined by the free market economy. Setting different tiers of requirements would only end up with labelling effect and unfair monopoly. The same principle applies to licensing at the individual level. However, as mentioned in item (1) above, the licensing at the individual level is not urgent and should only be further considered in the future.

3. What should be the scope of the proposed statutory licensing regime?

The scope of the proposed statutory licensing regime should cover companies carrying on or engaging in property management business. Apart from property management companies, a number of security companies are also carrying on or engaging in property management business and should also be covered in the scope so as to avoid their elimination from the market due to the Government regulatory policy to be legislated.

Besides, some owners' corporations (OCs) are managing their buildings directly. However, OCs and property management companies



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are entirely different both in terms of nature and operation. Therefore, OCs should not be covered under the scope so as to avoid unnecessary pressure and disturbance to OCs. Nonetheless, the Government may strengthen the provision of talks concerning estate management to members of OCs in order to assist them in mastering the essential elements of estate management.

4. Apart from being a regulator, should the proposed body assume other functions such as a disciplinary body, an industry promoter or both?

Our Federation opines that it would be more appropriate and effective in forming a joint license issuing authority to be comprised with different Government authorities instead of forming a regulatory authority. The license issuing authority mainly comprises with the Hong Kong Police Force (currently responsible for handling security company licence and security personnel permit), Home Affairs Department (responsible for handling general regulatory qualifications and procedures), Audit Commission (responsible for auditing accounts of property management companies), Buildings Department (responsible for monitoring building safety) and Labour Department (responsible for monitoring and publicizing occupational safety), etc. To form a regulatory authority cannot substitute the current jobs of the relevant Government authorities but would only cause double handling and surge of cost of compliance. Individual owners would end up with paying expensive management fees.

Furthermore, complaints involving property management industry are usually more complicated, and not only property management companies but also OCs are the targets of complaints.

5. Is a transitional period necessary and, if so, how long should it be?

As mentioned in item (1) above, the Government does not know about the real operation of the property management industry as a whole as well as the different ways of running by companies of different scales in our industry. Therefore, our Federation urges the



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Government to really understand the actual operation and the market situation before the legislative process. The Building Management (Third Party Risks Insurance) Regulation effective on 1 January this year causing chaos and arguments in the society is a very good example showing that the Government simply did not know about the real operation of the property management industry, such as the common practice of taking out insurance policy in joint names of both the property management companies and the OCs.

Besides, the transitional period and the legislative process should not be overlapped. The length of the transitional period should depend on the actual time required for adaptation by the industry. Apart from the basic operational change that takes time, whether there are sufficient training programmes (including qualified teachers) in the market to cater for the need of the practitioners in our industry to get the qualifications required is another question. Currently it takes about 3 years to complete the required courses but there are still waiting lists for enrolment of the relevant programmes. Should everything going smoothly (which is not optimistic for the time being), it takes at least 3 years for legislative process and 3 years as transitional period. Over-hastiness would only cause disaster and affect the survival of property management companies and their practitioners at the end.

Being an organization for an industry of over 300,000 work-force, our Federation seriously urges the Government to actively listen to the real opinion of our industry and formulate the relevant regulatory policy with due diligence so as to obtain the support of our industry and the citizens as a whole.



The Federation of Hong Kong Property Management Industry Limited
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