



Your ref.: CB2/PL/HA

11 February 2011

The Hon Ip Kwok-him
Chairman of the Panel on Home Affairs
Legislative Council
Legislative Council Building
8 Jackson Road, Central
Hong Kong

BY FAX & POST
#2509 9055

Dear Mr Ip,

Panel on Home Affairs
Special meeting on 18 February 2011
Regulation of the Property Management Industry

Thank you for your letter (CB2/PL/HA) of 27 January 2011 inviting the Hong Kong Institute of Surveyors (HKIS) to give views on the Administration's consultation paper on regulation of the property management industry.

The HKIS organized a seminar titled "the Proposed Regulatory Framework for the Property Management Industry" on 27 January 2011 for the purpose of gathering views from members. In general, members support a new statutory framework for the regulation of property management industry. Besides, we would like to summarize members' comments for your reference.

(1) Regulatory Level and Qualification Standards

There is a general consensus that the proposed licensing regime at company level helps to promote property management companies' (PMCs) status and to raise service quality, even though it will increase practitioners' liability. A two-tier licensing regime is preferred because small-scale PMCs might be unable to afford expensive licensing fee.

HKIS recommends that the new system should follow the registration of general building contractors/minor works contractors currently adopted by the Buildings Department whereby a certain number of Registered Professionals are appointed as senior members and managers of the company as one of the licensing criteria. Likewise, all other property management service providers including owners' corporations and non-government organizations should be regulated. Whilst small and medium-sized companies shall also be licensed without exception, a transitional period may be implemented in order to allow ample time for meeting the new licensing requirements.



However, HKIS has reservation on the licensing of property management individuals. Members suggested that exemptions from licensing assessments (at individual level) shall be given to registered surveyors, registered housing managers as well as members of some other professional institutions. Currently, professional property managers are already regulated by the rule of conduct of their own professional institutes, such as HKIS. Further licensing of individuals becomes only a “Belt and Braces” job. The current practice of team work and collective decision making process generates extreme difficulty and unfairness, with a licensed individual personally being held liable for his/her managerial action. Owing to a wide variety of specialists involved (for example property manager, technical manager, security manager, etc.), it will also be difficult to establish a single and effective licensing system, not to mention the huge administration and licensing fees anticipated which may ultimately result in unnecessary increases in management fees.

To summarize, members generally preferred a licensing regime at company level since property management often involves team work and collective decision making processes. Such licensing regime will help to protect practitioners’ best interest whilst at the same time, fulfill their responsibilities. There has been a suggestion that the licensing regime at individual level is less preferable because in fulfillment of responsibilities as an individual licensee, practitioners might potentially tarnish the authority of their PMCs.

(2) *Roles of the Proposed Body and Scope of the Regulations*

The proposed body should act as a regulator, supervisor, as well as disciplinary body. It should set up an enforcement section to ensure that licensees provide property management services in accordance with the codes of practice and/or codes of conduct established by the body.

Members suggested that the proposed regulatory framework should specify all the rights and responsibilities of licensees (at company level), penalty systems, offences and defences etc. Since the proposed regulations will increase the liability of practitioners, these details are helpful to licensed PMCs in supervising their employees, as well as to individual practitioners in exercising their authority. Besides, considering that the government actively promotes the use of mediation to resolve construction disputes, the proposed regulations shall include provisions which encourage the use of mediation mechanism in property management industry.

(3) *Transitional Period*

A transitional period is necessary. Government funds could be allocated to public education during the transitional period (i.e. from now until the planned date of implementation) such that the public get to know the importance of establishing a licensing regime and regulatory framework for PMCs.



The HKIS sincerely hopes that the views of our members will help to prepare the implementation of the proposed regulatory framework. We look forward to the interface consolidation with the Legislative Council, government Administration and other professional institutions in the near future. Please feel free to contact our Chairman of Property and Facility Management Division, Mr Gary Yeung at 2526 3679 should you have any further queries.

Yours sincerely,



Wong Bay
President