

**The Government's Response to the Submission from
the Federation of Hong Kong Property Management Industry**

Purpose

The Government's response to the recent submission from the Federation of Hong Kong Property Management Industry (FHKPMI) to the Bills Committee are set out in ensuing paragraphs.

Licensing of Property Management Companies (PMCs)

2. In formulating the policy for the regulation of the property management industry, we firmly adhere to the principle that there should not be any unnecessary hurdles for PMCs and property management practitioners (PMPs) to enter the market. There should continue to be free entry for persons who intend to join the industry in order to maintain fair competition.

3. The Bill provides for a single-tier licensing regime for PMCs to avoid labelling effects. All PMCs providing property management services relating to a property as defined in Schedule 1 to the Bill will be required to obtain licences. Details of the category of services listed in Schedule 1 are set out in LC Paper No. CB(2)556/14-15(02). Companies providing stand-alone services, such as those providing only cleansing or security services, will not be included in the regulatory regime to avoid creating unnecessary entry hurdles for these companies. On the other hand, government departments and the Hong Kong Housing Authority will not be subject to the licensing regime as they already have internal guidelines governing their quality of property management.

4. The licensing criteria for PMCs will include the minimum number of directors and employees holding PMP licences, the suitability of the company in holding PMC licence (for example, whether the company is in liquidation or subject to a winding-up order, whether there is past conviction record on relevant offences, the suitability of its directors), etc. After giving due consideration to the views of the industry and other stakeholders, the Property Management Services

Authority (PMSA) will propose the detailed licensing criteria, which will be set out in the subsidiary legislation.

Licensing of PMPs

5. The purpose of establishing a regulatory regime for the property management industry is to set qualification benchmarks for the industry to help enhance its standards and professionalism. We propose a two-tier licensing for PMPs with a view to encouraging PMPs to pursue professional development so as to obtain the relevant qualifications and upgrade to the upper tier, while continuing to allow persons without formal qualifications to access the PMPs job market. Tier 1 PMPs should have completed a higher level of approved academic qualifications (i.e. degree or equivalent qualification), achieved a longer years of working experience and obtained professional qualification. The requirements on academic qualification (e.g. completion of specified diploma/sub-degree courses on property management) and relevant working experience for Tier 2 PMPs will be lower and that they do not need to be the members of professional body.

6. Regarding the concerns of the FHKPMI over false complaints and malicious distortion of facts, clause 18(2) of the Bill has empowered the PMSA need not to conduct an investigation to deal with a complaint if it is satisfied that the complaint is misconceived or lacking in substance.

PMSA

7. The Chairperson and members of the PMSA will be appointed by the Chief Executive. Different categories of stakeholders will be suitably represented in the PMSA so as to strike a balance between protecting the interest of the property management industry and that of the property owners and the public at large. We consider the composition of the PMSA appropriate for ensuring effective operation of the PMSA while avoiding self-regulation by the industry.

Transitional Arrangements

8. In order to allow sufficient time for the PMCs and PMPs to prepare themselves, we have formulated the transitional arrangements with reference to other similar licensing regimes (such as the licensing regime for estate agents).

9. We propose a three-year transitional period after the enactment and implementation of the principal ordinance and subsidiary legislation. PMPs who have already met the licensing criteria of formal licences may apply for the licences direct during the transitional period. During the transitional period, experienced PMPs who do not satisfy the requirements concerning academic qualification will be granted provisional licences after meeting certain basic requirements (e.g. years of working experience) so that they can continue to provide property management services. They will be granted formal licences after completion of the continuing professional development (CPD) courses recognised by the PMSA, dissertations or reports in three years.

10. If a PMP applies to the PMSA for a provisional licence near the end of the three-year transitional period, there will be about six years' preparation time. We consider that they should have sufficient time for preparation.

11. The proposed transitional arrangements allow existing experienced PMPs who do not fully meet the licensing requirements to obtain licences on one hand, while ensuring that they attain a specified professional level on the other. The arrangement could thereby uphold the fairness and credibility of the licensing regime.

Course Content and Arrangement of CPD Courses

12. The PMSA will assume the dual functions of a licensing body and an industry promoter. On promoting the development of the industry, the PMSA will, amongst others, collaborate with the relevant professional bodies and tertiary institutions to ensure that there is adequate training provided for PMPs to meet the licensing requirements.

Upon establishment, the PMSA will engage the professional bodies and tertiary institutions to discuss the details. Some of the courses, for example, seminars, talks and workshops may be conducted in collaboration with the professional bodies and be held outside office hours. The PMSA will ensure that the course fees will be set at a level that is affordable to the PMPs.

Other Views

13. We will convey to the PMSA for consideration the views of the FHKPMI on the details of the licensing criteria and licence fees for PMCs and PMPs. In formulating the subsidiary legislation, the PMSA will give due consideration to the views of the industry and other stakeholders.

Home Affairs Department
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