

Building Management Professional Advisory Service Scheme

In response to Hon. WU Chi-wai's concerns in respect of the Building Management Professional Advisory Service Scheme ("BMPASS") implemented by the Home Affairs Department (HAD), and the relation between the BMPASS and building management work undertaken by Liaison Officers (LOs) and its implications, we would like to provide the following information.

Promotion of Building Management

2. Building management is the responsibility of property owners. It is the Government's policy to play a facilitator role to assist owners in discharging their building management responsibilities through multi-pronged measures, including encouraging and assisting owners to form owners' corporations (OCs) and providing them with appropriate support. In this connection, the HAD has set up Building Management Liaison Teams in the 18 districts throughout the territory to actively promote the following work:

- visiting owners of private buildings in the district to promote good practices of building management, encouraging them to form OCs, and offering advice and assistance to owners intending to form OCs;
- organising training courses, seminars, talks and workshops on building management so as to provide appropriate training to members of the management committee (MC) of OCs;
- attending meetings of OCs and owners upon invitation and giving advice on the statutory requirements of the Building Management Ordinance (BMO);
- handling enquiries and complaints relating to building management and providing active assistance to resolve disputes between owners, OCs and management companies;
- assisting the Secretary for Home Affairs in the administration of the BMO and the exercise of the related powers;

- organising educational and publicity activities, including arranging roving exhibitions on building management and producing a series of publicity materials on building management, maintenance and insurance issues to promote proper and effective building management; and
 - assisting other law enforcement departments in enforcing building maintenance and fire safety improvement.
3. With active promotion and assistance from the HAD, about 250 new OCs are formed each year. As at the end of October 2012, about 9 600 OCs have been formed for a total of 17 600 buildings in the territory.

Background to the Introduction of the BMPASS

4. To meet the housing needs of the community, a large number of private residential buildings were built in Hong Kong in the 1960s and 1970s. By now, many of these decade-old buildings are facing the problem of ageing. At present, there are approximately 40 000 private buildings in Hong Kong, about half (i.e. 20 000 buildings) are aged 30 years or above, and around 6 100 buildings do not have an OC nor any form of owners/residents organisations nor engage a property management company (PMC) (i.e. the so-called “three nil” buildings). Many “three-nil” buildings owners need special support and assistance as they are willing but lack the capabilities to tackle the ageing building and dilapidation. However, HAD and LOs are not the specialists in these areas.

5. To enhance support to owners of the “three nil” buildings, the HAD, in collaboration with the Hong Kong Housing Society and four professional property management bodies, launched the pilot Building Management Professional Service Scheme in April 2010. Expert teams made up of volunteers from these professional bodies were formed to provide free professional advice and follow-up services on building management for owners of old buildings in five districts¹ with a relatively larger number of old buildings. After participating in the pilot scheme, owners who were originally apathetic about building management had successfully applied for various

¹ These include Central and Western, Kowloon City, Sham Shui Po, Yau Tsim Mong and Tsuen Wan districts.

building maintenance subsidies with the assistance of the expert teams and improved their living environment. Since the pilot scheme was well-received and recognised by the owners and residents, the HAD has launched the BMPASS in November 2011 to further enhance the support to the “three nil” buildings which are old and with a low rateable value.

Scope of Service of the Advisory Scheme

6. Under the BMPASS, the HAD, based on the information of old buildings in all districts, identified 1 200 target buildings² (about 18 000 flat units) and grouped them into seven regions. Open tender exercises were conducted in respective regions for commissioning suitable PMCs³ to provide the owners of the target buildings with professional advisory services on building management and maintenance. The BMPASS is intended for two years till March 2014.

7. The commissioned PMCs will, taking into account the circumstances and the needs of owners of the target buildings, provide owners with one-stop professional advice and follow-up services. The scope of services include:

- deploying staff experienced in property management to conduct household visits to individual units of the target buildings to make direct contact with the owners and assist them in forming OCs or other forms of owners/residents organisations;
- preparing management audit reports for the common areas of the buildings;
- attending meetings of OCs to provide professional advice and supporting secretarial service;

² Including private buildings aged 30 years or above and/or with a rental value not exceeding \$100,000.

³ The successful tenderers are Shui On Properties Management Limited (Shui On) and China Overseas Property Services Limited (China Overseas). Shui On mainly serves the 1 100 target buildings in five urban regions, including Yau Tsim Mong, Kowloon City, Sham Shui Po, Kowloon East and Hong Kong Island while China Overseas mainly serves the 100 target buildings in the other two regions, i.e. New Territories East and New Territories West.

- assisting OCs in applying for various loan and subsidy schemes and following up maintenance works as well as tender documents, etc;
- assisting OCs in procuring third party risks insurance; and
- providing training to office-bearers of OCs and other owners on building management.

8. The BMPASS has begun to bear fruit after launching for a year. By the end of October 2012, the commissioned PMCs had conducted over 6 200 household visits and completed building management audit reports for all 1 200 target buildings. The PMCs had also assisted in forming 57 new OCs (the indicator stipulated in the contracts is 77) and the reactivating operation of 15 existing OCs (the indicator stipulated in the contracts is 22). It has also assisted 37 OCs in applying for maintenance subsidies and 17 OCs in appointing authorised persons or contractors to commence maintenance works.

The Role of LOs in the Advisory Scheme

9. Commissioning professional PMCs enables the HAD to solicit their assistance in the labour-intensive and frequent household visits and tap on their expertise and experiences so as to provide more direct and suitable support to the owners and residents of the “three nil” buildings. The HAD is responsible for overall monitoring of the implementation of the BMPASS and overseeing the performance of the PMCs to ensure that comprehensive and quality services are provided to the owners and residents. The HAD has put in place a numbers of monitoring mechanisms, including regular review of the service performance and effectiveness of the front-line staff of the PMCs, meeting with the management of the PMCs to review the progress and strategies, surprise inspections, consultations and satisfaction surveys with the owners and residents, etc. The HAD will continue to offer advice and appropriate assistance to owners and residents if they have other more complicated building management issues.

10. Building management is one of the core duties of the LO Grade of HAD. The introduction of the BMPASS will not reduce the number of LOs, but enhance the role and functions of the LOs in building management. At present, there are 120 LOs dedicated to building management duties. The LOs are facing with heavy workload and due to manpower constraints, some

requests made by OCs and residents cannot be fully met. The BMPASS can effectively share LOs' workload in paying ordinary household visits at the initial stage, sparing them time to focus on other more complicated building management issues. Moreover, the BMPASS will enhance the functions of LOs to the monitoring and supervisory level. In order that LOs can perform their duties more effectively, the HAD has strengthened their regular on-the-job training⁴ with a view to consolidating their expertise in building management.

Way Forward

11. In implementing the new Advisory Scheme, the HAD and the PMCs work in collaboration and complement to each other with a view to achieving the ultimate “win-win” situation for the three parties:

- (i) Owners of old buildings (the “three nil” buildings in particular) can receive enhanced support and more appropriate services, as professional PMCs can meet the specific needs of owners of the target buildings and provide them with tailored-made one-stop service, which include assistance in registering with the Land Registry for formation of OCs, secretariat work of OCs, preparation of building audit reports, application for maintenance subsidies, analysis of maintenance service tenders, appointment of authorised persons to take forward maintenance works, etc.;
- (ii) The HAD can discharge building management duties more efficiently and smoothly as part of the services for the “three nil” buildings have been commissioned to PMCs, thus enabling the department to concentrate its resources to strengthen the support to the existing 9 600 OCs and deal with other more complicated building management matters (e.g. releasing manpower to attend OCs meetings which have a more pressing need for the LOs' advice, handle enquiries and complaints, as well as assist in resolving disputes between owners, OCs and management companies, etc). This will also enable the LOs to provide more focused and professional services; and

⁴ Dedicated training on building management covers study of the BMO, legal practice, case studies and sharing sessions on special topics etc.

- (iii) The property management industry can enhance their standard of services for old buildings and establish a positive image for the industry, which will lay an important foundation for the introduction of a mechanism for the general regulation of the industry in future.

12. The HAD will conduct a comprehensive review on the effectiveness of the BMPASS before its completion in March 2014. Subject to the outcome of the review, we hope in the long run to extend the BMPASS by phases to other “three nil” buildings in need or other buildings requiring targeted assistance, such as those with OCs but their MCs are in effect defunct.

Home Affairs Department
December 2012