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Panel on Home Affairs

**Information note prepared by the Legislative Council Secretariat
for the meeting on 22 May 2017**

**Financial arrangement for
the Property Management Services Authority**

The Property Management Services Authority ("PMSA") is a statutory body established under the Property Management Services Ordinance (Cap. 626) ("PMSO").¹ PMSA's principal functions are to regulate and control the provision of property management services in Hong Kong through the licensing of property management companies ("PMCs") and property management practitioners ("PMPs"); to promote the integrity, competence and professionalism of the profession of property management services; and to maintain and enhance the status of the profession of property management services. The appointment of PMSA members was announced on 25 November 2016, and the first meeting of PMSA was held on 21 February 2017. The relevant press releases issued by the Administration are in **Appendix I**.

2. During the scrutiny of the Property Management Services Bill by the relevant Bills Committee, the Administration advised that PMSA would be a self-financing statutory body supported by income generated from both licence fees and a very small amount of fixed levy.² According to section 15(1) of

¹ PMSO was passed by the Legislative Council on 26 May 2016 and will be implemented in phases. The Property Management Services Ordinance (Commencement) Notice 2016 (L.N. 98 of 2016) was gazetted on 10 June 2016 to appoint 24 October 2016 as the day on which certain provisions of PMSO came into operation (such provisions mainly related to the establishment and functions of PMSA). The remaining provisions of PMSO (which mainly concern the licensing of business entities and individuals engaged in providing property management services, and the regulation and control of such services) will come into operation at a later stage.

² During the scrutiny of the Property Management Services Bill, the Administration advised the relevant Bills Committee that in the Administration's view, the acceptable level of annual licence fee for a PMC should be around \$6,000 while that for a PMP should be around \$400 (Tier 2) to \$1,200 (Tier 1). The Administration also advised that the proposed amount of fixed levy to be imposed on each conveyance on sale would be around \$200 – \$350.

PMSO, PMSA may, by regulation, prescribe the fees payable in an application for a licence or the renewal of a licence, the fees payable for the issue of a licence or renewed licence, and the fees payable for the extension of the validity of a licence. Furthermore, according to section 62 of PMSO, the Secretary for Home Affairs may, by regulation, prescribe the amount of levy payable for a leviable instrument; provide for the exemption of any class of persons or instruments from the application of levy; and provide generally for the better carrying out of the part relating to levy under PMSO.

3. Members may wish to note that a written question on PMSA was raised by Dr Hon YIU Chung-yim at the Council meeting of 7 December 2016. The question and the Administration's reply are in **Appendix II**.

4. The Administration will brief the Panel on Home Affairs on the financial arrangement of PMSA at the next meeting on 22 May 2017.

Council Business Division 2
Legislative Council Secretariat
18 May 2017

Appendix I

Press Releases

Appointments to the Property Management Services Authority

The Government today (November 25) announced that the Chief Executive has appointed the following persons as members of the Property Management Services Authority (PMSA) for a period of three years with effect from December 1, 2016:

Chairperson

Mr Tony Tse Wai-chuen

Vice-Chairperson

Mr Wong Kwok-hing

Category I Persons (individuals who are engaged in property management services)

Mr Ivan Tam Kwok-wing

Mr Justin Wong Fai-sing

Mr Paul Ng Kwong-ming

Mr Dick Kwok Ngok-chung

Mr Yan Wai-kiu

Category II Persons (individuals, not being Category I persons, who, because of their experience in property management, general administration or consumer affairs, appear to the Chief Executive to have knowledge of property management services)

Ms Annie Wong Pak-yan

Ms Wendy Ng Wan-yee

Professor Eddie Hui Chi-man

Dr Jason Chan Kai-yue

Category III Persons (individuals, not being Category I or Category II persons, who appear to the Chief Executive to be suitable to be appointed as members of the PMSA)

Mr Chan Han-pan

Mr Frankie Yick Chi-ming

Mr Yip Hing-kwok

Mr Lanny Tam

Ms Cheng Lai-king

Mr Leung Man-kwong

Ms Jennifer Ng Chui-yiu

Director of Housing or his representative

Director of Home Affairs or her representative

The PMSA is a body corporate established under the Property Management Services Ordinance (Cap. 626). Its principal functions are to regulate and control the provision of property management services in Hong Kong by the licensing of property management companies and property management practitioners; to promote the integrity, competence and professionalism of the profession of property management services; and to maintain and enhance the status of the profession of property management services.

Press Releases

Property Management Services Authority holds first meeting (with photo)

The following is issued on behalf of the Property Management Services Authority:

The Property Management Services Authority (PMSA) held its first meeting today (February 21) to discuss issues relating to its functions and operations, rules of procedures, the mechanism for declaration of interests, the setting up of standing committees and its work plan.

The Chairman of the PMSA, Mr Tony Tse Wai-chuen, said, "The PMSA is an independent statutory authority responsible for regulating the provision of property management services through a licensing regime; promoting the integrity of property management companies and property management practitioners; and enhancing the status of the profession. Our major tasks include drawing up licensing requirements and codes of conduct, and the assessment of qualifications. The Authority will consult and consider the views of the industry and other stakeholders during the process."

To discharge the above responsibilities, the Authority agreed at today's meeting to set up five standing committees, namely, (i) the Finance and Strategic Development Standing Committee, (ii) the Disciplinary Standing Committee, (iii) the Licensing Standing Committee, (iv) the Practice and Examining Standing Committee, and (v) the Professional Development Standing Committee.

The PMSA is established pursuant to the Property Management Services Ordinance (Cap. 626). It comprises 20 members appointed by the Chief Executive for a period of three years with effect from December 1, 2016, including the Chairperson, Mr Tony Tse; the Vice-Chairperson, Mr Wong Kwok-hing; and other members - Mr Ivan Tam, Mr Justin Wong, Mr Paul Ng, Mr Dick Kwok, Mr Yan Wai-kiu, Ms Annie Wong, Ms Wendy Ng, Professor Eddie Hui, Dr Jason Chan, Mr Chan Han-pan, Mr Frankie Yick, Mr Yip Hing-kiu, Mr Lanny Tam, Ms Cheng Lai-king, Mr Leung Man-kwong, Ms Jennifer Ng, the representative of the Director of Home Affairs and the representative of the Director of Housing.

Ends/Tuesday, February 21, 2017
Issued at HKT 18:45

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Appendix II

Press Releases

LCQ9: Property Management Services Authority

Following is a question by the Dr Hon Yiu Chung-yim and a written reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (December 7):

Question:

This Council enacted on May 26 this year the Property Management Services Ordinance, which aimed at putting in place a legislative framework for the regulatory regime for property management services, and the establishment of the Property Management Services Authority (PMSA) to be responsible for enforcing the respective mandatory licensing regimes for the relevant companies and practitioners. Regarding the composition of PMSA, licensee discipline and the enactment of subsidiary legislation, will the Government inform this Council:

(1) given that the Ordinance provides that PMSA consists of a Chairperson, a Vice-chairperson and not more than 18 members who must be appointed by the Chief Executive (CE) from the following categories of individuals: (i) individuals who are engaged in property management services, (ii) individuals who have experience in the fields related to property management services, general administration or consumer affairs, and (iii) other individuals who are considered by CE to be suitable for appointment as PMSA members, and CE made the relevant appointments on the 25th of last month, whether the authorities know the criteria adopted by CE for making such appointments;

(2) given that PMSA may set up a standing committee for conducting disciplinary hearings on the misconduct of licensees, and the Secretary for Home Affairs must appoint an appeal panel for handling appeals lodged by those persons who are aggrieved by the decisions of PMSA, of the respective composition of the said committee and panel; whether the authorities will appoint representatives from the relevant organisations in the property management services sector to be members of such committee and panel; if they will, of the relevant appointment criteria; and

(3) given that the Government must enact subsidiary legislation on the licensing criteria for the companies and practitioners related to property management services, the information and documents required in an application for a licence, the levels of licence fees and levies, and the exemption of any persons from the payment of levies, etc., whether the authorities will consult the members of the property management services sector before introducing the subsidiary legislation concerned, and set up a consultation committee for this purpose; if such a consultation committee will be set up, of its composition and whether the authorities will appoint representatives from organisations in the property management services sector to be members of the consultation committee, if they will, of the relevant appointment criteria?

Reply:

President,

In response to the Dr Hon Yiu's question on the composition of the Property Management Services Authority (PMSA), and matters related to, among others, the discipline of licensees and subsidiary legislation under the Property Management Services Ordinance (Cap. 626) (PMSO), my reply is set out below:

(1) The composition of the PMSA is prescribed by the PMSO. According to section 2 of Schedule 3 to the PMSO, the PMSA is to consist of the Chairperson, the Vice-chairperson and not more than 18 ordinary members. The provision also stipulates that the Chief Executive (CE) has to appoint members of the PMSA from among the following categories of individuals:

- (a) around one-fourth are individuals who are engaged in property management services (Category I persons);
- (b) around one-fourth are individuals who, because of their experience in property management, general administration or consumer affairs, appear to the CE to have knowledge of property management services (Category II persons); and
- (c) at least half are general public, who appear to the CE to be suitable to be appointed as members (Category III persons).

Among the 20 members of the PMSA appointed by the CE, apart from the Chairperson and the Vice-chairperson, 5 are Category I persons; another 4 are Category II persons; and 9 are Category III persons.

According to the requirement under the PMSO, the composition of the PMSA has already included persons representing different categories of stakeholders to strike a balance between protecting the interests of the industry and those of owners and the general public.

(2) According to section 23(1) of Schedule 3 to the PMSO, the PMSA may establish a standing committee for hearing disciplinary matters under the PMSO, i.e. the disciplinary committee. Every member of the disciplinary committee is to be appointed by the PMSA. The disciplinary committee must also comply with the relevant requirements under section 23 of Schedule 3 to the PMSO, including:

- (a) it must consist of at least 3 members;
- (b) a majority of its members must be members of the PMSA; and
- (c) its chairperson must be a member of the PMSA.

In appointing members to the disciplinary committee, the PMSA will ensure that the disciplinary committee will include persons representing different categories of stakeholders to strike a balance between protecting the interests of the industry and those of owners and the general public.

Apart from the above, according to section 33 of PMSO, the Secretary for Home Affairs (SHA) must appoint an appeal panel, consisting of individuals, with 1 chairperson and 11 other members. A member of the PMSA is not eligible for the appointment. Members of the panel will be responsible for hearing appeals lodged under section 34 of the PMSO by any person aggrieved by the following matters:

- (a) a decision not to issue or renew a licence;
- (b) a decision to impose conditions on a licence or renewed licence;
- (c) a decision regarding the period for which a licence is issued or renewed;

- (d) a finding made at a disciplinary hearing; or
- (e) a disciplinary order.

In appointing the chairperson and members of the appeal panel, the SHA will appoint persons representing different categories of stakeholders to ensure that every case is handled in a fair, impartial and independent manner.

(3) According to section 15(1) of the PMSO, the PMSA may, by regulation, prescribe:

- (a) the information to be contained in, and the documents to accompany, an application for a licence or the renewal of a licence;
- (b) the fees payable in an application for a licence or the renewal of a licence;
- (c) the criteria for holding a licence;
- (d) the fees payable for the issue of a licence or renewed licence;
- (e) the fees payable for the extension of the validity of a licence;
- (f) the conditions that may be imposed on a licence or renewed licence; and
- (g) the fees payable for obtaining a copy of the property management company register and the property management practitioner registers.

In drafting the relevant regulations, the PMSA will duly consider the views of the property management services industry and relevant stakeholders. The relevant regulations will have to go through the negative vetting procedure of the Legislative Council (LegCo).

Apart from the above, according to section 62 of the PMSO, the SHA may, by regulation, prescribe the amount of levy payable for a leviable instrument; provide for the exemption of any class of persons or instruments from the application of levy; and provide generally for the better carrying out of the part relating to levy under the PMSO.

The relevant regulation will have to go through the negative vetting procedure of the LegCo. In drafting the relevant regulation, we will duly consider the views of the property management services industry, relevant stakeholders and the general public. We will also consult the PMSA and the relevant Panel of the LegCo on the relevant regulation.

Ends/Wednesday, December 7, 2016
Issued at HKT 14:00

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