



1. Introduction

1.1 In Hong Kong, slightly over half (54%) of the city's 2.65 million domestic households are living in private permanent housing units,¹ mostly in forms of multi-storey buildings or residential estates with multiple blocks of buildings. This gives rise to property owners' responsibility for managing and maintaining the common parts of a multi-storey building or an estate, and engaging professionals to discharge the duties as necessary. Otherwise, dilapidation and/or hygiene and safety problems may become public concerns.

1.2 Over the years, it has been the Government's policy to support owners of private buildings to (a) form owners' corporations ("OCs") in accordance with the Building Management Ordinance (Cap. 344) ("BMO"); or (b) set up appropriate owners' organizations (such as owners' committees)² voluntarily to promote proper building management. Yet, only 47% of the private buildings were with OCs as at end-2021. There were also some 3 700 buildings (9% of the total) that did not have OCs or any form of residents' organizations, or did not engage any property management companies ("PMCs"), as at end-2021.³ Though the figure of these so-called "three-nil" buildings was already down from 6 700 buildings in 2011,⁴ they remain especially prone to problems in respect of hygiene, security, fire safety, building maintenance, etc.

1.3 Overseas jurisdictions such as New South Wales ("NSW") in Australia and Singapore have established their respective regulatory regimes to govern, among others, the formation, operation and governance of "incorporated owners" ("IOs"),⁵

¹ See Census and Statistics Department (2022).

² An owners' committee is an owners' organization formed under and in accordance with the Deed of Mutual Covenant ("DMC") of a building or development. A DMC is a private contractual agreement among the developer, the manager and all the co-owners, which defines the rights, interests and obligations of the parties concerned. Unlike an OC, an owners' committee is not a body corporate to act legally on behalf of all owners in managing the common parts of the building concerned.

³ Information provided by the Home Affairs Department.

⁴ See Home Affairs Bureau (2022).

⁵ IOs are commonly known as "Owners Corporations" of Strata Schemes in NSW and "Management Corporations" in Singapore.

which function as body corporates to be entrusted with the management of the common parts of a property. In addition, both Singapore and NSW have completed a comprehensive review of their respective regulatory regimes in 2017 and 2021. Singapore has followed up with amending the relevant legislation and put the amendments into effect since late 2018, whereas NSW has planned to amend its regulatory regime in due course.

1.4 At the request of Hon Doreen KONG Yuk-foon, the Research Office has prepared this *Information Note* which studies the policies adopted in Hong Kong for promoting proper management of private residential buildings. Similar experience in the two selected jurisdictions mentioned in paragraph 1.3 above are also studied. This Note will first review the case of Hong Kong in terms of its legislative framework to regulate building management and relevant administrative measures introduced to support property owners and OCs, the implementation progress, related outcomes and issues of concern. It will be followed by the study of effective building management in NSW and Singapore, with specific reference to the distinctive approaches and features of their regulatory regimes for IOs, the legislative reviews and/or amendment exercises conducted, experience and outcomes of implementing the regulatory regimes, and recent development.

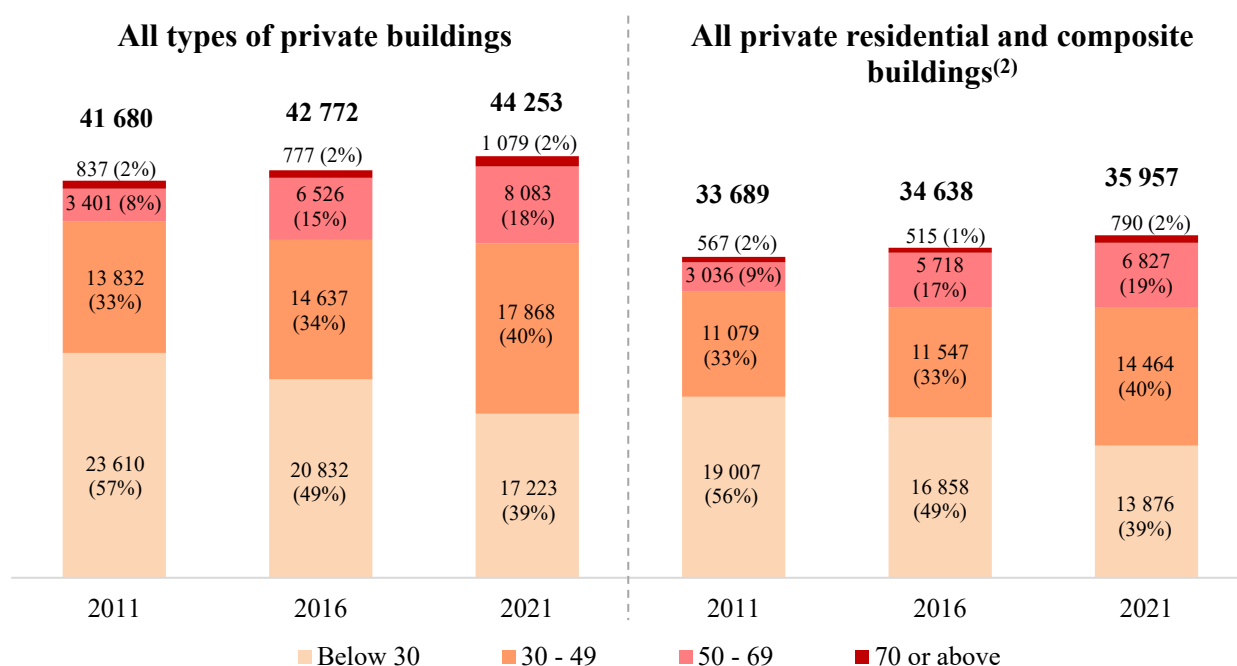
2. Hong Kong

2.1 There was a stock of 44 253 private buildings in Hong Kong as at end-2021, of which 35 957 or 81% were designed for residential usage (including residential and composite usage) (**Figure 1**). It is noteworthy that **the total number of private residential buildings aged 50 years or above** increased markedly from 3 603 (or 11% of all private residential buildings) as at end-2011 to 7 617 (or 21%) as at end-2021.⁶

2.2 According to the Buildings Department, buildings in Hong Kong are mainly constructed of reinforced concrete with a design life of around 50 years. Without proper management and timely repair, the conditions of buildings will deteriorate rapidly as they approach the end of their design life, leading to dilapidation and defects that may pose threats to public hygiene and safety. To promote proper building management and ensure building safety, the Government has all along been playing the role of a facilitator in encouraging and assisting owners to form OCs in accordance with BMO, and to provide appropriate support to assist owners in discharging their building management responsibilities.

⁶ Figures are provided by the Buildings Department. If non-residential buildings are included, the number of private buildings aged 50 years or above increased from 4 238 (or 10% of all private buildings) as at end-2011 to 9 162 (or 20%) as at end-2021.

Figure 1 – Number of private buildings by age of buildings⁽¹⁾



Notes: (1) Year-end figures.

(2) Composite building means a building that is partly domestic and partly non-domestic (e.g. the ground floor is used for commercial purposes).

Source: Figures provided by the Buildings Department.

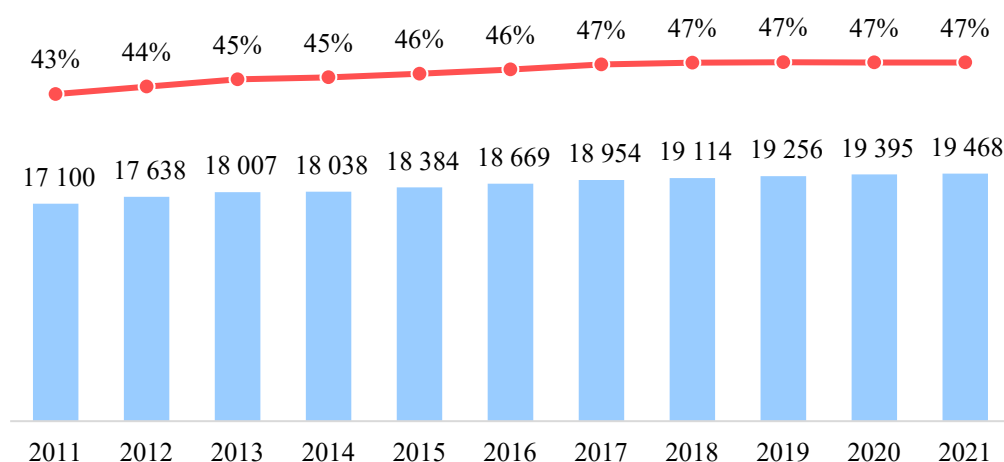
Legislative framework to govern building management

2.3 The Government promulgated the Multi-storey Buildings (Owners Incorporation) Ordinance in 1970 amidst the growth in the number of private residential developments, in a move to lay down the basic legislative framework for the formation and operation of OCs. The Ordinance was substantially amended and retitled as BMO in 1993, and further major amendments of BMO were made in 2000 and 2007 respectively to address emerging needs and concerns of stakeholders since the legislation came into effect.⁷ BMO provides for, among others, the formation, powers, duties, rules of operation and monitoring mechanism of OCs, which are **body corporates** with the legal status to represent all owners in managing the common parts of the buildings concerned, and to do all things reasonably necessary for the enforcement of the obligations contained in DMC for the management of the common parts of the building. The management committee appointed by property owners in accordance with BMO will exercise the powers and perform the duties on behalf of an OC.

⁷ For example, BMO was amended in 2007 to provide for improvements in areas that often caused disputes such as the procedures of appointing a management committee and its members, the appointment of proxies, and the procurement and financial arrangements for OCs and building managers.

2.4 The Home Affairs Department (“HAD”), the executive arm of the Home and Youth Affairs Bureau, is tasked with administrating BMO and providing relevant support to owners to facilitate the formation and smooth operation of OCs. Since 2001, HAD has provided support services on building management matters at the district level through the District Building Management Liaison Teams (“DBMLTs”) set up in 18 District Offices.⁸

Figure 2 – Number of private buildings with owners’ corporations (“OCs”), 2011 to 2021⁽¹⁾



No. of operating OCs	NA ⁽²⁾	9 646	9 862	10 017	10 240	10 440	10 662	10 898	11 030	11 113	11 198
No. of wound-up OCs	1	3	2	3	2	2	2	1	3	1	4

■ No. of private buildings with OCs ● % of private buildings with OCs

Notes: (1) Year-end figures based on data from the Database of Private Buildings in Hong Kong managed by the Home Affairs Department. The Database may not cover some newly developed or redeveloped buildings.
(2) Information not available.

Sources: Home Affairs Bureau (2020), Legislative Council Secretariat (2020b) and information provided by the Home Affairs Department and the Land Registry.

Reasons for not forming owners’ corporations

2.5 As mentioned above, the Government’s policy is maintained in a way that owners of existing buildings are encouraged to form OCs on a voluntary basis. The number of private buildings with OCs had increased by 14% (or 2 368) between

⁸ The services provided by DBMLTs include (a) assisting property owners to incorporate under BMO; (b) attending owners’ meetings to give information and assistance; (c) organizing training courses and workshops; and (d) helping resolve disputes among property owners, OCs and PMCs.

2011 and 2021 to 19 468, accounting for 47% of the total.⁹ Nevertheless, there were still 22 000 or 53% of private buildings without OCs as at end-2021 (see **Figure 2**). While some buildings might have established other forms of organizations such as owners’ committees and residents’ organizations, or might have engaged PMCs in handling property management matters, there are yet other cases without such arrangement due to (a) having owners who are mainly elderly or difficult to be identified or contacted (an especially common issue for old single tenement buildings); (b) the developer of the property holding a large percentage of undivided shares and thus other owners may not have sufficient votes to form an OC if the developer does not support the initiative;¹⁰ (c) complications in ownership and management responsibilities of certain common parts of the buildings because of existence of multiple DMCs; and (d) the buildings are under acquisition.^{11, 12}

2.6 Amid the above factors, one particular concern is the management and maintenance of some 3 700 **“three-nil” buildings**¹³ as at end-2021 of which 61% are aged 50 years or above. Without proper platforms for owners and residents to discuss and handle their building management issues, these buildings are more vulnerable to mismanagement and dilapidation.

Latest review of the legislative framework

2.7 In order to keep pace with changing circumstances and address concerns that emerged after the legislative amendment exercise in 2007, including both the operation of OCs as well as difficulty to form OCs, the Government appointed the Review Committee on the Building Management Ordinance (“the Review Committee”) in January 2011 to conduct another round of review of BMO.¹⁴ The interim report published by the Review Committee in March 2013,¹⁵ as well as the

⁹ Reportedly, HAD’s “Building Management Professional Advisory Service Scheme” helped the formation or reactivation of 540 OCs between 2014 and 2020. See paragraph 2.10 and **Appendix 2** for more details.

¹⁰ See GovHK (2011) and Home Affairs Bureau (2020).

¹¹ Information is provided by the Home Affairs Department.

¹² There are town houses or other private buildings under single ownership which may not be able to form OCs under BMO, since the legislation mainly covers private buildings involving shared ownership of common parts among multiple owners.

¹³ The figure excludes “three-nil” buildings that are under single ownership and can be self-managed.

¹⁴ The Review Committee was tasked with identifying common building management problems, deliberating how the problems may be resolved through amending BMO, and making recommendations to the Government on how to take forward proposals to enhance the operation of OCs and to protect the interests of individual owners.

¹⁵ See Review Committee on the Building Management Ordinance (2013).

views of stakeholders collected since then,¹⁶ have revealed the following major issues (including operation of OCs, dissolution of non-performing management committees and other issues) faced by property owners and OCs regarding the implementation of BMO:

- (a) **large-scale maintenance projects** – a major operation issue of OCs concerns transparency of the tendering procedure and the consequent risk of bid-rigging and high project costs, especially for aged buildings requiring major maintenance works;
- (b) **appointment of proxies for OC meetings** – for voting held by OCs, there are concerns about (i) the collection of a large number of proxy instruments by certain owners or staff of PMCs so as to predominate in the decision-making process; and (ii) the disputes arising from verifying the proxy instruments;
- (c) **difficulty in dissolving a non-performing management committee or terminating the appointment of Deed of Mutual Covenant managers (“DMC managers”)**¹⁷ – BMO’s threshold for dissolving a management committee, through passing a resolution at an OC meeting with a quorum of 20% of the owners, is considered rather high; the alternative route of making an application to the Lands Tribunal may also take time; meanwhile, a resolution at an owners’ meeting by a majority of the votes of the owners voting and being supported by the owners of not less than 50% of all the shares in aggregate are two conditions required to terminate the appointment of a DMC manager, again considered relatively high thresholds;
- (d) **active participation from owners/support from major owners required to form OCs** – according to BMO, a resolution to appoint a management committee and form an OC has to be passed at an owners’ meeting¹⁸ by a majority of votes, and be supported by the owners of not less than 30% of shares in aggregate in order to form an OC, rendering it difficult for owners of some private buildings to form OCs when there lacks active owner participation or when the developer

¹⁶ See Home Affairs Bureau and Home Affairs Department (2016), Legislative Council Secretariat (2020a), and Panel on Home Affairs (2020).

¹⁷ A DMC manager, which is usually a PMC, is the manager specified in DMC for managing the property. In some cases, the DMC manager is a subsidiary company of the developer.

¹⁸ Owners of not less than 5% of the shares in aggregate may appoint a person amongst themselves to convene an owners’ meeting for the purpose of appointing a management committee and forming an OC.

concerned holds a large percentage of the undivided share of the property (as mentioned in paragraph 2.5 above);¹⁹ and

- (e) **the time and cost of dispute resolution** – some stakeholders have considered that resolving building management disputes among owners or between owners and OCs often involves lengthy litigation processes and high legal costs.²⁰ There have been suggestions for setting up a dedicated “Building Affairs Tribunal” to hear relevant cases without involving legal representation so that disputes can be resolved in a more time- and cost-effective manner.

Proposed amendments to the Building Management Ordinance

2.8 In light of the recommendations of the Review Committee, HAD has set out a package of legislative and administrative proposals in the consultation paper released in 2014 to address the main concerns raised by stakeholders. Based on the feedback collected from the public consultation exercise conducted during November 2014-February 2015, the public engagement activities conducted in 2017 and other sources, HAD has further refined the legislative amendment proposals. These proposals aim at, among others, addressing issues mentioned in paragraphs 2.7(a) to (c) above, plus improving both the operation of OCs relating to procurement in general as well as accountability of OCs and transparency of their operation.²¹ The latest version of the major proposed amendments to BMO are highlighted in **Appendix 1**.²²

¹⁹ BMO also provides that owners of not less than 20% of the shares in aggregate could apply to the responsible authority for an order to convene an owners’ meeting for the purpose of appointing a management committee and forming an OC. Besides, owners of not less than 10% of the shares in aggregate could make an application to the Lands Tribunal for an order to convene an owners’ meeting for the purpose of appointing a management committee. In both cases, a management committee may be appointed by a resolution passed by a majority of the votes of the owners voting. Nonetheless, the Government indicated that there were only a few cases that OCs were formed by invoking the above-mentioned provisions. See Panel on Home Affairs (2020).

²⁰ The parties involved in a dispute can settle their cases in the Small Claims Tribunal, the Lands Tribunal, the District Court or the Court of First Instance of the High Court as appropriate.

²¹ See Home Affairs Bureau and Home Affairs Department (2017, 2020).

²² Since 2017, HAD has encouraged owners and OCs to adopt, on voluntary basis, clauses put forward in its legislative amendment proposals. To facilitate the adoption, HAD has provided OCs with administrative guidelines and a checklist on building management procedures which incorporate the legislative amendment proposals as best practices on building management and procurement. DBMLTs have also stepped up publicity and public education efforts through the relevant advisory service programmes to encourage adoption of the administrative guidelines and checklist.

2.9 As to the concerns about the high threshold for forming OCs and the lengthy and costly dispute resolution procedures (i.e. mentioned at paragraphs 2.7(d) and (e) above), HAD concluded that no changes were needed for the existing practices^{23, 24} though a number of initiatives were introduced by HAD and other entities to provide better support to owners on these aspects. The key features of the major support measures/programmes implemented by HAD and the Urban Renewal Authority (“URA”), and their progress thus far, are detailed in **Appendix 2**.

2.10 It is noted that HAD’s initiatives focus on providing general advisory services (including free legal advice on matters relating to operation of OCs and briefings on service support for implementing large-scale maintenance projects), and building the capacity of office-bearers of OCs. In addition, HAD offers free alternative dispute resolution services for settling disputes in a more time- and cost- effective manner. To support owners of “three-nil” buildings, HAD also rolled out the Building Management Professional Advisory Service Scheme (“BMPASS”),²⁵ under which PMCs commissioned had reached out to some 3 800 buildings, including “three-nil” buildings, and assisted in the formation or reactivation of 540 OCs (with a success rate of about 14%) between November 2011 and December 2020.²⁶ Besides, about 1 000 aged buildings, including “three-nil” buildings, were selected and provided with technical and financial support to carry out their maintenance works under Operation Building Bright 2.0 (“OBB 2.0”; more details in paragraph 2.11 below) as at end-2021.²⁷

2.11 Meanwhile, URA administers an all-in-one Integrated Building Rehabilitation Assistance Scheme (“IBRAS”) comprising a range of programmes to support eligible owners of aged buildings that require inspection and/or repair works:

- (a) OBB 2.0 – the programme provides technical and financial support to eligible owners of aged private residential or composite buildings in

²³ According to the Government, the responses from the public consultation generally considered that the percentages of shares in aggregate required for the formation of OCs appropriate and could be operated effectively. As such, the Government regarded that there was no need to further lower the threshold for formation of OCs under BMO so as not to affect their representativeness. See Home Affairs Bureau and Home Affairs Department (2016).

²⁴ The Government has considered that the establishment of a dedicated “Building Affairs Tribunal” as suggested by some stakeholders might not necessarily bring time and cost benefits to the parties concerned as building management cases often involve complicated legal and ownership issues. See Home Affairs Department (2014).

²⁵ HAD had implemented three phases of BMPASS between November 2011 and December 2020 to commission PMCs to provide professional advisory and support services to owners of old buildings in need, including those of “three-nil” buildings, to facilitate the formation of OCs and assist in building management matters.

²⁶ See Home Affairs Bureau (2022).

²⁷ See Development Bureau (2022).

complying with the statutory requirements under the Mandatory Building Inspection Scheme (“MBIS”)²⁸; and

- (b) “Smart Tender” Building Rehabilitation Facilitating Services Scheme (“Smart Tender Scheme”)²⁹ – at a concessionary fee, owners can receive professional and technical support for proper procurement of building maintenance services with the aim of minimizing the exposure of bid-rigging.³⁰

2.12 Nonetheless, the report of the Director of Audit published in October 2020 has recommended HAD to consider (a) improving the success rate of forming or reactivating OCs under BMPASS; and (b) enhancing the performance monitoring arrangements for BMPASS contractors by reviewing the performance targets and improving the mechanism for collecting feedback from users. The report has also suggested improvements to other aspects of HAD’s support services such as (a) ensuring Liaison Officers in DBMLTs are adequately trained and the relevant operational manual are updated regularly; (b) providing for adequate education and publicity programmes in individual districts as there has been high variation in the number of programmes delivered across the 18 districts; and (c) improving accuracy of data in the database of private buildings in Hong Kong and keeping the data updated.³¹

Recent development

2.13 As the legislative amendment exercise involves significant changes to BMO, preparation for enactment of the amendment proposals is still in progress. The Government has stated that it will further refine the amendment proposals taking account of the feedback from stakeholders, and considering the experience of those OCs which have voluntarily implemented the amendment proposals in their operation by adopting the latest administrative guidelines and checklist. Meanwhile, HAD has planned to regularize BMPASS and launch a pilot scheme under the regularized

²⁸ Under MBIS that was launched in June 2012, owners of private buildings aged 30 years or above (except residential buildings not exceeding three storeys) and served with statutory notices are required to carry out the prescribed inspection and repair works for their buildings, including common parts, external walls, projections and signboards.

²⁹ In 2017, the Government launched a concessionary scheme with a provision of HK\$300 million, enabling property owners to use the services under the Smart Tender Scheme at a concessionary rate.

³⁰ Other assistance programmes under IBRAS include: (a) Mandatory Building Inspection Subsidy Scheme; (b) Common Area Repair Works Subsidy; and (c) Building Drainage System Repair Subsidy Scheme.

³¹ See Audit Commission (2020).

programme to assist “three-nil” buildings. Under the pilot scheme, local organizations or non-governmental organizations with experience in building management or related fields will be invited to reach out to owners of “three-nil” buildings and assist them in forming OCs.

3. New South Wales

3.1 In NSW, more than 15% (1 125 000) of total residents were living in multi-storey buildings (or referred as strata-titled properties or strata schemes) in 2021.³² These residential strata schemes (i.e. a building or a group of buildings that has been divided into lots, owners of which also share ownership of common property with other lot owners)³³ accounted for a large majority of some 82 000 strata schemes registered in NSW. According to the NSW government, strata schemes are integral to supporting the state’s growing population with more than 33 000 (or 40%) of all strata schemes being established since 2000.

Legislative framework governing management of strata schemes

3.2 As early as in 1961, the NSW government enacted the Conveyancing (Strata Titles) Act to provide the legislative framework for regulating the development and management of strata schemes to protect the interests of property owners. Major overhauls of the legislative framework had been subsequently made in 1973, 1996 and 2015 (after the significant increase in strata schemes since 2000) to keep pace with the changing circumstances amidst growing prevalence of strata living.

3.3 The existing legislative framework for regulating the management of strata schemes is laid down in the **Strata Schemes Management Act 2015** (“SSMA 2015”). The act was enacted in November 2015 after completion of a major review to enhance the **governance and management** of strata schemes, and improve **effectiveness of the dispute resolution mechanisms**.^{34, 35} SSMA 2015, which

³² See New South Wales Government (2020, 2021b).

³³ Lots of a strata scheme may be individual apartments, offices, or industrial, commercial or retail units.

³⁴ SSMA 2015 came into place as SSMA 1996 coupled with other related strata legislation had been considered complex and inflexible as well as being unable to meet the diverse management needs of modern strata schemes. See Parliament of New South Wales (2015).

³⁵ The review also brought about reform of the legislative framework governing the development of strata schemes through enactment of the Strata Schemes Development Act 2015. The new act combines two previous acts relating to strata schemes development to provide for, among others, the creation, variation, termination and renewal of strata schemes, and dealings with lots and common property in strata schemes.

came into effect in November 2016, provides for, among others: (a) the roles, rights and responsibilities of an “**owners corporation**” of a strata scheme (“SSOC”), which functions as a body corporate holding the principal responsibility for managing the strata scheme concerned; (b) operation of an SSOC, including the formation of the **strata committee** that comprises elected representatives responsible for making day-to-day decisions about management of the strata scheme; (c) protections in managing the relationship between SSOC and its appointed strata managing agent³⁶ and building manager³⁷; and (d) dispute resolution procedures.

3.4 The legislative framework provided by SSMA 2015 is characterized by the following **distinctive features/approaches** to promote effective building management:

- (a) **requiring mandatory establishment of SSOCs** – an SSOC comes into existence once a strata scheme is registered with the NSW Land Registry Services and all lot owners in a strata scheme are automatically part of the associated SSOC;
- (b) **establishing by-laws to facilitate management of the strata scheme** – all strata schemes have a set of by-laws which are rules established by the SSOCs concerned to govern how the scheme operates, including the use of common property and facilities, maintenance, and the behaviour of owners and tenants such as smoking and keeping of pets.³⁸ An SSOC can enforce the by-laws through the NSW Civil and Administrative Tribunal (“NCAT”)³⁹ which may penalize a person who breaches a by-law;⁴⁰

³⁶ An SSOC may appoint a licensed strata managing agent to help manage its strata scheme, including coordinating and conducting meetings, collecting and banking levies, advising on asset management and keeping the scheme’s financial records.

³⁷ An SSOC may also engage a building manager to help with the day-to-day running of the buildings such as managing, maintaining and repairing the common property.

³⁸ An SSOC may refer to a set of “model by-laws” as prescribed in the Strata Schemes Management Regulation 2016 in setting by-laws and adapt the relevant “model by-laws” for its own strata scheme. In making or changing a by-law, an SSOC must agree to a motion put forward on the proposed new by-law with no more than 25% of votes cast against it.

³⁹ NCAT, which commenced operation in 2014, consolidates the work of 22 former tribunals into a single point of access for specialist tribunal services in NSW. NCAT provides a simple, quick, and effective process for resolving disputes and reviewing administrative action, including provision of a range of alternative dispute resolution service options, and services that allow self-representation by parties in most matters.

⁴⁰ In contrast, the rules for the management of a building in Hong Kong are set out in DMC, which is a private contractual agreement among the developer, the manager and all the co-owners. As with other private contracts, the terms of DMC cannot be amended unilaterally without the consent of all parties to the contract. In NSW, the by-laws of a strata scheme can be set or amended by the SSOC concerned.

- (c) **putting in place procedure for removing strata committee members** – an SSOC may remove one or more members of the strata committee by a special resolution (which is passed when there is no more than 25% of the votes cast against it) at a general meeting.⁴¹ NCAT may, on its own motion or on application by an interested person, remove a strata committee or a strata committee member if it is satisfied that they did not comply with the relevant legislation or the by-laws of the strata scheme, or failed to exercise due care and diligence or engaged in serious misconduct while holding the office;
- (d) **allowing the use of electronic means for holding meetings, voting and record-keeping** – in order to encourage participation and enhance efficiency and transparency of operation, members are allowed to attend meetings remotely by phone or other electronic means, and cast their votes electronically before or during a meeting upon prior passage of related resolutions by the SSOCs concerned. In addition, SSOCs may decide to store all records and documents by electronic or other means, and send documents or serve notices electronically;
- (e) **limiting the number of proxy votes held by one person** – a person can only hold one proxy vote for schemes with 20 lots or less, or a number no more than 5% of the total number of lots for schemes with more than 20 lots;
- (f) **planning and making provision for major maintenance works** – all SSOCs are required to establish a **capital works fund** to make provision for major maintenance works for the common property, in addition to the administrative fund for meeting the day-to-day expenses of running a strata scheme. An SSOC is also required to prepare a plan of anticipated major expenditure to be met from the capital works fund for a 10-year period commencing on the first annual general meeting and review the plan at least every five years;
- (g) **imposing rules to enhance financial management of large strata schemes** (i.e. schemes with more than 100 lots) – relevant rules include (i) requiring the accounts and financial statements of the SSOCs concerned to be audited;⁴² (ii) at least two quotations must be obtained for a proposed expenditure item of over A\$30,000 (HK\$155,100); and

⁴¹ A special resolution is a vote by unit entitlement. One or more owners having a total unit entitlement of at least one quarter of the aggregate unit entitlements may request to hold a general meeting.

⁴² The accounts and financial statements of strata schemes with an annual budget exceeding A\$250,000 (HK\$1.29 million) are also required to be audited.

- (iii) spending on items should not be more than 10% over the estimated amount agreed at an annual general meeting unless the SSOC concerned agrees to remove the limit at a general meeting;
- (h) **limiting the term of service of an appointed strata managing agent and building manager** – the term of service of a strata managing agent is limited to one year if it is appointed at the first annual general meeting of an SSOC, and three years for any future appointment. The term of service of a building manager is up to 10 years. The appointment of any strata managing agent or building manager by the developer is terminated at the first annual general meeting of an SSOC;
- (i) **imposing annual reporting requirements** – all SSOCs are required to report updated information on the strata schemes and specified information on their operation⁴³ on an annual basis through a dedicated portal administered by NSW Fair Trading.⁴⁴ This is to enhance transparency and accountability of the management of the strata schemes, and enable the state government to provide relevant support services where necessary; and
- (j) **resolving disputes between owners and SSOCs through a step-by-step approach** – the approach involves (i) using the internal dispute resolution process of the strata scheme where available, or discussing the issue at an SSOC meeting and resolving it by taking a vote on the issue; (ii) applying to NSW Fair Trading for free mediation service if the dispute cannot be resolved through the governance and decision-making powers of the SSOC concerned; and (iii) applying to NCAT for a hearing of the dispute if it cannot be resolved by mediation.

Latest review of the legislative framework

3.5 In 2020, the NSW government conducted a statutory review of the major strata schemes legislation (including SSMA 2015) to determine whether the policy objectives of the legislation remain valid and the provisions are effective in achieving

⁴³ The required information includes (a) basic information about the strata scheme such as the number of lots by usage purpose and the number of storeys; (b) contact details of key responsible persons such as strata committee members; and (c) information from the most recent annual general meeting such as reported balance of the capital works fund.

⁴⁴ NSW Fair Trading is the consumer protection agency tasked to, among others, provide property owners with information on strata scheme management and assistance on dispute resolution, and administer consumer protection schemes.

the stated objectives. The legislation was also evaluated against the guiding objectives of the reform completed in 2015 to ascertain whether the desired outcomes such as improving the governance and management of strata schemes and enhancing effectiveness of the dispute resolution mechanisms were achieved upon implementation of the legislation.

3.6 The Review Report⁴⁵ released in November 2021 indicates that the **objectives of SSMA 2015 remain valid** and the legislation has provided a **robust framework** in fostering rapid expansion in strata living. Besides, the report has not seen a general increase in the number of strata disputes lodged to NSW Fair Trading, nor the number of cases handled by NCAT, notwithstanding the marked increase in the number and size of strata schemes since the implementation of SSMA 2015.⁴⁶

Recommendations on further refining the legislative framework

3.7 Nonetheless, the Review Report has made recommendations to further refine some aspects of SSMA 2015 to address issues raised by stakeholders in the public consultation exercise conducted during December 2020 to April 2021 for the review. The key recommendations include:

- (a) **enhancing the governance and accountability of strata committees**
 - some stakeholders have raised concerns about the governance of strata committees and doubted if members have performed their duties in the best interests of their SSOCs which may cause disputes in some strata schemes. To address such concerns, the Review Report recommends (i) codifying additional duties and obligations for strata committee members;⁴⁷ (ii) lowering the threshold to remove a committee member from a special resolution to an ordinary resolution which only requires a majority vote to pass in a one lot one vote format (irrespective of the number of owners for a lot);⁴⁸ and (iii) introducing provisions for strata committee members to be prohibited from serving on the committee for a specified period of time after being removed;

⁴⁵ The Review Report is entitled “the Report on the Statutory Review of the Strata Schemes Development Act 2015 and Strata Schemes Management Act 2015”.

⁴⁶ See New South Wales Government (2021b).

⁴⁷ SSMA 2015 mainly states that it is the duty of each strata committee member to carry out his or her functions for the benefit, so far as practicable, of an SSOC and with due care and diligence. Proposed additional duties include (a) acting with honesty, fairness and confidentiality; (b) disclosing any conflicts of interest; and (c) undertaking an approved training course on their duties and strata legislation.

⁴⁸ According to SSMA 2015, the votes of an original owner will be discounted by two-thirds if the unit entitlement of the original owner’s lots are at least half the aggregate unit entitlement of the scheme for specified types of resolution such as determining an election for officers or strata committee members of an SSOC.

- (b) **enabling wider use of electronic means for holding meetings, voting and record-keeping** – the Review Report found that the adoption of electronic meetings and voting by SSOCs have become more prevalent after the outbreak of the COVID-19 pandemic. In light of the high acceptance of stakeholders, the Review Report proposes to waive the requirement for SSOCs to pass a relevant resolution prior to the usage of electronic meetings and voting except for pre-meeting voting. As for record-keeping, the Review Report also suggests requiring SSOCs to keep all mandatory strata scheme records electronically with an appropriate transition period in view of high acceptance of the suggestion among stakeholders;
- (c) **ensuring capital works fund plans are properly prepared and monitored by SSOCs** – the Review Report revealed that the quality of the plans prepared by SSOCs highly varied (e.g. some plans only cover a bare minimum amount of details) and the implementation of the plans has not been regularly reviewed. As such, the Review Report proposes to prescribe the minimum requirements for preparing a capital works fund plan, and considers requiring SSOCs to report details of the plans and progress of implementation when they submit their annual report; and
- (d) **improving the dispute resolution mechanisms** – the Review Report found that the formal dispute resolution procedures involving NSW Fair Trading and NCAT are working effectively in general. However, stakeholders reflected that many SSOCs have not established any internal dispute resolution mechanism and there are concerns about the control of the strata committee over the determination of disputes. Hence, the Review Report suggests NSW Fair Trading to develop additional guidance for SSOCs on improving their internal dispute resolution mechanism as the initial step for resolving disputes.

Recent development

3.8 On the whole, the Review Report recommends refining SSMA 2015 with a view to, among others, further improving governance of SSOCs through enhanced accountability and transparency; and ensuring flexible management and administrative arrangements. Meanwhile, the state government is preparing for the legislative amendment exercise to implement the recommendations of the Review Report.

4. Singapore

4.1 In Singapore, some 16% or 229 100 of its 1.39 million resident households were living in private condominiums and apartments (or referred as strata-titled properties) in 2021.⁴⁹ All strata-titled properties, including those designed for residential, commercial or mixed use, are required to form a “Management Corporation Strata Title”. The major duty of this managing organization, often known as the Management Corporation (“MC”), is to serve as a body corporate responsible for the management and maintenance of the common property of a strata development. The overall policy objective of the Singaporean government is to empower MCs to self-manage their property and to ensure proper management and maintenance of the property. As at April 2022, there were some 4 650 MCs in Singapore.⁵⁰

Legislative framework governing management of strata-titled properties

4.2 The legislative framework regulating the development and sale of strata-titled properties and the establishment of MCs was first laid down in the Land Titles (Strata) Act (“LTSA”) which came into effect in 1967. The Singaporean government further enacted the Buildings and Common Property (Maintenance and Management) Act (“BCPA”) in 1973 to prescribe provisions for governing the proper maintenance and management of buildings and common property. In order to enhance effectiveness of strata-titled property management and MC operation, and to ensure ease of administration, the legislative framework was revamped in 2004 with the passage of the **Building Maintenance and Strata Management Act** (“BMSMA”) to combine BCPA with parts of LTSA.⁵¹

4.3 BMSMA, which came into effect in April 2005, is under the purview of the Ministry of National Development (“MND”)⁵² and is administered by the Building and Construction Authority (“BCA”).⁵³ BMSMA provides for, among others, (a) the formation, power, duties and operation of MCs; (b) the election of the council of a MC (“council”) which is responsible for the day-to-day running of the property, and the removal procedure of council members; (c) the appointment of a managing agent by a MC to assist in the day-to-day management of the property;

⁴⁹ The residential housing market in Singapore has been dominated by public housing developed by the Housing and Development Board, as 78% of the resident households were living in public subsidized sales flats or rental flats in 2021. See Singapore Department of Statistics (2022).

⁵⁰ See Data.gov.sg (2022).

⁵¹ The passage of BMSMA resulted in the repeal of BCPA and amendment of LTSA. The amended LTSA continues to be under the purview of the Ministry of Law.

⁵² MND is responsible for national land use planning and development in Singapore.

⁵³ BCA is a statutory board under MND tasked to promote development and transformation of the built environment sector in order to improve Singapore’s living environment.

(d) the requirements for building maintenance and repair; and (e) the dispute resolution procedures.

4.4 BMSMA has provided for the following **distinctive features/approaches** which are conducive to promoting effective property management and smooth operation of MCs:

- (a) **prescribing mandatory formation of MCs** – a MC for a strata development is constituted once the strata title plan for the development is lodged with the responsible Chief Surveyor and a strata title application made to the Registrar of Titles and Deeds under Singapore Land Authority;
- (b) **launching a two-tier MC scheme** – introducing a two-tier MC for mixed-use developments which comprises a main MC at the first tier, and one or more subsidiary MCs (“sub-MCs”) at the second tier representing the interest of a particular group of owners having a common interest. The two-tier MC scheme is to ensure more equitable arrangements in funding contribution and decision-making regarding management of the property.⁵⁴ A sub-MC has power and duties over its “limited common properties” (i.e. the part of common property that is for the exclusive benefit and management of the owner members) and strata lots only, and keeps its own budget;⁵⁵
- (c) **implementing by-laws to control the use of common property** – all MCs have to follow a set of statutory by-laws governing various aspects of common property usage such as noise, parking of vehicles and garbage disposal. MCs may also make other by-laws by a special resolution (passed when the owners who vote for the resolution constitute at least 75% of the share value of all the valid votes cast at the meeting) and these new by-laws must be consistent with the statutory by-laws. The MCs, owners or residents may apply to the court for an order to stop someone from disobeying the by-laws and to recover damages;

⁵⁴ Before that, responsibility for maintenance and management of common property in strata mixed-use developments was solely borne by single-tier MCs. Under the single-tier scheme, owners of mixed-use properties may have to cross-subsidize the maintenance of certain parts of common property that they seldom use. The MC concerned may also be difficult to accommodate the conflicting interests of different owner groups.

⁵⁵ As at April 2022, 3% of all MCs were two-tier MCs. See Data.gov.sg (2022).

- (d) **introducing procedure for removing members of a council** – a member may be removed by an ordinary resolution (passed with a simple majority of owners present voting for it) at a general meeting due to misconduct, neglect of duty, or incapacity or failure to carry out duties satisfactorily;
- (e) **making provision for future capital expenses** – apart from setting up a management fund for meeting the day-to-day recurrent expenses of maintaining the property, MCs are required to establish a **sinking fund** to ensure sufficient fund is available to cover future capital expenses on areas such as major repair and maintenance works, painting of the common property and acquiring movable property. The amount of money to be raised for a sinking fund is determined by an ordinary resolution of the MC concerned;
- (f) **ensuring transparency and accountability of MCs in financial management** – all the books and accounts of MCs must be audited for each financial year;
- (g) **limiting the term of service of an appointed managing agent** – the term of service of an appointed managing agent is up to three years and a retired managing agent is eligible for reappointment. A managing agent may be appointed or terminated by the MC concerned through an ordinary resolution at a general meeting, or by the council without a general meeting if it has been authorized to do so by the owners at the last preceding general meeting;⁵⁶ and
- (h) **resolving disputes through dedicated tribunals established under BMSMA** – while owners and MCs are encouraged to resolve their disputes through negotiation among themselves or mediation involving an independent service provider, the parties involved in specified types of disputes⁵⁷ may apply to the **Strata Titles Boards** (“STB”) for mediation and/or arbitration.⁵⁸ STB comprises members who are experienced practitioners in the building industry such as lawyers,

⁵⁶ In other words, a MC can revoke the contract of a non-performing managing agent without having to wait three years.

⁵⁷ STBs can hear disputes on matters such as complaints about defect in a lot or the common property, and applications to convene a general meeting, invalidate a resolution passed by a MC or vary the contributions levied on owners. For matters outside the jurisdiction of STB, the disputing parties may seek resolution from the courts.

⁵⁸ The disputing parties are required to attend mediation sessions arranged by STB. If the dispute is not resolved at the mediation stage, a hearing will be held and a determination or an order will be made by STB.

accountants and architects. Each dispute lodged with STB is handled by a panel of members best suited to hear the dispute. The decisions of STB are final and appeal can only be made to the High Court on question of law.

Latest review of the legislative framework

4.5 BCA has commenced a comprehensive review of BMSMA in 2012 as part of its regular legislative review process with a view to improving clarity of the provisions and enhancing the governance of MCs. It conducted a public consultation exercise in 2012 to collect stakeholders' views and suggestions for improving BMSMA. Two subsequent rounds of public consultation were carried out in 2013 and 2017 to solicit stakeholders' feedback on the proposed amendments of BMSMA to address concerns raised by stakeholders. The feedback collected from the final round of public consultation in 2017 indicated that the legislative amendments proposed by BCA were supported by a majority of respondents.

4.6 The bill to amend BMSMA was passed in September 2017, covering the following major amendments to improve the operation and governance of MCs and enhance protection of owners:

- (a) **tightening the proxy system** – to address increasing concerns about abuse of the system by persons who garner large number of proxy votes to influence decision making in a general meeting, a cap is imposed on the number of proxy one person can hold in any strata-titled development (i.e. either 2% of the total number of lots in the development or 2 owners, whichever is higher). The proxy giver may indicate his or her voting preference to the proxy;
- (b) **prohibiting any one person from holding more than one office bearer post** – to promote governance and transparency of MCs, a person cannot hold more than one office bearer post concurrently except for MCs with 10 or fewer lots;
- (c) **enabling use of electronic means** for service of notices, holding council meetings⁵⁹ and keeping of strata roll to promote efficiency of MC operation;

⁵⁹ Audio/virtual conferencing will be allowed subject to a council resolution and making it known in the notice of council meeting.

- (d) **expanding the jurisdiction of STB** to determine the validity of a council meeting or an executive committee meeting of a sub-MC held in case the provisions of BMSMA are not adhered to; and
- (e) **expanding the monitoring power of the responsible authority** – empowering the Commissioner of Buildings to appoint an official manager to manage a MC during a critical situation (e.g. the health or safety of residents are threatened due to a lack of maintenance) upon an application of owners comprising at least 20% of the aggregate share value of the total lots or not less than 25% of the total number of lots.⁶⁰

4.7 In addition, amendments have been made to clarify certain provisions to enhance stakeholders’ understanding of their roles and responsibilities, and to avoid disputes. Such clarifications include the definition of “common property”, the definition of “improvements” to common property that are under the purview of MCs, and scope of usage of the management fund.

Recent development

4.8 Most amended provisions of BMSMA have come into force by February 2019. By revamping BMSMA, the Singaporean government aims to strike a balance between maintaining a flexible legislative framework that makes self-management possible by MCs and having sufficient regulatory oversight and structure to prevent abuse of the self-management system. Over the years, property management disputes brought before STB had mainly been related to inter-floor water leakages, or those between owners and MCs for issues such as failure to perform certain statutory duties and applications to revoke certain by-laws. According to STB, the majority of the disputes could be concluded at the mediation stage.⁶¹ The number of cases resolved through arbitration averaged at around 11 per year between 2019 and 2021, maintaining at a similar level compared to the previous three-year period before BMSMA was revamped.

5. Concluding remarks

5.1 In Hong Kong, NSW and Singapore, it is not uncommon for residents to buy units and live in private developments comprising multi-storey buildings, giving

⁶⁰ The relevant provisions have not yet come into effect.

⁶¹ According to the latest available figures, there was an annual average of 107 property management dispute cases filed at STB between 2016 and 2018. In 2018, about 78% of the disputes lodged with STB were concluded at the mediation stage. See Strata Titles Boards (2019).

rise to the demand for the formation and operation of OCs/IOs, plus engaging professional managers as and when necessary, to discharge the responsibilities for managing and maintaining the common parts of the property as well as the general upkeeping of the whole property. The major features of the relevant legislative frameworks in Hong Kong, NSW and Singapore are summarized in [Appendix 3](#).

5.2 In **Hong Kong**, the relevant building management legislative framework provides for voluntary establishment of OCs by property owners. The Government has put forward a series of legislative amendments to address the issues faced by owners and OCs as identified in the comprehensive review conducted in the early 2010s. However, these amendments have yet to be implemented. In recent years, the Government has resorted to administrative measures to support owners and OCs in building management with the implementation of a host of support measures and programmes. These measures/programmes cover (a) general advisory services; (b) alternative dispute resolution services; (c) dedicated support services for owners of “three-nil” buildings; and (d) assistance on procuring for and conducting maintenance works.

5.3 The legislative frameworks governing building management in **NSW** and **Singapore** were both updated recently. The following provisions therein appear conducive to enhancing the governance and efficient operation of IOs, and promoting proper property management:

- (a) requiring mandatory formation of IOs upon registration of the property with the responsible authorities;
- (b) empowering IOs to set by-laws to control the use and facilitate management of common parts of the property;
- (c) encouraging participation and enhancing transparency of IOs through imposing a limit on the number of proxy instrument held by one person (so as to avoid abuse of the proxy system) and allowing the use of electronic means for holding meetings, voting and/or record keeping;
- (d) establishing a dedicated fund to provide for future major maintenance works;
- (e) requiring auditing for financial statements of IOs or regular update of information of the property and operation of IOs;
- (f) limiting the term of service of appointed managing agent/building manager; and

- (g) adopting a step-by-step approach and encouraging use of alternative dispute resolution procedures for resolving building management disputes in a more cost- and time-efficient manner as well as establishing dedicated tribunals for resolving issues between owners and between owners and IOs.

5.4 It is further observed that (a) the legislative framework in NSW further empowers the responsible tribunal to, on its own motion or on application by an interested party, remove a strata committee of an IO or a strata committee member, providing that it is satisfied that the strata committee or the strata committee member has not complied with the relevant legislation or has engaged in serious misconduct; and (b) in Singapore, the legislative framework allows owners of certain types of property such as mixed-use property to form a two-tier IO for more equitable arrangements in building management.

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**Major amendments to the Building Management Ordinance (Cap. 344)
proposed by the Government**

Areas of enhancement	Major proposed amendments
Improving operation of owners' corporations ("OCs") relating to large-scale maintenance projects and procurement in general	<ul style="list-style-type: none"> (a) raising the quorum of the OC meeting from 10% of the owners to 20% when a large-scale maintenance project is to be discussed and/or resolved; (b) stipulating that a resolution for a large-scale maintenance project shall only be passed if at least 10% of the owners or 400 owners, whichever is the lesser, have voted in person; (c) linking the definition of large-scale maintenance projects with the average annual audited expenditure of an OC for the past three years; and (d) specifying additional requirements on the tendering process such as displaying a copy of the invitation to tender at a prominent place of the building, and allowing inspection of the documents relating to the tendering process by owners and other relevant parties
Minimizing abusive use of proxy instruments	<ul style="list-style-type: none"> (a) limiting the maximum number of proxy instruments that a person can hold (i.e. holding proxy instrument from one owner for a building with not more than 20 flats, and not more than 5% of the owners or 50 owners whichever is lesser for a building with more than 20 flats); (b) including owners' voting instructions in the proxy instruments for certain items of resolution; and (c) improving arrangements for the collection, verification and record-keeping of proxy instruments
Limiting the term of appointment of a Deed of Mutual Covenant ("DMC") manager	<ul style="list-style-type: none"> (a) the term of appointment of a DMC manager would be automatically terminated five years after the formation of an OC

**Major amendments to the Building Management Ordinance (Cap. 344)
proposed by the Government**

Areas of enhancement	Major proposed amendments
Enhancing the procedure for dissolving a management committee	<p>(a) the responsible authority is empowered to, at the request of not less than 10% of the owners and after issuing warning, dissolve a non-performing management committee, and appoint an administrator to chair an OC meeting to re-elect a management committee and look after the operation of the OC before a new management committee is elected; and</p> <p>(b) the responsible authority will only exercise the power mentioned above in respect of an OC once every 12 months</p>
Improving accountability of OC and transparency of its operation	<p>(a) the votes cast by owners personally and those by proxy should be recorded separately in the minutes of the OC general meeting;</p> <p>(b) sending copies of the minutes of OC and management committee meetings at which a large-scale maintenance project is discussed and/or resolved to owners within 28 days from the date of meeting;</p> <p>(c) mandatory auditing of the financial statements of an OC which has/is likely to have an annual income or expenditure over HK\$100,000;</p> <p>(d) displaying the financial statements and a copy of the accountant's report in a prominent place of the building once available; and</p> <p>(e) imposing criminal sanctions on DMC manager/PMC/members of the management committee in relation to non-compliance with the requirements for audited accounts, proper safekeeping and circulation of minutes of OC and management committee meetings, and safekeeping of tender documents</p>

Sources: Home Affairs Bureau and Home Affairs Department (2017, 2020).

Major building management support measures/programmes implemented in Hong Kong

Support services	Year of launch	Key features	Outcomes
A. General support/advisory services			
Free Legal Advice Service on Building Management	• 2015	• The Home Affairs Department (“HAD”) has collaborated with the Law Society of Hong Kong to offer free legal advice to owners and owners’ corporations (“OCs”) on legal matters relating to building management	• Number of applications handled: 900 (2017-2021)
Pre-meeting Advisory Service for Owners’ Corporations	• 2017	• DBMLTs provide advice on procedural matters to newly formed OCs, management committees of OCs of a new term, and OCs anticipating controversial discussion items	• Number of sessions provided: 25 341 (2017-2021)
Owners’ Corporations Advisory Services Scheme	• 2018	• HAD has engaged property management companies to provide free advisory services to OCs in areas such as: (a) handling daily building management matters; (b) complying with BMO and relevant Codes of Practice; (c) procuring third party risks insurance; and (d) handling complaints or enquiries about building management matters	• Number of visits/meetings conducted: 1 202 (2018-2021)
Central Platform on Building Management	• 2018	• HAD has organized one-stop briefings regularly for owners and owners’ organizations which have received notices or repair orders to provide information on various support services and assistance schemes offered by different departments and institutions	• Number of briefing sessions held: 33 (2018-2021)
Free Outreach Legal Advice Service on Building Management	• 2019	• HAD has collaborated with the Law Society of Hong Kong to provide eligible OCs with free legal support in conducting OC meetings	• Number of cases handled: 29 (2019-2021)

Major building management support measures/programmes implemented in Hong Kong

Support services	Year of launch	Key features	Outcomes
B. Support services for owners of “three-nil” buildings			
Building Management Professional Advisory Service Scheme	<ul style="list-style-type: none"> • 2011 	<ul style="list-style-type: none"> • HAD commissioned property management companies to provide owners of aged buildings in need, in particular those of “three-nil” buildings with a range of free professional advisory and follow-up services on building management. These services included: (a) facilitating the formation or reactivation of OCs; (b) assisting OCs in applying for various subsidy and loan schemes for maintenance works; and (c) following up on matters such as building/window inspections, maintenance works and tenders 	<ul style="list-style-type: none"> • Number of buildings reached out to: about 3 800 (November 2011-December 2020) • Number of OCs formed or reactivated with assistance provided under the Scheme: 540 as at December 2020
Resident Liaison Ambassador (“RLA”) Scheme	<ul style="list-style-type: none"> • 2011 	<ul style="list-style-type: none"> • HAD has recruited owners or residents of “three-nil” buildings aged 30 years or above as RLAs to assist in contacting residents and engaging them in handling daily building management matters 	<ul style="list-style-type: none"> • Number of RLAs recruited: about 2 700 (April 2014-December 2020)

Major building management support measures/programmes implemented in Hong Kong

Support services	Year of launch	Key features	Outcomes
C. Dispute resolution services			
Panel of Advisors on Building Management Disputes (“Panel of Advisors”)	• 2011	• HAD has set up the Panel of Advisors, which comprises professionals of different background such as lawyers, accountants, surveyors and property managers, to provide free professional advice to the parties concerned to help resolve their disputes	• Number of cases referred to the Panel of Advisors for advice: 12 (2017-2021)
Free Mediation Service Scheme for Building Management	• 2015	• HAD has collaborated with two mediation organizations to provide free mediation services for the parties concerned to resolve their building management disputes in a quicker and more cost-effective manner	• Number of cases referred: 22 (2017-2021) • Number of cases resolved: 10 (2017-2021)
Building Management Dispute Resolution Service (“BMDRS”)	• 2018	• BMDRS is a free service steered by a retired Judge or Judicial Officer who will serve as the convenor to assist the parties concerned in identifying issues in a dispute, and exploring and generating options with a view to reaching a settlement	• Number of cases handled: 102 (2018-2021) • Number of cases resolved: 47 (2018-2021)
D. Public education			
LEAD Programme/ Advanced LEAD Programme	• 2011	• HAD has engaged tertiary institutions to provide structured training on building management for office-bearers of OCs to enable them to discharge their duties more effectively • Graduates of the LEAD Programme may join the Advanced LEAD Programme for more in-depth study of topics in building management	• Number of participants: 384 (2017-2021)

Major building management support measures/programmes implemented in Hong Kong

Support services	Year of launch	Key features	Outcomes
E. Programmes to support owners of aged buildings to conduct inspection and repair works			
“Smart Tender” Building Rehabilitation Facilitating Services Scheme	<ul style="list-style-type: none"> 2016 	<ul style="list-style-type: none"> The Scheme is a fee-based service to assist owners and OCs to procure building maintenance services through an electronic tendering platform and to avoid bid-rigging during the tendering exercises 	<ul style="list-style-type: none"> Number of valid applications received: 1 168 (May 2016-March 2020)
Operation Building Bright 2.0 (“OBB 2.0”)	<ul style="list-style-type: none"> 2018 	<ul style="list-style-type: none"> The programme provides technical and financial support to eligible owners of aged private residential or composite buildings to help them comply with the statutory requirements under the Mandatory Building Inspection Scheme (“MBIS”) OBB 2.0 covers two categories of buildings: (a) Category 1 – buildings whose owners or OCs are prepared to carry out the prescribed inspection and repair works on a voluntary basis; and (b) Category 2 – buildings selected by the Buildings Department which have outstanding MBIS notices but the owners concerned have difficulties in coordinating the requisite inspection and repair works (such as owners of “three-nil” buildings) The Government has earmarked HK\$6 billion for the Scheme, expecting to benefit 5 000 aged buildings 	<ul style="list-style-type: none"> Number of buildings covered: 2 181 as at end-2021, of which 45% were Category 2 buildings Subsidy approved: HK\$148 million as at end-2021

Sources: Development Bureau (2020, 2022), Home Affairs Bureau (2020, 2022), Home Affairs Bureau and Home Affairs Department (2020), Home Affairs Department (2022) and Hong Kong Building Rehabilitation Facilitation Services Limited (2022).

Legislative frameworks governing building management in Hong Kong, New South Wales and Singapore

	Hong Kong	New South Wales	Singapore
A. Overview of the legislative frameworks			
Relevant legislation	• Building Management Ordinance (Cap. 344)	• Strata Schemes Management Act 2015	• Building Maintenance and Strata Management Act (“BMSMA”)
Effective year of major legislative amendments	• 2007	• 2016	• 2019 (for most amended provisions)
Year of last review conducted	• 2011 (interim report published in 2013)	• 2020 (legislative amendment being prepared)	• 2012 (final round of public consultation held in 2017)
Administration authority	• Home Affairs Department	• Office of the Registrar General • NSW Fair Trading	• Building and Construction Authority
B. Key features of the legislative frameworks			
Establishment of owners’ corporations (“OCs”)/ incorporated owners (“IOs”)	• Voluntary	• Mandatory	• Mandatory
Structure of OCs/IOs	• Single-tier	• Single-tier	• Single-tier or two-tier (mainly for specified types of property)
OCs/IOs empowered to set by-laws to control use and facilitate management of common parts of the property	• No	• Yes	• Yes
Limiting the number of proxy instrument held by one person	• No • <i>Amendment has been proposed to impose a limit</i>	• Yes	• Yes
Making provision for major maintenance works	• No such provision	• Setting up a capital works fund and preparing a 10-year plan of expected major works that will be paid from the fund	• Setting up a sinking fund to make provision for future capital expenses

Legislative frameworks governing building management in Hong Kong, New South Wales and Singapore

	Hong Kong	New South Wales	Singapore
B. Key features of the legislative frameworks (cont'd)			
Auditing of accounts and financial statements of OCs/IOs	<ul style="list-style-type: none"> Financial statements of a building with more than 50 flats are required to be audited <i>Amendment has been proposed to require auditing of financial statements of OCs which have/are likely to have an annual income or expenditure over HK\$100,000</i> 	<ul style="list-style-type: none"> Financial statements of strata developments with more than 100 lots or those with a budget of over A\$250,000 (HK\$1.29 million) are required to be audited 	<ul style="list-style-type: none"> Mandatory for all IOs
Dissolution/removal of members of management committee of an OC/IO	<ul style="list-style-type: none"> To dissolve a management committee, a resolution has to be passed at an OC meeting with a quorum of 20% of the owners or an application be made by the owners to the Lands Tribunal <i>Amendment has been proposed to empower the responsible authority to, at the request of not less than 10% of the owners and after issuing warning, dissolve a non-performing management committee</i> 	<ul style="list-style-type: none"> A member may be removed by passing a resolution with no more than 25% of the votes counted in terms of unit entitlement cast against it at a general meeting NSW Civil and Administrative Tribunal (“NCAT”) may on its own motion or on application by an interested party to remove a member or dissolve a strata committee if it is satisfied that they have not complied with the relevant legislation 	<ul style="list-style-type: none"> A member may be removed by passing a resolution with a majority of owners present at the general meeting voting for it
Adoption of electronic means for holding meetings, voting and/or record-keeping	<ul style="list-style-type: none"> No such provision 	<ul style="list-style-type: none"> Yes, for holding meetings, voting and record-keeping 	<ul style="list-style-type: none"> Yes, for servicing notices, holding council meetings and keeping of the strata roll

Legislative frameworks governing building management in Hong Kong, New South Wales and Singapore

	Hong Kong	New South Wales	Singapore
B. Key features of the legislative frameworks (cont'd)			
Requirement on annual reporting of key information of the property and OC/IO concerned	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> No
Limiting the term of service of an appointed property management company or managing agent	<ul style="list-style-type: none"> No such provision <i>Amendment has been proposed to terminate the appointment of the manager specified in the Deed of Mutual Covenant five years after the formation of an OC</i> 	<ul style="list-style-type: none"> Terminating the appointment of any managing agent or building manager by the developer at the first annual general meeting of an IO Limiting the term of service of a managing agent to one year if it is appointed at the first annual general meeting, and three years for any future appointment Limiting the term of service of a building manager to 10 years 	<ul style="list-style-type: none"> Limiting the term of service of an appointed managing agent to three years
Dispute resolution mechanism	<ul style="list-style-type: none"> Resolving disputes through the court system Administrative measures have been implemented offering free alternative dispute resolution services for owners/OCs in dispute 	<ul style="list-style-type: none"> Promoting a step-by-step approach through (a) the internal dispute resolution process of the strata scheme or discussion of the issue at an IO meeting; (b) free mediation service provided by NSW Fair Trading; and (c) hearing and determination by NCAT 	<ul style="list-style-type: none"> Promoting a step-by-step approach through (a) negotiation with the parties/IOs concerned; (b) mediation involving an independent service provider; and (c) mediation and/or arbitration by the Strata Titles Boards which are dedicated tribunals established under BMSMA

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