

(Translation)

**Written submissions from Central & Western Provisional District Board
on the proposal of mandatory formation of owners' corporations in private buildings
and the percentage of share
required for appointment and termination of building managers**

Mr. CHAN Chit-kwai, Stephen (Chairman)

“I agree with the two proposals for requiring the mandatory formation of owners' corporations and requesting problem buildings to employ management agents. But some flexibility should be allowed to give owners a grace period to solve their own problems, to discuss and to organize owners' corporations. But the government departments concerned should assist them further.”

Ms AU Yim-lung, Lilianna

“Since all buildings should be treated on the same footing under the law, the accounts of the owners' corporations of smaller buildings should also be audited by qualified accountants.”

Mr. CHAN Choi-hi

“The direction of amendment deserves our support. In addition to legislative amendment, the department which provides assistance and services for building management should re-organise and co-ordinate its work.”

Mr. CHAN Tak-chor

“A. The Mandatory Formation of Owners' Corporations (OCs): I agree in principle in encouraging the formation of 'OCs' and not 'mandatorily' forming them by administration measures. And I do not object to the mandatory formation of 'OCs' in new buildings. At present, the public generally does not have much understanding of the work of OCs and management committees. The staff of the Home Affairs Department who deals with issues concerning OCs has a meagre knowledge of building management and fails to provide professional support for OCs. If owners are forced to form their owners' corporations, chairmen and members of the existing management committees may resort to collective resignation due to problems arising from work. I consider that the urgent task of the government is to plug the loopholes in BMO concerning property management agents, such as penalties and law enforcement measures against the management agents which violate Schedule 5.6.7 of BMO (Chapter 344).

B. The Percentage of share required for Appointment and Termination of Building Manager:

Since Paragraph 7 Schedule 7 of the existing BMO is too difficult for the general public to understand, the government should deal with the problem as soon as possible. The proposals of ‘the appointment and termination of building managers’ should be separately dealt with. The appointment of managers can be approved by a majority of votes at an owners’ meeting held by formal procedure. However, difficulties may be encountered in some buildings in termination of managers, especially when a single owner has more than 30% of the shares. So, I consider that the percentage of share required for approval of termination of managers should be set at 30%, instead of 50%.”

Mr. CHANG Yau-hung

- “(a) Only the buildings which exceed a certain number of units have the necessity of forming their owners’ corporations. If a building only has a few units, it is not necessary to do so. I suggest to apply the requirement to buildings with more than 30 units.
- (b) Building management is a very complicated issue. If members are not cooperative, the formation of owners’ corporations cannot guarantee that problems will be solved. And in case nobody is willing to be an OC member because a member is liable to certain responsibilities, how will the government deal with the problem? I suggest that the Home Affairs Department can carry out the duties of an owners’ corporation on behalf of the owners if a building does not have enough people or nobody is willing to do the work. But this is only the last resort.
- (c) The introduction of a monitoring mechanism to regulate the expenditure and insurance issues is required in order to prevent corruption. Insurance companies can apply for adding their names on the list. The premium is standardized. An owners’ corporation can select one from the list at its own choice.
- (d) The requirement for the maintenance of buildings should be set at the lowest but acceptable standard, which is not too high nor too costly.”

Ms CHENG Lai-King

- (a) I suggest the Home Affairs Bureau to be responsible for handling complaints against management agents and preparing guidelines for them. Moreover, the Bureau can openly censure them and assess their performance by grading them by score.
- (b) Owners’ corporations should insure their own buildings and the government should set a minimum insurance amount.
- (c) Authorized persons should be regarded as attendees at the meetings.
- (d) When the ownership of a flat is transferred, the new owner should register with the secretary of the corporation, so that he can exercise his right to vote.

- (e) The management right (i.e. the amount of management fee payable) and the proportion of ownership should be in the ratio of 1 to 1.”

Mr. CHUNG Yam-cheung

“I believe that it is difficult to carry out the proposal of mandatory formation of owners’ corporations. How can the proposal be carried out if no one is willing to work for the corporation? Unless some people are willing to do so, an exemption from the required percentage of share can be considered.

I consider that the issues concerning the percentage of share required for appointment and termination of building managers can be separately dealt with. The appointment of building managers must be appointed at a formal owners meeting which consists of a quorum of owners, whereas the termination of building managers can be determined by the owners’ corporation of the building and approval at an owners meeting is not required.”

Mr. HUNG Wing-tat

“I do not object to the proposal, but

- (a) it must be stipulated in legislation that the Home Affairs Department should assist owners to form their own owners’ corporations,
- (b) the government departments concerned should form an inter-departmental group which is specially responsible for providing assistance for owners’ corporations to perform their management duties.”

Mr. LAM Kin-lai

“I support the formation of owners’ corporations, but the government must provide sufficient resources for relevant departments, such as the Home Affairs Department, so that they can provide assistance for the corporations.”

Mr. IP Kwok-him and Mr. YEUNG Wai-foon

Requirement for voluntary/mandatory formation of owners’ corporations in new buildings

“At this stage, I disapprove of the proposal. At present, the government assistance provided for owners is severely insufficient and people’s concept of building management is very weak. Therefore, unless the government can provide sufficient assistance for owners and people’s concept of building management is enhanced, the proposed measures should not be implemented.”