

CHAPTER 4

Home Affairs Bureau Home Affairs Department

Efforts of the Home Affairs Department in facilitating building management

**Audit Commission
Hong Kong
28 October 2020**

This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

Report No. 75 of the Director of Audit contains 10 Chapters which are available on our website at <https://www.aud.gov.hk>

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EFFORTS OF THE HOME AFFAIRS DEPARTMENT IN FACILITATING BUILDING MANAGEMENT

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EFFORTS OF THE HOME AFFAIRS DEPARTMENT IN FACILITATING BUILDING MANAGEMENT

Executive Summary

1. In Hong Kong, many people live in private multi-storey buildings or private residential estates with individual blocks of buildings. It is the joint responsibility of owners of a building/estate to manage and maintain the common parts of the building/estate. Managing a building involves decision making on a myriad of matters, ranging from cleansing and refuse clearing in common parts of the building to non-recurring tasks such as commissioning of maintenance works. For multi-storey buildings with a large number of owners, it is necessary to put in place a mechanism to facilitate collective decision making of all owners on building management matters. The Government's policy is to encourage and assist property owners to form appropriate owners' organisations, such as owners' corporations (OCs), for effective building management and to assist owners to discharge their management responsibilities.

2. The Building Management Ordinance (BMO — Cap. 344) was enacted to provide a legal framework to facilitate the incorporation of owners and provide for the management of buildings or groups of buildings and for matters incidental thereto or connected therewith. An OC is a body corporate set up under BMO and has the legal status to represent all owners in managing the common parts of the building. Under BMO, a management committee (MC) is appointed to exercise the powers and perform the duties of an OC.

3. The Secretary for Home Affairs is the Authority of BMO. The Home Affairs Department (HAD), being the executive arm of the Home Affairs Bureau, seeks to assist owners of private buildings to form suitable owners' organisations and assist them in dealing with building management matters and their operation through various support services. Apart from setting up a dedicated division in its Headquarters to coordinate building management matters, HAD has also set up District Building Management Liaison Teams (DBMLTs) comprising Liaison Officers (LOs) in the 18 District Offices (DOs) to provide support services on building

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management matters at the district level. For 2020-21, there are 145 LOs engaged in building management duties with an estimated expenditure of \$94 million. The Audit Commission (Audit) has recently conducted a review to examine the efforts of HAD in facilitating building management.

Support services for the formation of owners' corporations

4. Effective building management may be difficult for buildings in which owners and residents lack the platform to discuss and handle issues of common concern, in particular those buildings which do not have OCs or any form of residents' organisations, nor engage any property management companies (PMCs) (i.e. commonly referred to as "three-nil" buildings). As at 31 December 2019, there were 40,944 private buildings in Hong Kong, of which 5,255 (13%) were "three-nil" buildings. HAD has since 2011 introduced targeted support services for "three-nil" buildings, namely the Building Management Professional Advisory Service Scheme (BMPASS) and the Resident Liaison Ambassador (RLA) Scheme, aiming at assisting owners to organise themselves to form OCs so that they can improve the management of the buildings. HAD has implemented three phases of BMPASS since 2011. In each of the three phases, HAD has, through open tenders, commissioned two contractors (hereinafter referred to as BMPASS Contractors) which are experienced PMCs to provide a range of free professional advisory and follow-up services to target buildings meeting certain criteria specified by HAD (paras. 1.8 to 1.12 and 2.2).

5. *Need to ascertain the number of buildings eligible for BMPASS.* Up to March 2020, the BMPASS Contractors had reached out to 3,820 buildings and had helped some of these buildings form or reactivate 536 OCs under the three phases. Apart from "three-nil" buildings, the three phases of BMPASS also covered buildings with OCs but the MCs of which were defunct or inactive. However, HAD did not have readily available information on the number of such buildings. On the other hand, while the number of "three-nil" buildings was readily available, such number included buildings which might not be able to form OCs in accordance with BMO (e.g. private buildings under single ownership), which should be excluded from the coverage of BMPASS. For better resources planning and assessment of the extent to which BMPASS has achieved its objective, HAD should ascertain the number of buildings eligible for BMPASS (paras. 1.11 and 2.6).

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6. *Need to review the basis of geographical allocation of target buildings.*

HAD has set a planned number of target buildings for each geographical area based on the proportion of number of “three-nil” buildings in the areas. Audit noted that for individual geographical areas, the variance in the planned and actual number of target buildings ranged from –75 to 75. HAD should review the basis of planning the geographical allocation of target buildings, including whether there are factors other than the proportion of number of “three-nil” buildings which should be taken into account (paras. 2.7 to 2.9).

7. *Need to improve the rate of success in forming/reactivating OCs.*

BMPASS was launched in 2011 (i.e. 9 years ago). Up to March 2020, among 3,820 buildings approached, 536 OCs had been formed/reactivated under BMPASS. The overall rate of success in forming/reactivating OCs was 14%. Audit noted that there was no documentary evidence showing that HAD had enquired the BMPASS Contractors about the difficulties encountered when helping owners to form/reactivate OCs. According to HAD, the BMPASS Contractors had reflected that the difficulties might be due to a number of inherent problems and practical difficulties often faced by such buildings, such as buildings with aged owners who were not interested in forming OCs. These difficulties might have led to the low level of willingness of the owners concerned to participate in the management of their buildings. HAD needs to formulate measures to improve the success rate of forming/reactivating OCs under BMPASS, taking into account the difficulties encountered by the BMPASS Contractors (paras. 2.10, 2.11, 2.15 and 2.16).

8. *Scope for improvement in performance monitoring of BMPASS Contractors.* Audit noted the following issues:

- (a) *Performance targets.* Many of the output targets set by HAD for the BMPASS Contractors in implementing the scheme were persistently over-achieved throughout the three phases of BMPASS. There is a need for HAD to review the level of such targets with a view to enhancing the service level; and
- (b) *Users’ advisory meetings and users’ satisfaction surveys.* To collect users’ views on BMPASS and the BMPASS Contractors’ performance, the BMPASS Contractors shall convene users’ advisory meetings half-yearly and DOs shall conduct a users’ satisfaction survey yearly. Up to March 2020, 93 users’ advisory meetings and 6 rounds of users’ satisfaction

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surveys had been conducted. Audit's analyses revealed that both the attendance of users' advisory meetings (averaging 22 in each meeting) and the response rates on users' satisfaction surveys (averaging 2.2%) were low. HAD needs to explore ways to encourage more users to give feedback via the users' advisory meetings and the users' satisfaction surveys (paras. 2.17 to 2.24).

9. ***Need to perform a comprehensive review on the experiences gained in the three phases of BMPASS.*** In the 2019 Policy Address, the Government has announced that BMPASS would be regularised. HAD should perform a comprehensive review for mapping out the way forward for BMPASS, drawing lessons from the experiences gained in the three phases. In particular, there is merit to review the criteria for inclusion as target buildings so as to increase the coverage of buildings in need under BMPASS (paras. 2.25 and 2.26).

10. ***Need to step up efforts in recruiting RLAs and promoting the RLA Scheme.*** HAD rolled out the RLA Scheme in 2011, which seeks to establish a resident liaison network for promoting the message of effective building management by recruiting owners or tenants who live in "three-nil" buildings as RLAs. The long-term objective is to assist the buildings in the formation of OCs to facilitate effective building management. As at December 2019, there were 2,759 incumbent RLAs in 1,300 "three-nil" buildings aged 30 years or above. Audit noted that, for the period 2015 to 2019:

- (a) the number of RLAs recruited rose from 566 in 2015, reached its peak of 1,054 in 2017, and dropped to 431 in 2019, representing an overall decrease of 24%; and
- (b) the percentage of "three-nil" buildings aged 30 years or above with incumbent RLAs ranged from 22% to 35%.

In Audit's view, HAD should step up efforts in recruiting RLAs, focusing on "three-nil" buildings with no incumbent RLAs, and take measures to enhance publicity of the RLA Scheme (paras. 2.29, 2.32 and 2.33).

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Support services on other building management matters

11. *Need to keep proper records on providing Pre-meeting Advisory Service for OCs.* To strengthen support for OCs and MCs for more effective building management, HAD launched the Pre-meeting Advisory Service for OCs in April 2017. DBMLTs brief MC members on meeting procedures and provide them with relevant information before OC meetings to ensure compliance with BMO and the Codes of Practice. Modes of service include meetings, discussions, correspondence exchanges and telephone communication. HAD's Headquarters has requested DOs to keep proper records of the services provided. However, without defining what constitutes a proper record, there are variations in the practices among DOs. While records of some of the DOs could be retrieved from the building files (i.e. paper files which contained information about each of the buildings), records of some other DOs were not as adequate (paras. 3.4, 3.7 and 3.9).

12. *Scope for improvement in conducting visits to private buildings.* To assist LOs in performing duties relating to building management effectively, HAD's Headquarters has issued the "Operational Manual on Building Management for Liaison Officers" (Operational Manual). Paying visits to buildings and attending owners' meetings are DBMLTs' major means to provide outreach services to owners and owners' organisations of private buildings. The Operational Manual states that each and every private building will be visited by LOs at least once a year, not only to keep in touch with the owners, but also to ensure that the building is well managed continuously. Audit noted the following issues:

- (a) *Need to review the frequency of visits to private buildings.* From 2016 to 2019, the requirement of "each and every private building will be visited by LOs at least once a year" had not been met. For each year in the period of 2016 to 2019, the percentage of buildings not visited ranged from 47% to 54%. Upon enquiry, HAD informed Audit that the performance indicators in HAD's Controlling Officer's Reports (CORs) on visits to buildings were replaced by a new indicator on liaison with owners/management bodies of private buildings in 2017. With this revision, conducting physical "visits" to each and every building was no longer regarded as the only means of performing building management liaison work, and the requirement on conducting visits to buildings in the Operational Manual should have been superseded. In Audit's view, it is useful that private buildings are visited by DBMLTs regularly to ensure

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that the buildings are well managed continuously. HAD needs to review the frequency of visits to private buildings by DBMLTs; and

- (b) ***Need to reach out to owners' organisations in conducting visits to private buildings.*** While some of the buildings had not been visited in the past 5 years, there were repeated visits in the same year for some other buildings without reaching out to the owners' organisations. As such, the visits did not meet the objective to keep in touch with the owners as stated in the Operational Manual (paras. 3.10, 3.11, 3.13 and 3.15 to 3.18).

13. ***Need to ensure that LOs in DBMLTs receive adequate training.*** To effectively assist owners and owners' organisations in handling building management matters and legal issues at OC meetings, it is important that LOs in DBMLTs are equipped with adequate professional knowledge. Audit noted that while the total number of training hours for LOs had increased by 45 % from 96 hours in 2015-16 to 139 hours in 2019-20, the total number of attendees had decreased by 14 % from 329 to 282 in the same period. Audit also noted that HAD had not set any training requirements (e.g. minimum number of training courses or training hours) for LOs (paras. 3.20 and 3.21).

14. ***Need to update Operational Manual for LOs.*** HAD has issued the Operational Manual to facilitate LOs in performing building management duties (see para. 12). Audit noted that some parts of the Operational Manual were not kept up to date. For example, services introduced after 2016 have yet to be included. In Audit's view, HAD needs to update the Operational Manual more frequently (paras. 3.25 to 3.27).

15. ***Need to ensure adequacy of educational and publicity programmes in individual districts.*** Audit noted the following issues:

- (a) ***Central Platform on Building Management.*** To strengthen support for owners and owners' organisations in building management and handling large-scale maintenance projects, HAD has set up the Central Platform on Building Management in September 2018. One-stop briefings are organised once a month in community halls in various districts. Audit noted that, for the 28 briefing sessions in the period 2018 to 2020, the venues

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were in 12 districts. In other words, out of the 18 districts, no briefings were held/planned in the other 6 districts; and

- (b) ***Programmes organised at district level.*** There was a large variation among the 18 DOs in the number of programmes organised at district level. In 2019, the number ranged from 1 to 37 programmes, averaging 11 programmes. In the 2 districts with only 1 programme organised, briefings had also not been arranged under the Central Platform on Building Management, which might indicate that very few educational and publicity programmes had been organised for some of the districts (paras. 3.31 to 3.33 and 3.36).

16. ***Need to encourage attendance of the LEAD Programme.*** To facilitate MC members (being office-bearers of OCs) to discharge their duties more confidently and effectively, HAD has since 2011 engaged tertiary institutions to provide structured training programmes, i.e. the LEAD Programme. HAD has also engaged experienced professionals in an Advanced LEAD Programme for the graduates of the LEAD Programme. As of December 2019, some 620 and 490 MC members had participated in the LEAD Programme and Advanced LEAD Programme respectively. For each of the programmes, participants with an attendance rate of over 70% will be awarded with a Statement of Attendance. Audit noted that:

- (a) 12% of the MC member participants of the LEAD Programme and 13% of those of the Advanced LEAD Programme had an attendance rate of less than 70%, including 4% with zero attendance in each of the programmes; and
- (b) of the 41 MC member participants who had an attendance rate of lower than 70% in the Advanced LEAD Programme, 12 (29%) also had an attendance rate of lower than 70% in the LEAD Programme. One MC member participant did not attend any of the sessions under both the LEAD Programme and Advanced LEAD Programme.

In Audit's view, HAD needs to take measures to encourage participants to attend all the training sessions (paras. 3.38 to 3.42).

Other administrative matters

17. *Need for individual DOs and the Headquarters to better achieve performance targets.* For the performance indicator in its CORs on “liaison with owners/management bodies of private buildings”, HAD has set target numbers of liaisons for each of the 18 DOs and for the Headquarters on other support services (e.g. BMPASS), which comprise visits conducted in person to management bodies of private buildings and “three-nil” buildings as well as other forms of liaison (e.g. e-mails and telephone contacts) with owners/management bodies. Audit noted the following issues:

- (a) *Performance targets not achieved by some DOs and the Headquarters in 2019.* In 2019: (i) 14 DOs and the Headquarters did not meet the targets for the total number of liaisons; (ii) 13 DOs and the Headquarters did not meet the targets for the number of visits to management bodies and “three-nil” buildings; and (iii) 13 DOs did not meet the targets for the number of other forms of liaison; and
- (b) *Some DOs persistently failed to achieve target numbers of liaisons.* Out of the 18 DOs, 7 (39%) had persistently failed to achieve the allocated targets for three consecutive years from 2017 to 2019.

In Audit’s view, HAD needs to take improvement measures to ensure that the performance targets on liaison with owners and management bodies of private buildings are met by all DOs and the Headquarters (paras. 4.2, 4.3, 4.6 and 4.8).

18. *Need to review counting basis on educational and publicity programmes for performance measurement.* HAD reported in its CORs a performance indicator “building management educational and publicity programmes”. Audit found room for improvement in the counting of number of programmes:

- (a) briefing sessions of the Central Platform on Building Management were held once a month in community halls in various districts. In 2018 and 2019, a total of 4 sessions were counted by both HAD’s Headquarters and the DOs concerned, resulting in double counting of the same programmes; and

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- (b) some of the programmes were of a recurring/repetitive nature. There is currently no clear definition on what constitutes a “programme” for HAD’s performance measurement purpose. As such, the methodologies used in counting the number of programmes varied. For example, in 2019, a television advertisement broadcast during a 6-day period was counted as 60 “programmes” (para. 4.14).

19. ***Need to update data in the database of private buildings.*** HAD maintains a database of all private buildings in Hong Kong, i.e. Building Management Information System (BMIS). It provides basic information on private buildings in all districts, such as number of units and storeys, year built, and information on management organisations of the buildings (e.g. OCs). The information is used by HAD for planning and implementation of services/schemes and also open to the public via HAD’s dedicated homepage on building management. Audit noted the following issues:

- (a) as at 31 March 2020, data of 40,944 buildings was kept in BMIS. However, data of “year built” was not available for 7,099 (17%) buildings, and data of “storeys” or “number of units” was not available for 957 (2%) buildings; and
- (b) Audit selected 30 building files during visits to three selected DOs. In the building files of the 30 buildings, there were a total of 111 visit reports for the period 2016 to 2019, of which data of 24 (22%) reports (involving 15 (50%) buildings) had not been input to BMIS, and therefore some of the data had not been updated.

In Audit’s view, HAD should continue to take measures to improve the accuracy of the database of private buildings (paras. 4.19, 4.21 to 4.23).

Audit recommendations

20. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Director of Home Affairs should:**

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Support services for the formation of OCs

- (a) ascertain the number of buildings eligible for BMPASS and review the basis of planning the geographical allocation of target buildings under BMPASS (para. 2.27(a) and (b));
- (b) formulate measures to improve the success rate of forming/reactivating OCs under BMPASS, taking into account the difficulties encountered by the BMPASS Contractors (para. 2.27(c));
- (c) review the level of performance targets for BMPASS Contractors with a view to enhancing the service level (para. 2.27(d));
- (d) in collaboration with the BMPASS Contractors, explore ways to encourage more users to give feedback via the users' advisory meetings and the users' satisfaction surveys (para. 2.27(e));
- (e) perform a comprehensive review for mapping out the way forward for BMPASS, drawing lessons from the experiences gained in the three phases, and take into account the recommendations in this Audit Report in implementing BMPASS in future (para. 2.27(f));
- (f) step up efforts in recruiting RLAs and enhancing publicity of the RLA Scheme (para. 2.34);

Support services on other building management matters

- (g) issue more guidelines to ensure that proper records are kept for the Pre-meeting Advisory Service for OCs provided by DBMLTs (para. 3.28(a));
- (h) review the frequency of visits to private buildings by DBMLTs and revise the frequency requirement in the Operational Manual on Building Management for LOs where appropriate, and set up a monitoring mechanism to ensure that the frequency requirement is met (para. 3.28(b));
- (i) issue more guidelines to DBMLTs on the procedures of conducting visits (para. 3.28(c));

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- (j) encourage LOs in DBMLTs to attend relevant training courses, and consider setting a training requirement for them (para. 3.28(d));
- (k) update the Operational Manual on Building Management for LOs more frequently (para. 3.28(f));
- (l) for the Central Platform on Building Management, keep in view the need to organise briefing sessions in all the 18 districts, and consider stepping up the use of electronic means in conducting the briefings (para. 3.43(a));
- (m) examine the reasons for the large variance in the number of educational and publicity programmes organised across the 18 districts, and consider setting a target number for each district (para. 3.43(b));
- (n) take measures to encourage participants in the LEAD/Advanced LEAD Programmes to attend all the training sessions, and consider setting possession of a Statement of Attendance in the LEAD Programme as a prerequisite for nominating MC members to enrol in the Advanced LEAD Programme (para. 3.43(c) and (d));

Other administrative matters

- (o) take improvement measures to ensure that the performance targets on liaison with owners and management bodies of private buildings are met by all DOs and the Headquarters (para. 4.9);
- (p) on the reporting of educational and publicity programmes, examine the suitability of the counting basis adopted for the programmes, issue clear guidelines on the counting basis and avoid double counting of the same programmes (para. 4.17(b)); and
- (q) continue to take measures to improve the accuracy of the database of private buildings (para. 4.24).

Response from the Government

21. The Director of Home Affairs agrees with the audit recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 In Hong Kong, many people live in private multi-storey buildings or private residential estates with individual blocks of buildings. When an owner purchases a flat in a multi-storey building, he/she is not only entitled to the exclusive possession of his/her flat, but also jointly owns the common parts (Note 1) of the building/estate with other owners of the same building/estate. It is the joint responsibility of owners of the building/estate to manage and maintain the common parts of the building/estate.

1.3 Effective building management helps provide a pleasant and comfortable living environment. On the contrary, buildings that are relatively aged and lack of proper management might give rise to problems in respect of hygiene, security and fire safety. Building dilapidation might also have implications on building and public safety. However, managing a building is no simple task. It involves decision making on a myriad of matters, ranging from cleansing and refuse clearing in common parts of the buildings to non-recurring tasks such as making one-off procurements (e.g. installation of security devices and commissioning of maintenance works). For multi-storey buildings (e.g. residential estates) with a large number of owners, it is necessary to put in place a mechanism to facilitate collective decision making of all owners on building management matters.

1.4 The Government's policy is to encourage and assist property owners to form appropriate owners' organisations, such as owners' corporations (OCs), for effective building management and to assist owners to discharge their management

Note 1: *Common parts of a building are specified in the Building Management Ordinance (Cap. 344) and in the building's Deed of Mutual Covenant, which defines the rights, interests and obligations of all the co-owners, the manager and also the developer of the building. Examples of common parts include structural parts (such as foundations, columns and beams), staircases, lifts, gardens and clubhouses, etc.*

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responsibilities. To this end, the Building Management Ordinance (BMO — Cap. 344) was enacted to provide a legal framework to:

- (a) facilitate the incorporation of owners of flats in buildings or groups of buildings; and
- (b) provide for the management of buildings or groups of buildings and for matters incidental thereto or connected therewith.

The Secretary for Home Affairs is the Authority of BMO. The Home Affairs Department (HAD), being the executive arm of the Home Affairs Bureau, seeks to assist owners of private buildings to form suitable owners' organisations and assist them in dealing with building management matters and their operation through various support services. HAD has set up a dedicated division (i.e. Division IV) in its Headquarters to coordinate building management matters. At the district level, HAD has set up District Building Management Liaison Teams (DBMLTs) comprising Liaison Officers (LOs) in the 18 District Offices (DOs) to provide support services on building management matters. For 2020-21, there are 145 LOs in HAD's Headquarters and DBMLTs engaged in building management duties with an estimated expenditure of \$94 million (Note 2). An extract of the organisation chart of HAD is at Appendix A.

1.5 ***OCs and other forms of owners' organisations.*** An OC is a body corporate set up under BMO (Note 3). BMO stipulates, among other things, the formation, powers, rules of operation and monitoring mechanism of OCs. According to HAD, formation of OCs is one of the pivotal tools for effective building management because an OC has the legal status to represent all owners in managing the common parts of the building. Apart from OCs, owners may also establish other forms of owners'

Note 2: *HAD's work in facilitating building management falls under the programme areas of "District Administration" and "Community Building". For 2020-21, the two programmes have a staff establishment of 1,753 and an estimated expenditure of \$2,903 million.*

Note 3: *An OC exercises and performs the rights, powers, privileges and duties of the owners in relation to the common parts of the building. For example, it is empowered to appoint property management companies, terminate their appointment and monitor their work (subject to the requirements under BMO and the Deed of Mutual Covenant of the building).*

organisations, such as owners' committees (Note 4), to assist in performing building management duties.

1.6 ***Management committee (MC).*** Since building management covers a wide range of matters, it will be difficult to deal with these matters promptly and effectively if each and every single matter has to be decided by a general meeting of OC. Under BMO, an MC is appointed to exercise the powers and perform the duties of an OC. In general, owners of the building may appoint an owner, who meets the relevant statutory eligibility criteria as specified in BMO, and whom they think fit to be a member of MC by resolution passed at a general meeting of OC (Note 5). Under normal circumstances, the powers and duties conferred or imposed by BMO shall be exercised and performed by MC on behalf of OC.

Note 4: *An owners' committee is an owners' organisation formed under and in accordance with the Deed of Mutual Covenant of the building. Its composition, operation details, duties and powers are set out in the Deed of Mutual Covenant. An owners' committee is not a body corporate. Subject to the terms of the Deed of Mutual Covenant, unanimous agreement of all owners may be required for every management and maintenance matter.*

Note 5: *Under BMO, the minimum number of MC members is determined in accordance with the number of flats in a building. For example, for a building with more than 100 flats, the number of MC members should not be less than 9.*

Support services for the formation of OCs

1.7 *Support services provided by DBMLTs.* These include:

- (a) advising property owners on the procedures of the formation of an OC;
- (b) processing applications to facilitate the formation of OCs (Note 6); and
- (c) attending the meeting of owners for the formation of an OC and giving advice on the procedures for the appointment of an MC.

1.8 *Targeted support services for “three-nil” buildings.* While it is the responsibility of property owners to manage their buildings (see para. 1.2), effective building management may be difficult for buildings in which owners and residents lack the platform to discuss and handle issues of common concern, in particular those buildings which do not have OCs or any form of residents’ organisations (Note 7), nor engage any property management companies (PMCs) (i.e. commonly referred to as “three-nil” buildings). Photographs 1 and 2 show conditions in common parts of some “three-nil” buildings due to poor building management.

Note 6: *These include:*

- (a) *issuing an exemption certificate to the convenor (who is the owner appointed by the owners of not less than 5% of the shares in aggregate) under section 3(1)(c) of BMO for obtaining a free copy of record of owners of the building from the Land Registry for the purpose of convening a meeting of owners to form an OC; and*
- (b) *processing applications made to the Secretary for Home Affairs for an order to convene a meeting of owners under section 3A of BMO.*

Note 7: *Apart from OCs, other forms of residents’ organisations include organisations formed by owners or other residents such as owners’ committees and mutual aid committees.*

Photographs 1(a) to 1(d)

Common parts of “three-nil” buildings in dilapidated conditions

(a) Staircase with cracks



(b) Broken staircase window glazing



(c) Water pipes with stains at building exterior



(d) Spalling of concrete in corridor



Source: HAD records

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Photographs 2(a) to 2(d)

Common parts of “three-nil” buildings in
unsatisfactory hygienic, safety and security conditions

(a) Staircase with obstructions



(b) Entrance without gate



(c) Rooftop with construction
waste and rubbish



(d) Canopy with rubbish



Source: HAD records

1.9 According to HAD's records, as at 31 December 2019, there were 40,944 private buildings in Hong Kong, of which 5,255 (13%) were "three-nil" buildings. Appendix B shows the distribution of private buildings in Hong Kong by district as at 31 December 2019.

1.10 In view of the problems arising from the lack of management of "three-nil" buildings, HAD has since 2011 introduced targeted support services for these buildings. Such measures aim at assisting owners to organise themselves to form OCs so that they can improve the management of the buildings and undertake building maintenance works where necessary. According to HAD's information, from 2011 to 2019, the total number of "three-nil" buildings has decreased from 6,736 to 5,255 (see Appendix C). More details of the two targeted services are described in paragraphs 1.11 and 1.12.

1.11 ***Building Management Professional Advisory Service Scheme (BMPASS).*** BMPASS has been implemented since 2011 with the following characteristics:

- (a) ***Objective.*** BMPASS aims at assisting owners of aged buildings (in particular those of "three-nil" buildings) to better understand and discharge their responsibilities for managing their own properties, so as to halt building dilapidation, enhance building safety and safeguard the public. Support is provided to owners to overcome the hurdles of initial start-up and coordination, so that they can be progressively trained and eventually take up the management responsibilities;
- (b) ***Mode of operation.*** Through open tenders, HAD has engaged two contractors (hereinafter referred to as BMPASS Contractors), which are experienced PMCs, to provide services to owners of target buildings (Note 8). The BMPASS Contractors proactively reach out to owners of the target buildings and provide professional advisory and support services; and

Note 8: *Under BMPASS, target buildings are private residential buildings or composite buildings fulfilling specified criteria, including building age, annual average rateable values, conditions of common parts of the buildings, and the status of management bodies (if any) of the buildings.*

Introduction

- (c) ***Scope of services.*** A range of free professional advisory and follow-up services are provided, including facilitating the formation or reactivation of OCs, and attending OC meetings to provide professional advice/secretarial support.

Since its inception in 2011, three phases of BMPASS have been launched. In Phases 1 and 2, BMPASS had reached out to 2,453 buildings. BMPASS is currently in Phase 3. Up to March 2020, the BMPASS Contractors had reached out to 3,820 buildings and had helped some of these buildings form or reactivate 536 OCs under the three phases. In the 2019 Policy Address, the Government has announced that BMPASS would be regularised.

1.12 ***Resident Liaison Ambassador (RLA) Scheme.*** Also launched in 2011, the RLA Scheme has the following characteristics:

- (a) ***Objective.*** The RLA Scheme aims at facilitating residents of aged buildings to enhance building management by recruiting owners or tenants in “three-nil” buildings as RLAs;
- (b) ***Mode of operation.*** The two BMPASS Contractors conduct household visits at target buildings and hold talks to encourage residents to participate as RLAs. DOs also invite residents to the scheme through day-to-day liaison; and
- (c) ***Role of RLAs.*** As at December 2019, there were about 3,900 RLAs. Apart from assisting government departments in contacting residents to disseminate messages on building management-related matters, RLAs also assist in:
 - (i) engaging residents to discuss and handle daily building management matters (e.g. cleanliness, security and fire safety); and
 - (ii) encouraging residents to share their experience and knowledge in building management.

According to HAD, the RLA Scheme has yielded considerable results. Not only did RLAs serve as a bridge of communication between residents and government

departments, they also actively promote the formation of OCs in their buildings. Many of them have become MC members upon the formation of OCs.

Support services on other building management matters

1.13 Apart from facilitating the formation of OCs, HAD also provides the following support services in facilitating building management:

- (a) advisory services to OCs (para. 1.14);
- (b) other support services by DBMLTs (para. 1.15); and
- (c) educational and publicity programmes (para. 1.16).

1.14 ***Advisory services to OCs.*** These services are provided to enhance support for OCs in discharging their duties properly and in accordance with BMO. The services include:

- (a) ***Pre-meeting Advisory Service for OCs.*** The service was launched in April 2017 to step up support for OCs and MCs for more effective building management. DBMLTs brief MC members on meeting procedures, and provide them with relevant information before OC meetings to ensure compliance with BMO and the Codes of Practice issued under BMO. The main targets of the service are newly-formed OCs, new-term MCs, and OCs anticipating controversial discussion items (e.g. maintenance projects);
- (b) ***OCs Advisory Services Scheme.*** The Scheme was launched in May 2018 as a pilot scheme and was regularised in March 2020. It aims to strengthen support for OCs and to promote effective building management. HAD has commissioned two PMCs as contractors (Note 9) through open tenders to provide OCs with free advisory services. The scope of services includes providing advice and assistance in handling daily building management matters and complying with BMO, the Codes of Practice, the Best Practices

Note 9: *Of the two contractors, one is also a BMPASS Contractor (see para. 1.11(b)).*

on Building Management and the Checklist on Procedural Propriety on Building Management, and assisting OCs in applying for building management-related subsidies (Note 10); and

- (c) ***Free Legal Advice Service on Building Management.*** In collaboration with the Law Society of Hong Kong, lawyers are assigned to offer legal advice on interpretation of the provisions on BMO and other relevant legal matters.

1.15 ***Other support services by DBMLTs.*** DBMLTs in the 18 DOs provide comprehensive support services in facilitating building management. Apart from the Pre-meeting Advisory Service for OCs (see para. 1.14(a)), they also provide outreach services to owners and owners' organisations, which include visiting owners and owners' organisations of private buildings and attending owners' meetings and providing information as appropriate. To assist owners, owners' organisations and PMCs in resolving disputes, DBMLTs may make referrals to various dispute resolution services with the support of relevant professional bodies/professionals (see Appendix D).

1.16 ***Educational and publicity programmes.*** Since it is the responsibility of property owners to manage the buildings, it is important for owners and MC members, who exercise and perform the powers and duties on behalf of OCs (see para. 1.6), to familiarise themselves with the requirements under BMO. In this connection, HAD has organised a number of educational and publicity activities, including:

Note 10: *For example, subsidies are provided under the Community Care Fund to relieve the burden relating to the daily operating expenses of OCs of aged buildings.*

- (a) ***Publication of guidelines.*** Education and assistance are provided to equip OCs with knowledge on the requirements under BMO and the related legislative amendment proposals (Note 11). In this connection, HAD has issued different publications in the form of administrative guidelines and checklists. HAD has also issued press releases and written to OCs to publicise these guidelines;
- (b) ***Central Platform on Building Management.*** To better assist owners of old buildings in building management, HAD launched the Central Platform on Building Management in September 2018, under which regular briefings on building management and maintenance are organised. Representatives from relevant government departments and organisations (Note 12) will provide information and introduce their services and schemes. Up to January 2020, a total of 17 sessions have been held; and
- (c) ***Structured training for MC members.*** Since 2011, HAD has engaged tertiary institutions to provide structured training on building management to MC members free of charge (named the LEAD Programme), so as to facilitate them to discharge their duties more confidently and effectively. As of December 2019, over 620 MC members had participated in the programme.

Note 11: *BMO was last amended in 2007. In 2011, in order to keep pace with changing circumstances and to address public concerns, a Review Committee on BMO was set up to conduct a comprehensive review. Following a series of public engagement exercises, the Government has drawn up a number of proposals for legislative amendments of BMO. For example, one of the proposals is to raise the quorum of the OC general meeting for passing resolutions on “large-scale maintenance projects” to encourage owners’ participation in making such important decisions. The Legislative Council Panel on Home Affairs was consulted on the proposals in May 2016, March and November 2017 and May 2020.*

Note 12: *The relevant government departments and organisations include Buildings Department, Fire Services Department, Electrical and Mechanical Services Department, Hong Kong Police Force, Independent Commission Against Corruption, Urban Renewal Authority and Competition Commission.*

Introduction

Performance measurement

1.17 HAD reports in its Controlling Officer's Reports (CORs) two key performance indicators in facilitating building management. The estimates and the actual achievements for 2015 to 2019 are shown in Table 1.

Table 1
Performance indicators on facilitating building management
(2015 to 2019)

Performance indicator	Estimate/ Actual	2015	2016	2017	2018	2019
1(a). Visits to buildings with OCs/mutual aid committees/owners' committees/residents' organisations (No. of visits)	Estimate	41,000	41,000	N.A. (Note)		
	Actual	41,642	41,108			
1(b). Visits to buildings without any form of management (No. of visits)	Estimate	7,000	7,000			
	Actual	8,166	7,013			
2. Liaison with owners/management bodies of private buildings (No. of liaisons)	Estimate	N.A. (Note)		49,000	58,000	58,000
	Actual			57,926	62,147	58,855
3. Building management educational and publicity programmes (No. of programmes)	Estimate	400	400	400	400	400
	Actual	404	400	402	406	404

Source: HAD records

Note: As from 2017, the indicators (1(a)) "visits to buildings with OCs/mutual aid committees/owners' committees/residents' organisations" and (1(b)) "visits to buildings without any form of management" were replaced by a new indicator (2) "liaison with owners/management bodies of private buildings". According to HAD, the new indicator better reflects the work of HAD on building management.

For 2020, the estimates for the two indicators are 60,000 liaisons and 400 educational and publicity programmes.

Audit review

1.18 In April 2020, the Audit Commission (Audit) commenced a review to examine the efforts of HAD in facilitating building management, focusing on:

- (a) support services for the formation of OCs (PART 2);
- (b) support services on other building management matters (PART 3); and
- (c) other administrative matters (PART 4).

Acknowledgement

1.19 During the audit review, in light of the outbreak of coronavirus disease (COVID-19), the Government had implemented various special work arrangements and targeted measures for government employees, including working from home. Audit would like to acknowledge with gratitude the full cooperation of the staff of HAD during the course of the audit review amid the COVID-19 epidemic.

PART 2: SUPPORT SERVICES FOR THE FORMATION OF OWNERS' CORPORATIONS

2.1 This PART examines support services provided by HAD for the formation of OCs, focusing on the two services targeted for “three-nil” buildings, BMPASS and the RLA Scheme.

Implementation of the Building Management Professional Advisory Service Scheme

2.2 To assist owners of aged buildings (in particular those of “three-nil” buildings) in the formation of OCs with a view to improving building management, HAD has implemented three phases of BMPASS since 2011 (see para. 1.11). In each of the three phases, HAD has commissioned two BMPASS Contractors through open tenders to implement the scheme (Note 13), which are responsible for providing a range of free professional advisory and follow-up services to target buildings meeting certain criteria specified by HAD (see para. 2.3). The services (Note 14) include:

- (a) conducting household visits and contacting owners directly;
- (b) assisting in the recruitment of RLAs; and

Note 13: *The two contractors are responsible to serve different geographical areas in Hong Kong. The contracted costs for each of the three phases were \$38 million (Phase 1), \$48 million (Phase 2) and \$51 million (Phase 3) respectively.*

Note 14: *After the formation/reactivation of OCs under BMPASS, BMPASS Contractors may also provide follow-up services during the OCs' initial start-up stage, including:*

- (a) *attending OC meetings to provide professional advice and secretarial support;*
- (b) *assisting OCs in applying for loans/subsidies under various loan and subsidy schemes for maintenance works, and following up on building/window inspections, maintenance works and tendering matters;*
- (c) *assisting OCs in procuring third party risks insurance, and purchasing and installing of energy saving equipment; and*
- (d) *providing training on building management to office-bearers of OCs, owners and RLAs.*

- (c) facilitating the formation of OCs or the reactivation of operation of OCs.

2.3 For each phase under BMPASS, owners of buildings interested in joining the scheme may submit applications. Nominations may also be made by District Council members or DOs. Buildings meeting certain criteria specified by HAD would be included as “target buildings” under that phase. The criteria adopted for Phase 3 (Note 15) are:

- (a) residential or composite (i.e. commercial/residential use) buildings aged 30 years or above (excluding New Territories Small Houses, village houses and house developments);
- (b) the annual average rateable value of the residential units did not exceed \$162,000 for urban areas (Note 16), and \$124,000 for the New Territories;
- (c) the common parts of the buildings were in disrepair or dilapidated condition, requiring maintenance or repair works;
- (d) there was no OC, or MC was defunct or inactive; and
- (e) not included in either Phase 1 or Phase 2 of BMPASS.

2.4 The period covered and the number of target buildings involved in each phase of BMPASS are as follows:

Note 15: *The criteria adopted for Phases 1 and 2 were the same as those for Phase 3, except for the following:*

- (a) *the threshold of annual average rateable value of the residential units (see para. 2.3(b)) was “not exceeding \$100,000” in Phase 1, and “not exceeding \$120,000 for urban areas and \$92,000 for the New Territories” in Phase 2; and*
- (b) *the criterion of “not included in previous phase(s) of BMPASS” (see para. 2.3(e)) did not apply in Phase 1.*

Note 16: *Urban areas under BMPASS include Sha Tin, Kwai Tsing and Tsuen Wan.*

Support services for the formation of owners' corporations

- (a) Phase 1 from November 2011 to March 2014, involving 1,253 target buildings;
- (b) Phase 2 from April 2014 to March 2017, involving 1,200 target buildings; and
- (c) Phase 3 from April 2017 to December 2020 (Note 17), involving 1,367 target buildings.

2.5 According to HAD, BMPASS has been effective and welcomed by relevant sectors of the community. In the 2019 Policy Address, the Government has announced that BMPASS would be regularised. This is to intensify the continuous support to owners of “three-nil” buildings and aged buildings by engaging experienced PMCs to assist them to form or reactivate their OCs to perform building management duties.

Need to ascertain the number of buildings eligible for BMPASS

2.6 The objective of BMPASS is to assist owners of aged buildings, including “three-nil” buildings, in the formation of OCs with a view to improving building management (see para. 2.2). Audit noted that:

- (a) apart from “three-nil” buildings, the three phases of BMPASS also covered buildings with OCs but the MCs of which were defunct or inactive (see para. 2.3(d)). However, according to HAD, while the number of “three-nil” buildings was readily available, there were no readily available statistics about buildings with defunct MCs (Note 18); and
- (b) the number of “three-nil” buildings in HAD’s records (5,255 as of 2019) included buildings which might not be able to form OCs in accordance with

Note 17: *Phase 3 of BMPASS was launched for the period April 2017 to March 2020. It has been extended to December 2020 to procure additional service from the contractors to cater for the continuing needs of OCs formed under Phase 3 in respect of building repair works.*

Note 18: *According to HAD, if LOs noticed during day-to-day liaison that the MC of a building was defunct, a remark would be made. Such information would be taken into account when the building applied for or was nominated to BMPASS.*

BMO (e.g. town houses and private buildings under single ownership — see Note 2 to Appendix B). Accordingly, such buildings should be excluded from the coverage of BMPASS. However, HAD did not have readily available information on the number of such buildings.

In Audit's view, for better resources planning and assessment of the extent to which BMPASS has achieved its objective, HAD should ascertain the number of buildings eligible for BMPASS, including buildings with OCs but the MCs of which are defunct or inactive, and excluding those which may not be able to form OCs in accordance with BMO.

Need to review the basis of geographical allocation of target buildings

2.7 For resources allocation purposes, HAD has set a planned number of target buildings for each geographical area. According to HAD, the planned number of target buildings was based on the proportion of number of “three-nil” buildings in the geographical areas. Table 2 shows, in all the three phases of BMPASS, the total planned number of target buildings, and the total actual number (i.e. number of buildings which had applied for or had been nominated to BMPASS, and met the specified criteria — see para. 2.3), by geographical area.

Table 2

Number of target buildings under the three phases of BMPASS

Geographical area	No. of target buildings		
	Planned (a)	Actual (b)	Variance (c) = (b) – (a)
Area 1 (Yau Tsim Mong)	934 (24 %)	872 (23 %)	-62 (-7 %)
Area 2 (Kowloon City)	713 (18 %)	710 (18 %)	-3 (0 %)
Area 3 (Sham Shui Po and Kowloon East)	774 (20 %)	799 (21 %)	25 (3 %)
Area 4 (Hong Kong Island)	849 (22 %)	774 (20 %)	-75 (-9 %)
Area 5 (New Territories West)	212 (6 %)	219 (6 %)	7 (3 %)
Area 6 (New Territories East)	371 (10 %)	446 (12 %)	75 (20 %)
Overall	3,853 (100 %)	3,820 (100 %)	-33 (-1 %)

Source: Audit analysis of HAD records

Remarks: The two BMPASS Contractors were responsible for service in different geographical areas. One was responsible for Areas 1, 2, 3 and 5, and the other for Areas 4 and 6.

2.8 It can be seen from Table 2 that, for each of the two BMPASS Contractors, within the geographical areas they were responsible, there was no significant difference between the total planned and actual number of target buildings. However, for individual geographical areas, the variance in the planned and actual number of target buildings ranged from -75 (Area 4) to 75 (Area 6).

2.9 The geographical areas and the planned number of target buildings were specified in the tender documents and contracts for engaging contractors. It is therefore important that the planned number of target buildings and its geographical allocation should be close to the actual as far as practicable. As BMPASS would be

regularised after Phase 3 (see para. 2.5), Audit considers that HAD should take the opportunity to review the basis of planning the geographical allocation of target buildings, including whether there are factors other than the proportion of number of “three-nil” buildings (such as the age of buildings) which should be taken into account.

Need to improve the rate of success in forming/reactivating OCs

2.10 BMPASS was launched in 2011 (i.e. 9 years ago). Up to March 2020, among 3,820 buildings approached, 536 (14%) OCs had been formed/reactivated under BMPASS. Table 3 shows the number of OCs formed/reactivated under each phase of BMPASS.

Table 3

**Number of buildings approached and
OCs formed/reactivated under BMPASS**

Item	Phase 1	Phase 2	Phase 3 (Up to March 2020)	Overall
No. of buildings approached (a)	1,253	1,200	1,367	3,820
No. of OCs formed/reactivated (b)	157	194	185	536 (Note)
No. of OCs formed/reactivated as a percentage of no. of buildings approached (c) = (b) ÷ (a) × 100%	13%	16%	14%	14%

Source: Audit analysis of HAD records

Note: This comprised 443 OCs formed and 93 OCs reactivated.

Support services for the formation of owners' corporations

2.11 From time to time, there were media reports and comments from some Members of the Legislative Council about the seemingly low rate of success in forming OCs under BMPASS. As shown in Table 3, the overall rate of success in forming/reactivating OCs, measured by the number of OCs formed/reactivated as a percentage of the number of buildings approached under BMPASS, was 14%. Audit noted that the BMPASS Contractors were required to submit monthly progress reports to HAD reporting their work in approaching each of the target buildings in the districts. However, there was no documentary evidence showing that HAD had enquired the BMPASS Contractors about the difficulties encountered when helping owners to form/reactivate OCs.

2.12 Audit selected three DOs (Note 19) to review HAD's work on building management. To understand the work of the BMPASS Contractors in implementing the scheme, Audit examined the monthly progress reports submitted by the contractors to the three DOs. Table 4 summarises results of household visits by the BMPASS Contractor concerned in one of the districts (District A).

Note 19: *The DOs which recorded the highest number of shortfall in meeting the target number of liaisons in 2019 (see para. 4.3) in each of Hong Kong Island, Kowloon and the New Territories were selected.*

Table 4

Summary of household visits in District A under BMPASS

Item	Phase 2	Phase 3 (Up to March 2020)
No. of buildings approached (a)	280	133
No. of units involved (b)	4,561	3,181
Units with household visits not completed (Note)		
No. of units (c)	3,339	2,568
As a percentage of total (d) = (c) ÷ (b) × 100%	73%	81%
Units with household visits completed		
No. of units (e)	1,222	613
As a percentage of total (f) = (e) ÷ (b) × 100%	27%	19%
No. of units of which the owners/residents were willing to accept BMPASS services (g)	970	597
As a percentage of units with household visits completed (h) = (g) ÷ (e) × 100%	79%	97%
No. of units of which the owners/residents were willing to become MC members (i)	100	77
As a percentage of units with household visits completed (j) = (i) ÷ (e) × 100%	8%	13%

Source: Audit analysis of HAD records

Note: According to the contracts, the BMPASS Contractors shall complete door-to-door household visits to all target buildings within the geographical areas by the end of three months after commencement of services. There were no specified number of attempts of household visits to be made. Based on HAD records, the reasons for not completing the household visits included that the units were vacant or the BMPASS Contractor concerned was unable to reach the owners/residents during the visits.

Support services for the formation of owners' corporations

2.13 It can be seen in Table 4 that:

- (a) the BMPASS Contractor concerned encountered considerable difficulty in completing household visits for a large proportion of units (73 % for Phase 2 and 81 % for Phase 3 — see item (d)); and
- (b) for units with household visits successfully completed, the willingness of owners/residents to accept BMPASS services was high (79 % for Phase 2 and 97 % for Phase 3 — see item (h)).

2.14 According to HAD, participation by owners and residents is key to effective building management. Regarding the formation of OCs, it is important that this message is conveyed to the majority of the owners/residents in the buildings. The purpose of the household visits to individual units is to make direct contact with them, with a view to promoting BMPASS and encouraging them to participate in building management. Apparently, the difficulty of the BMPASS Contractors in completing household visits could be one of the reasons leading to the seemingly low rate of success in forming/reactivating OCs.

2.15 In September 2020, HAD informed Audit that while there was no documentary evidence showing that it had enquired the BMPASS Contractors about the difficulties encountered when helping owners to form/reactivate OCs (see para. 2.11), the BMPASS Contractors had reflected that the difficulties might be due to a number of inherent problems and practical difficulties often faced by such buildings, such as:

- (a) buildings with most of the occupants being tenants rather than owners;
- (b) buildings with aged owners who were not interested in forming OCs;
- (c) the existence of multiple Deeds of Mutual Covenant, leading to complications in ownership and hence the management responsibilities of certain common parts of the buildings; and
- (d) the buildings were under acquisition.

These difficulties might have led to the low level of willingness of the owners concerned to participate in the management of their buildings. Against this background, HAD considered that the achievement of BMPASS was reasonable, with a notable decrease in the number of “three-nil” buildings over the years.

2.16 In Audit’s view, HAD needs to formulate measures to improve the success rate of forming/reactivating OCs under BMPASS, taking into account the difficulties encountered by the BMPASS Contractors.

Scope for improvement in performance monitoring of BMPASS Contractors

2.17 *Performance targets.* HAD has set output targets for the BMPASS Contractors in implementing the scheme. HAD has issued an “Operation Guide for LOs on contract management for BMPASS” in monitoring the BMPASS Contractors’ service delivery and performance under BMPASS in the districts concerned. Procedures to facilitate effective monitoring of the performance of the BMPASS Contractors include:

- (a) the BMPASS Contractors shall submit to HAD monthly progress reports, which include reporting on their attainment of output targets. HAD’s staff will carry out audits and site inspections bi-monthly (Note 20); and
- (b) if the BMPASS Contractors fail to meet the standards required under the contracts, follow-up actions will be taken (Note 21).

Note 20: *The BMPASS Contractors shall maintain log sheets and make them available for inspection by HAD’s staff. The log sheets shall record details of work performed by the BMPASS Contractors (e.g. household visits conducted and meetings attended).*

Note 21: *DOs are entitled to instruct the BMPASS Contractors to remedy/rectify the failure within such period as specified. A warning letter will be issued if the contractor fails to comply with the instructions. If the progress of meeting the output targets is not to the satisfaction of HAD, it will withhold/deduct a sum of money from the monthly payment and issue a warning letter to the contractor. For Phase 3 (up to June 2020), one warning letter was issued.*

Support services for the formation of owners' corporations

The key targets set and the attainment of these targets in each phase are summarised in Table 5.

Table 5

Output targets under BMPASS

Output target	Target/ Actual	Phase 1	Phase 2	Phase 3 (Up to March 2020)	Overall
No. of OCs formed/ reactivated	Target	99	99	105	303
	Actual	157 (159%)	194 (196%)	185 (176%)	536 (177%)
No. of RLAs recruited	Target	N.A.	1,200	1,348	2,548
	Actual	(Note 2)	1,255 (105%)	1,434 (106%)	2,689 (106%)
No. of OCs with assistance provided on					
applying for loan/subsidy	Target	99	99	105	303
	Actual	111 (112%)	113 (114%)	194 (185%)	418 (138%)
engaging consultants/ contractors (Note 1)	Target	71	51	103	225
	Actual	114 (161%)	84 (165%)	104 (101%)	302 (134%)
procuring third party risks insurance	Target	N.A.	99	105	204
	Actual	(Note 2)	154 (156%)	173 (165%)	327 (160%)

Source: Audit analysis of HAD records

Note 1: The consultants/contractors (e.g. registered inspectors, authorised persons) are involved in undertaking building inspection and/or maintenance/repair works.

Note 2: The BMPASS Contractors in Phase 1 were not engaged in procuring third party risks insurance and the recruitment of RLAs.

Remarks: Figures in bracket represent actual achievement as a percentage of output targets.

2.18 It can be seen from Table 5 that many of the targets were persistently over-achieved throughout the three phases of BMPASS (e.g. number of OCs formed/reactivated). In Audit's view, performance targets should be realistic and achievable and also challenging enough to drive improvement. BMPASS has been implemented for 9 years since 2011. In view of the persistent over-achievement in many of the performance targets, there is a need for HAD to review the level of such targets with a view to enhancing the service level.

2.19 *Users' advisory meetings.* According to the "Operation Guide for LOs on contract management for BMPASS", the BMPASS Contractors shall convene users' advisory meetings comprising representatives of users (e.g. OCs, owners/residents and RLAs) and DOs' staff to collect views on BMPASS and their performance half-yearly in each of the geographical areas. Letters are delivered to the target buildings to invite owners/residents to join the meetings. Up to March 2020, the two BMPASS Contractors had held 93 users' advisory meetings for all the geographical areas under the three phases of BMPASS. The feedbacks were generally positive (Note 22). An analysis of the average attendance in the meetings in each of the three phases is shown in Table 6.

Table 6

Attendance in users' advisory meetings

Item	Phase 1	Phase 2	Phase 3 (Up to March 2020)	Overall
No. of meetings held	28	35	30	93
Average no. of attendees in each meeting	19	23	23	22
Average no. of buildings with representatives attending in each meeting	10	11	13	11

Source: Audit analysis of HAD records

Note 22: *According to HAD, from the users' point of view, the BMPASS Contractors were successful in helping owners in managing their buildings, and were helpful in educating and enhancing the knowledge of owners on building management.*

Support services for the formation of owners' corporations

2.20 Audit's further analysis on the attendance revealed that:

- (a) the numbers of attendees were generally low, ranging from 5 to 53 and averaging 22, in each meeting; and
- (b) 24 (26%) of the 93 meetings had fewer than 10 attendees.

2.21 *Users' satisfaction surveys.* According to the "Operation Guide for LOs on contract management for BMPASS", DOs shall send users' satisfaction survey questionnaires yearly to collect users' views on BMPASS and the BMPASS Contractors' performance. The results will be incorporated in appraising the BMPASS Contractors' performance. Up to March 2020, 6 rounds of users' satisfaction surveys had been conducted for the three phases of BMPASS. The results of the surveys showed that:

- (a) 83% of the users were satisfied with the performance of the BMPASS Contractors;
- (b) 76% of the users were satisfied with the publicity efforts; and
- (c) 88% of the users considered that BMPASS was helpful in assisting them in forming OCs.

2.22 Audit analysed the response rates of the 6 rounds of users' satisfaction surveys (see Table 7) and noted that:

- (a) there was a decreasing trend in the number of survey questionnaires distributed. It decreased from 32,434 in Phase 1 to 17,601 in Phase 2, and further to 14,349 in Phase 3, representing an overall decrease of 56%; and
- (b) the response rate was low, ranging from 1.5% (Phase 3) to 3.1% (Phase 2), averaging 2.2%.

Table 7

Response rates of users' satisfaction surveys of BMPASS

Item	Phase 1	Phase 2	Phase 3 (Up to March 2020)	Overall
No. of survey questionnaires distributed (a)	32,434	17,601	14,349	64,384
No. of survey questionnaires returned (b)	662	553	219	1,434
Response rate (c) = (b) ÷ (a) × 100%	2.0%	3.1%	1.5%	2.2%

Source: Audit analysis of HAD records

2.23 Collection of feedback aims at obtaining useful information for evaluation of services and continuous improvement. It is important that the comments are collected from a broad and representative sample, so that they reflect consensus among stakeholders and are comprehensive enough to drive improvement. However, Audit noted that both the attendance of users' advisory meetings and the response rates on users' satisfaction surveys were low. For example, for Phase 3:

- (a) regarding the users' advisory meetings, the number of buildings with representatives attending the meetings was small (an average of 13 buildings in 30 meetings — see Table 6 in para. 2.19), compared with the total of 1,367 target buildings (see para. 2.4(c)); and
- (b) regarding the users' satisfaction surveys, only 14,349 survey questionnaires were distributed, representing 64% of a total of 22,312 units in the target buildings. In addition, only 219 survey questionnaires were returned, representing 1.5% of survey questionnaires distributed (see Table 7 in para. 2.22). The feedback collected was very limited.

2.24 In Audit's view, HAD needs to, in collaboration with the BMPASS Contractors, explore ways to encourage more users to give feedback via the users' advisory meetings and the users' satisfaction surveys.

Need to perform a comprehensive review on the experiences gained in the three phases of BMPASS

2.25 According to HAD, BMPASS has been welcomed by owners of target buildings and relevant members of the community. They considered that the scheme had helped owners of old buildings improve building management, living environment and building safety. In the 2019 Policy Address, the Government has announced that BMPASS would be regularised (see para. 2.5). The regularised BMPASS will continue to support owners of old buildings in need by providing services such as assistance in OCs formation. Upon enquiry, HAD informed Audit in July 2020 that it was working out the details of the scheme and preparing for the procurement of the services.

2.26 As at 31 December 2019, there were 5,255 “three-nil” buildings in Hong Kong (see Appendix B). According to HAD, the three phases of BMPASS, involving a total of 3,820 target buildings, had encompassed all “three-nil” buildings which had applied for or had been nominated to BMPASS, and met the specified criteria (see para. 2.3). As the scheme will be regularised, HAD should perform a comprehensive review for mapping out the way forward for BMPASS, drawing lessons from the experiences gained in the three phases. In particular, there is merit for HAD to review the criteria for inclusion as target buildings (e.g. adjustment of the threshold of rateable values) so as to increase the coverage of buildings in need under BMPASS. HAD also needs to take into account the recommendations in this Audit Report in implementing BMPASS in future.

Audit recommendations

2.27 **Audit has *recommended* that the Director of Home Affairs should:**

- (a) **ascertain the number of buildings eligible for BMPASS;**
- (b) **review the basis of planning the geographical allocation of target buildings under BMPASS;**
- (c) **formulate measures to improve the success rate of forming/reactivating OCs under BMPASS, taking into account the difficulties encountered by the BMPASS Contractors;**

- (d) **review the level of performance targets for BMPASS Contractors with a view to enhancing the service level;**
- (e) **in collaboration with the BMPASS Contractors, explore ways to encourage more users to give feedback via the users' advisory meetings and the users' satisfaction surveys; and**
- (f) **perform a comprehensive review for mapping out the way forward for BMPASS, drawing lessons from the experiences gained in the three phases, and take into account the recommendations in this Audit Report in implementing BMPASS in future.**

Response from the Government

2.28 The Director of Home Affairs agrees with the audit recommendations.

Implementation of the Resident Liaison Ambassador Scheme

2.29 Noting that some old buildings have great difficulties in forming OCs and taking care of day-to-day building management, HAD rolled out the RLA Scheme in 2011 (see para. 1.12). The scheme seeks to establish a resident liaison network for promoting the message of effective building management by recruiting owners or tenants who live in “three-nil” buildings as RLAs. The long-term objective is to assist the buildings in the formation of OCs to facilitate effective building management.

2.30 Owners/residents aged 18 or above living in “three-nil” buildings of 30 years or above can join the scheme as RLAs. RLAs are mainly recruited during household visits under BMPASS (see para. 2.2(b)), or by DBMLTs through day-to-day liaison. There is no fixed term of office for the RLAs recruited. When an OC is formed for a building, the RLAs living in that building will be deregistered from the RLA list and classified as former RLAs.

Support services for the formation of owners' corporations

2.31 RLAs are expected to assist in:

- (a) engaging residents to discuss and handle daily building management matters (e.g. cleanliness, security and fire safety);
- (b) encouraging residents to share their experience and knowledge in building management;
- (c) contacting residents to disseminate messages from government departments on building management-related matters (e.g. building safety and fire safety); and
- (d) advising DOs on building management matters.

Need to step up efforts in recruiting RLAs and promoting the RLA Scheme

2.32 As at December 2019, there were 2,759 incumbent RLAs in 1,300 “three-nil” buildings aged 30 years or above and 1,131 former RLAs. Table 8 shows the number of RLAs recruited and OCs formed through the RLA Scheme for the period 2015 to 2019.

Table 8

**Results of the RLA Scheme
(2015 to 2019)**

Item	2015	2016	2017	2018	2019
No. of RLAs recruited in the year (a)	566	319	1,054	439	431
Cumulative no. of RLAs since 2011					
Incumbent RLAs (b)	1,769	1,989	2,875	2,865	2,759
Former RLAs (c)	437	536	704	943	1,131
Total no. of RLAs recruited (d) = (b) + (c)	2,206	2,525	3,579	3,808	3,890
No. of “three-nil” buildings aged 30 years or above (e)	N.A. (Note)	4,686	4,502	4,305	4,203
No. of buildings with incumbent RLAs (f)	982	1,032	1,391	1,493	1,300
Buildings with incumbent RLAs as a percentage of no. of “three-nil” buildings aged 30 years or above (g) = (f) ÷ (e) × 100%	N.A.	22%	31%	35%	31%
Total no. of OCs formed (h)	223	200	222	236	132
No. of OCs formed through the RLA Scheme (i)	74	46	57	108	87
OCs formed through the RLA Scheme as a percentage of total no. of OCs formed (j) = (i) ÷ (h) × 100%	33%	23%	26%	46%	66%

Source: Audit analysis of HAD records

Note: According to HAD, the number for 2015 was not available because HAD's database on private buildings underwent an enhancement in 2016, and information prior to the enhancement could not be traced.

2.33 As shown in Table 8, for the period 2015 to 2019:

- (a) the number of RLAs recruited rose from 566 in 2015, reached its peak of 1,054 in 2017, and dropped to 431 in 2019, representing an overall decrease of 24% (see item (a)) (Note 23);
- (b) the percentage of “three-nil” buildings aged 30 years or above with incumbent RLAs ranged from 22% to 35% (see item (g));
- (c) there was a general increase in the number of OCs formed through the RLA Scheme. It rose from 74 in 2015, reached its peak of 108 in 2018, and dropped to 87 in 2019, representing an overall increase of 18% (see item (i)); and
- (d) the percentage of OCs formed through the RLA Scheme to total number of OCs formed had doubled from 33% in 2015 to 66% in 2019 (see item (j)).

According to HAD, the RLA Scheme was considered effective in facilitating the formation of OCs. In Audit’s view, with a view to increasing the rate of success in forming OCs for “three-nil” buildings, HAD should step up efforts in recruiting RLAs, focusing on “three-nil” buildings with no incumbent RLAs. In this connection, in examining records of the selected DOs (see para. 2.12), Audit noted that during the household visits to target buildings in District A under Phase 3 of BMPASS (see Table 4 in para. 2.12), of the 613 visits completed, only 2 (0.3%) owners/residents had heard of the RLA Scheme before the household visits. Audit considers that HAD needs to take measures to enhance publicity of the RLA Scheme with a view to encouraging more owners/residents to become RLAs.

Note 23: *According to HAD, the fluctuation in the number of RLAs recruited was linked to the commencement of each phase of BMPASS. Notably, there would be a large increase upon the commencement of each phase of BMPASS (e.g. in 2017 for Phase 3), as the BMPASS Contractors had to conduct household visits to the target buildings and recruit RLAs as a first step. While the BMPASS Contractors continued to recruit RLAs in the subsequent years, the number of RLAs recruited would naturally decrease. Moreover, some target buildings of which the owners did not show interest in the initial attempts by the BMPASS Contractors might be those with inherent problems of “three-nil” buildings (see para. 2.15), and it would naturally be more difficult to persuade their owners to become RLAs.*

Audit recommendations

- 2.34 **Audit has *recommended* that the Director of Home Affairs should:**
- (a) **step up efforts in recruiting RLAs, focusing on “three-nil” buildings with no incumbent RLAs; and**
 - (b) **take measures to enhance publicity of the RLA Scheme with a view to encouraging more owners/residents to become RLAs.**

Response from the Government

- 2.35 The Director of Home Affairs agrees with the audit recommendations.

PART 3: SUPPORT SERVICES ON OTHER BUILDING MANAGEMENT MATTERS

3.1 This PART examines support services provided by HAD on other building management matters, focusing on:

- (a) support services provided by DBMLTs (paras. 3.2 to 3.29); and
- (b) educational and publicity programmes (paras. 3.30 to 3.44).

Support services provided by the District Building Management Liaison Teams

3.2 In 2001, HAD set up DBMLTs at each of the 18 DOs with a view to providing proactive and outreaching services for owners and owners' organisations of private buildings. LOs of DBMLTs are responsible for coordinating building management matters in the districts by providing comprehensive services. Support services provided by DBMLTs in facilitating building management include:

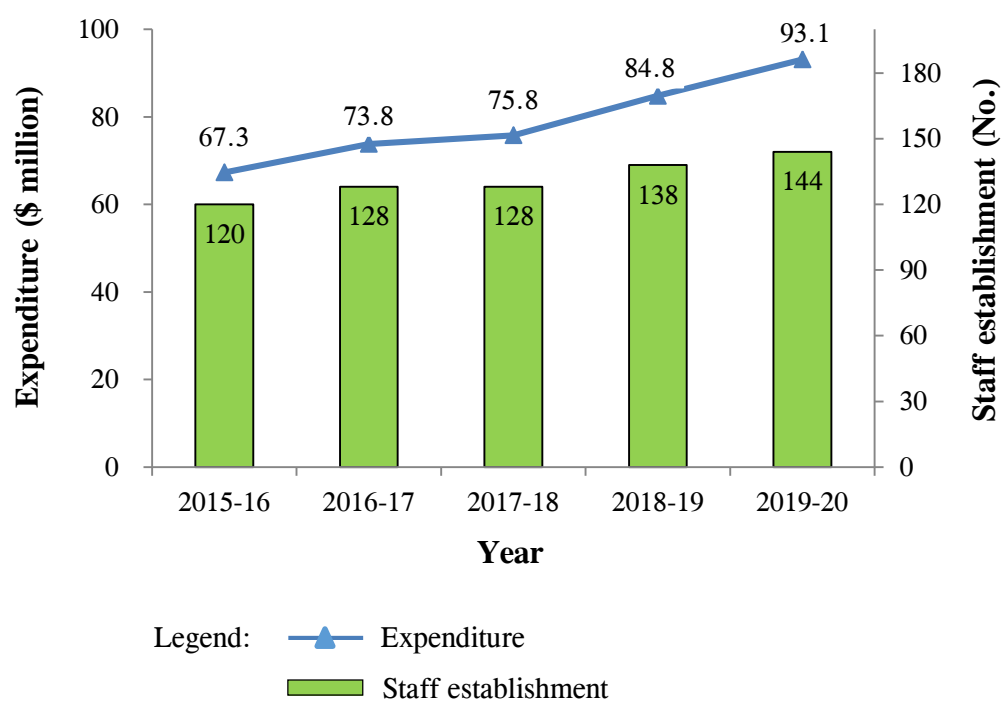
- (a) Pre-meeting Advisory Service for OCs (see para. 1.14(a));
- (b) outreach services including:
 - (i) visiting owners and owners' organisations of private buildings in the districts to promote good practices of building management; and
 - (ii) attending owners' meetings and providing information as appropriate; and
- (c) assisting in resolving disputes and arranging dispute resolution services (see Appendix D) when appropriate.

3.3 The establishment of LOs in DBMLTs has increased by 20% from 120 in 2015-16 to 144 in 2019-20. The overall staff establishment and expenditure for LOs

responsible for building management for the period 2015-16 to 2019-20 are shown in Figure 1.

Figure 1

**Staff establishment and expenditure for LOs in DBMLTs
(2015-16 to 2019-20)**



Source: HAD records

***Need to keep proper records on providing
Pre-meeting Advisory Service for OCs***

3.4 To strengthen support for OCs and MCs for more effective building management, HAD launched the Pre-meeting Advisory Service for OCs in April 2017. DBMLTs are responsible for providing the service. Under the service:

- (a) the main targets are newly-formed OCs, new-term MCs, and OCs anticipating controversial discussion items;

Support services on other building management matters

- (b) DBMLTs brief MC members on meeting procedures, and provide them with relevant information before OC meetings to ensure compliance with BMO and the Codes of Practice, and adoption of relevant guidelines; and
- (c) modes of service include meetings, discussions, correspondence exchanges and telephone communication.

3.5 According to HAD, the service could better meet the expectations of owners and OCs when compared to the previous practice of having HAD staff in attendance of the meetings only. Since the launch of the service, there was an increasing trend in the number of sessions provided (from 3,803 in 2017 to 5,634 in 2018 and 6,458 in 2019).

3.6 According to an e-mail sent by HAD's Headquarters to DOs when the Pre-meeting Advisory Service for OCs was newly launched in 2017, LOs should keep proper records of the service provided. The number of sessions provided would need to be reported monthly by DOs to the Headquarters. To facilitate the recording of the statistics required, HAD's Headquarters also provided a log sheet template for LOs' reference and personal use. The log sheet helps LOs in recording the number of sessions they provide to OCs with details such as dates, names of buildings, modes of service, nature of cases and follow-up actions.

3.7 During the visits to the three selected DOs (see para. 2.12), Audit enquired about the practice on recording the services provided under the Pre-meeting Advisory Service for OCs. According to the DOs:

- (a) a building file (i.e. paper file) was kept for each building which contained information about the building and correspondence with the OC/owners' organisation:
 - (i) one DO (DO B) had a "record sheet" tailored for the Pre-meeting Advisory Service for OCs. Apart from recording basic data (e.g. date and time of service, name of building/interviewee), it also contained a checklist on potential areas that LOs could provide advice to OCs (e.g. procedures on holding general meeting, best practices on building management). All of these record sheets were kept in the building files; and

- (ii) for the other two DOs (DOs A and C), apart from written correspondence exchanges which would be kept in the building files, records about services in other modes (e.g. meetings, discussions or telephone communication — see para. 3.4(c)) had not been kept in the files;
- (b) the log sheet template provided by the Headquarters (see para. 3.6) was only for LOs' reference and personal use. LOs could use other means of informal records (e.g. mark on desktop calendars and diaries with notes) as records for the service; and
- (c) at month end, individual LOs would sum up the number of sessions provided and inform the coordinator of the DO, who would then compile the monthly returns to the Headquarters.

3.8 For the three DOs visited, Audit examined on a sample basis 23 OCs to which the DOs had provided the Pre-meeting Advisory Service in 2018 and 2019 (Note 24). For DO A which mainly used other means of informal records (see para. 3.7(b)), out of the records of the 10 OCs examined, DO A could not provide records for 3 (30%) OCs. According to DO A, the LO concerned had been transferred out and there were difficulties in retrieving the records.

3.9 HAD's Headquarters has requested DOs to keep proper records of the services provided under the Pre-meeting Advisory Service for OCs (see para. 3.6). However, without defining what constitutes a proper record, there are variations in the practices among DOs. While records of some of the DOs could be retrieved from the building files (e.g. DO B in para. 3.7(a)(i)), records of some other DOs were not as adequate (see para. 3.8). In Audit's view, HAD needs to issue more guidelines to ensure that proper records are kept for the services provided.

Note 24: *For each of DO A and DO B, Audit selected 10 OCs with Pre-meeting Advisory Service provided in 2019. For DO C, as no Pre-meeting Advisory Service was provided to OCs in 2019 and a total of 9 sessions of service were provided to 3 OCs in 2018, Audit examined all the 9 sessions of service provided to the 3 OCs.*

Scope for improvement in conducting visits to private buildings

3.10 To assist LOs in performing duties relating to building management effectively, HAD's Headquarters has issued the "Operational Manual on Building Management for Liaison Officers" (Operational Manual), which serves as a general guide for LOs' reference. The Operational Manual is revised from time to time to keep pace with changing circumstances. It was last updated in 2016.

3.11 Paying visits to buildings and attending owners' meetings are DBMLTs' major means to provide outreach services to owners and owners' organisations of private buildings. This is essential for understanding the needs of owners and owners' organisations and providing them with necessary services. The Operational Manual states that each and every private building will be visited by LOs at least once a year, not only to keep in touch with the owners, but also to ensure that the building is well managed continuously.

3.12 During the visits, DBMLTs will record particulars of the buildings, such as conditions of common parts of the buildings (e.g. security and hygienic conditions), date of the last annual general meeting of OCs, validity of third party risks insurance (Note 25), and names of PMCs. They will also remind OCs to comply with BMO and publicise the importance of effective building management.

3.13 *Need to review the frequency of visits to private buildings.* Audit's analysis of provision of outreach services by DBMLTs in the form of visits to private buildings (including attending owners' meetings) from 2016 to 2019 (Note 26) (see Table 9) revealed that:

Note 25: *BMO requires an OC to procure and keep in force in relation to the common parts of the building and the property of the OC, a policy of insurance in respect of third party risks.*

Note 26: *The analysis was based on data extracted from HAD's database of private buildings in Hong Kong. As LOs were required to input data of visit reports into the database with effect from 2016 onwards, the analysis was performed for the period 2016 to 2019.*

Support services on other building management matters

- (a) the number of buildings visited by DBMLTs decreased by 13% from 21,526 in 2016 to 18,665 in 2019;
- (b) in terms of percentage of buildings in Hong Kong visited, there was a decrease of 7 percentage points from 53% in 2016 to 46% in 2019; and
- (c) the requirement of “each and every private building will be visited by LOs at least once a year” (see para. 3.11) had not been met. For each year in the period of 2016 to 2019, the percentage of buildings not visited ranged from 47% to 54%.

Table 9

Visits to private buildings by DBMLTs (2016 to 2019)

Item	2016	2017	2018	2019
No. of private buildings in Hong Kong (a)	40,521 (100%)	40,558 (100%)	40,697 (100%)	40,944 (100%)
No. of private buildings visited by DBMLTs (b)	21,526 (53%)	20,635 (51%)	19,449 (48%)	18,665 (46%)
No. of private buildings not visited by DBMLTs (c) = (a) – (b)	18,995 (47%)	19,923 (49%)	21,248 (52%)	22,279 (54%)

Source: Audit analysis of HAD records

3.14 To further examine the frequency of outreach services provided by DBMLTs to owners/owners’ organisations of private buildings, Audit examined 10 building files in each of the three selected DOs (see para. 2.12). Table 10 shows that the frequency of visits to buildings was not satisfactory. Of the 30 buildings, the requirement of visiting the building at least once a year was only fulfilled on 5 (17%) buildings.

Table 10**Frequency of DBMLTs visits to private buildings
(2015 to 2019)**

Frequency of DBMLTs visits	No. of buildings	Percentage
Not visited	6	20 %
Visited in 1 year	4	13 %
Visited in 2 years	7	24 %
Visited in 3 years	4	13 %
Visited in 4 years	4	13 %
Visited in all 5 years	5	17 %
Total	30	100 %

Source: Audit analysis of HAD records

3.15 Upon enquiry, HAD informed Audit in September 2020 that:

- (a) in HAD's CORs, the performance indicators "visits to buildings with OCs/mutual aid committees/owners' committees/residents' organisations" and "visits to buildings without any form of management" were replaced by a new indicator "liaison with owners/management bodies of private buildings" in 2017, which better reflected the work of HAD on building management (see Note to Table 1 in para. 1.17). With this revision, conducting physical "visits" to each and every building was no longer regarded as the only means of performing building management liaison work;
- (b) this change also recognised the technological advancement, which enabled DBMLTs to maintain even closer and more frequent liaison with OCs by electronic means (e.g. e-mails, phone calls, and instant messaging using mobile applications);

- (c) the open information in the CORs and HAD's internal communication with DBMLTs on the revised performance indicators should have superseded the requirement on conducting visits to buildings in the Operational Manual; and
- (d) with the change in the indicator in the CORs, the number of visits to buildings had naturally decreased, but this should not be taken as a reduction of liaison with OCs.

3.16 According to HAD, the purposes of visits to buildings are, on one hand, to keep in touch with the owners, and on the other hand, to ensure that the buildings are well managed continuously. This includes observing the physical conditions of the common parts of the buildings (see paras. 3.11 and 3.12), which may not be easily achieved by liaising with owners/management bodies by electronic means. As such, it is useful that private buildings are visited by DBMLTs regularly.

3.17 Audit noted that for performance measurement purpose, HAD has put in place a mechanism for DOs and the Headquarters to track the number of liaisons with owners and management bodies of private buildings (see para. 4.11). However, there is no monitoring mechanism on the coverage of visits to private buildings by DBMLTs. In Audit's view, with the change in the indicator in the CORs, HAD needs to review the frequency of visits to private buildings by DBMLTs, and set up a monitoring mechanism to ensure that the frequency requirement is met. Upon the review, HAD also needs to revise the Operational Manual to ensure that it is up to date.

3.18 ***Need to reach out to owners' organisations in conducting visits to private buildings.*** Audit noted that while some of the buildings had not been visited in the past 5 years, there were repeated visits in the same year for some other buildings without reaching out to the owners' organisations. Case 1 is an example.

Case 1

Repeated visits to a building without reaching out to the OC (2015 to 2019)

1. An OC of the building was incorporated in 1992. DBMLT of the district had collected the particulars of the OC, including address, telephone number and e-mail address of the Chairman of the MC.

2. According to HAD's records, for the period 2015 to 2019, a total of 15 visits were made to the building, as follows:

Year	No. of visits	Result of visits
2015	2	Entered to inspect notices on notice board in one of the two visits
2016	5	Could not enter
2017	5	Could not enter
2018	1	Could not enter
2019	2	Could not enter
Total	15	

Audit comments

3. While HAD's records showed that the building had been visited in each of the years 2015 to 2019 for a total of 15 times, DBMLT could not gain access into the building in 14 of such visits, and failed to interview the representative of the OC in all of the 15 visits. Without interacting with the OC, the visits did not meet the objective to keep in touch with the owners as stated in the Operational Manual (see para. 3.11). In Audit's view, DBMLT concerned should have contacted and made an appointment with the OC before the visits.

Source: Audit analysis of HAD records

3.19 In Audit's view, to improve the effectiveness of visits to private buildings, HAD needs to issue more guidelines to DBMLTs on the procedures of conducting visits (e.g. contacting the OC before conducting visits).

Need to ensure that LOs in DBMLTs receive adequate training

3.20 *Need to encourage LOs to attend training.* To effectively assist owners and owners' organisations in handling building management matters and legal issues at OC meetings, it is important that LOs in DBMLTs are equipped with adequate professional knowledge. For this purpose, HAD provides training for LOs in DBMLTs on a regular and need basis. These include induction courses for newly-recruited LOs, and workshops and theme-talks on the provisions of BMO and judgments of related court cases for more experienced LOs. In addition, a tertiary institute has been engaged to provide tailor-made courses for LOs responsible for building management duties. Upon enquiry by a Member of the Legislative Council on the provision of training to DBMLTs, in April 2019, HAD said that it provided about 100 hours of training to DBMLTs each year.

3.21 Audit analysed the number of training hours and attendance of training courses on building management for LOs from 2015-16 to 2019-20 (see Table 11), and noted that while the total number of training hours had increased by 45% from 96 hours in 2015-16 to 139 hours in 2019-20, the total number of attendees had decreased by 14% from 329 to 282 in the same period. For example, in 2018-19, a briefing session was arranged for LOs about the revised Code of Practice on procurement of supplies, goods and services for OCs' adoption and reference issued in August 2018. The briefing was attended by 39 LOs, representing only 28% of the 138 LOs engaged in building management duties. To enhance the professional competencies of LOs in performing building management duties, HAD needs to encourage LOs to attend relevant training courses. In this connection, Audit noted that HAD had not set any training requirements (e.g. minimum number of training courses or training hours) for LOs. In Audit's view, HAD should consider setting a training requirement for LOs (e.g. a minimum number of training hours per year).

Support services on other building management matters

Table 11

**Training on building management for LOs
(2015-16 to 2019-20)**

Nature of training	2015-16	2016-17	2017-18	2018-19	2019-20
<i>No. of training hours (Note)</i>					
Training courses on legal aspect/BMO provisions/ study of court cases	63	63	63	42	63
Workshops/training courses	28	35	35	41	74
Briefings on service schemes/guidelines	5	—	—	6	2
Induction for newly recruited LOs	—	—	—	17	—
Total no. of training hours	96	98	98	106	139
<i>No. of attendees</i>					
Training courses on legal aspect/BMO provisions/ study of court cases	213	246	210	277	169
Workshops/training courses	36	84	39	72	84
Briefings on service schemes/guidelines	80	—	—	129	29
Induction for newly recruited LOs	—	—	—	53	—
Total no. of attendees	329	330	249	531	282

Source: Audit analysis of HAD records

Note: The training hours per course ranged from 2 hours (e.g. Briefing on best practices in 2018-19) to 40 hours (General mediator training in 2019-20).

Support services on other building management matters

3.22 *Need to continue to provide training on new services launched and new/revised guidelines published.* In the past few years, HAD has launched new services and published new/revised guidelines on building management. Audit examination of the training courses provided for DBMLTs found that dedicated training courses had not been provided on some of the new services launched (see Table 12).

Table 12

**Training on new services launched and new/revised guidelines published
(2015-16 to 2019-20)**

Service/guideline	Launched/published	Training provided
(a) Free Mediation Service Scheme for Building Management	March 2015	Yes (2015-16)
(b) Pre-meeting Advisory Service for OCs	April 2017	No
(c) Building Management Dispute Resolution Service	April 2018	No
(d) OCs Advisory Services Scheme	May 2018	Yes (2018-19)
(e) Free Outreach Legal Advice Service on Building Management	September 2019	No
(f) Revised Codes of Practice	August 2018	Yes (2018-19)
(g) Best Practices on Building Management (2019)	January 2019	Yes (2018-19 and 2019-20)

Source: Audit analysis of HAD records

3.23 Upon enquiry, HAD informed Audit in September 2020 that:

- (a) for the Pre-meeting Advisory Service for OCs (see item (b) in Table 12 in para. 3.22):

Support services on other building management matters

- (i) the service was to provide MC members with information to ensure compliance with BMO and the Codes of Practice. While no dedicated training courses were arranged, relevant training had been provided on an on-going basis through the courses set out in Table 11 in paragraph 3.21, which included topical training on Codes of Practice (see item (f) in Table 12 in para. 3.22); and
 - (ii) representatives of DBMLTs were briefed at a meeting of HAD's taskforce on building management affairs in 2017 before the service was launched; and
- (b) for the Building Management Dispute Resolution Service and the Free Outreach Legal Advice Service on Building Management (see items (c) and (e) in Table 12 in para. 3.22 respectively):
 - (i) the key features were briefed in meetings of HAD's taskforce on building management affairs in 2018 and 2019 respectively. All relevant Senior LOs were required to attend the meetings of the taskforce; and
 - (ii) HAD considered that a briefing of the new services at the meetings of the taskforce should be sufficient, as DBMLTs were mainly responsible for the initial processing of applications, and there were dedicated staff members/secretariat in HAD's Headquarters in dealing with the follow-up.

3.24 In Audit's view, to ensure that LOs in DBMLTs are equipped with up-to-date knowledge in the support services provided by HAD on building management, HAD should continue to provide adequate training to LOs in DBMLTs on new services launched and new/revised guidelines published.

Need to update Operational Manual for LOs

3.25 HAD has issued the Operational Manual to facilitate LOs in performing building management duties (see para. 3.10). According to HAD, it is revised from time to time to keep pace with changing circumstances and was last updated in 2016. The Operational Manual stipulates workflow and procedures on LOs' daily work

(e.g. role of DBMLTs in providing outreach services and complaint handling), and contains references to HAD's new building management initiatives and relevant publications.

3.26 Audit noted that some parts of the Operational Manual were not kept up to date. For example:

- (a) subsequent to visits to management bodies and “three-nil” buildings, LOs of DBMLTs shall input data of the visit reports into HAD's database of private buildings (see para. 4.11(a)). This has not been stipulated in the Operational Manual (see also audit observations in para. 4.23);
- (b) services introduced after 2016 have yet to be included, for example:
 - (i) the Pre-meeting Advisory Service for OCs (see para. 3.4) and OCs Advisory Services Scheme (see para. 1.14(b)), which were launched in 2017 and 2018 respectively;
 - (ii) several dispute resolution services (see Appendix D), some of which were launched after 2016 (Note 27); and
 - (iii) Central Platform on Building Management (see para. 3.31), which was launched in 2018; and
- (c) some publications and guidelines to enhance public understanding of and arouse concern over building management, such as “Best Practices on Building Management (2019)”, have not been incorporated in the list of publications on building management.

3.27 In Audit's view, to facilitate LOs of DBMLTs in performing building management duties effectively, HAD needs to update the Operational Manual more frequently.

Note 27: *These include Free Outreach Legal Advice Service on Building Management and Building Management Dispute Resolution Service.*

Audit recommendations

3.28 **Audit has *recommended* that the Director of Home Affairs should:**

- (a) **issue more guidelines to ensure that proper records are kept for the Pre-meeting Advisory Service for OCs provided by DBMLTs;**
- (b) **review the frequency of visits to private buildings by DBMLTs and revise the frequency requirement in the Operational Manual on Building Management for LOs where appropriate, and set up a monitoring mechanism to ensure that the frequency requirement is met;**
- (c) **issue more guidelines to DBMLTs on the procedures of conducting visits (e.g. contacting the OC before conducting visits);**
- (d) **encourage LOs in DBMLTs to attend relevant training courses, and consider setting a training requirement for them;**
- (e) **continue to provide adequate training to LOs in DBMLTs on new services launched and new/revised guidelines published; and**
- (f) **update the Operational Manual on Building Management for LOs more frequently.**

Response from the Government

3.29 The Director of Home Affairs agrees with the audit recommendations. She has said that since the last update of the Operational Manual, HAD has introduced a number of new support services, many of which were implemented on a pilot basis. As frequent changes to the Operational Manual may not be desirable, it is HAD's plan to update the Operational Manual in one go when all the pilot services are regularised, and this has already started.

Educational and publicity programmes

3.30 HAD reported in its CORs a performance indicator “building management educational and publicity programmes” (see para. 1.17). For each year in the period 2015 to 2019, some 400 programmes were organised by HAD’s Headquarters and the 18 DOs. Programmes organised at the Headquarters level included:

- (a) regular programmes (e.g. Central Platform on Building Management (see para. 3.31) and the LEAD Programme (see para. 3.38)); and
- (b) additional activities and programmes organised on a need basis (e.g. briefing sessions on the review of BMO and the administrative guidelines).

Need to ensure adequacy of educational and publicity programmes in individual districts

3.31 *Central Platform on Building Management.* To strengthen support for owners and owners’ organisations in building management and handling large-scale maintenance projects, HAD has set up the Central Platform on Building Management in September 2018 (see para. 1.16(b)). The main targets are owners and owners’ organisations which have received notices or repair orders issued by government departments (e.g. notices on the Mandatory Building Inspection Scheme by the Buildings Department). One-stop briefings are organised regularly. At each briefing, representatives from relevant government departments and organisations are invited to provide information and introduce their services and schemes on building management and maintenance.

3.32 In general, the briefings are held once a month in community halls in various districts. HAD promotes the briefings by sending appeal letters to owners and owners’ organisations that have received notices and repair orders from government departments. Since the launch of the service in September 2018 and up to January 2020, 17 briefing sessions were held (Note 28). For each briefing session, the number of attendees ranged from 32 to 114, totalling 1,074 attendees. Video

Note 28: *The briefing sessions had been suspended since February 2020 due to the COVID-19 outbreak.*

Support services on other building management matters

recordings of the briefing sessions are also available on HAD's dedicated homepage on building management (<https://www.buildingmgt.gov.hk>).

3.33 Audit noted that, for the 28 briefing sessions in the period 2018 to 2020 (i.e. 17 briefing sessions held up to January 2020, and 11 sessions scheduled for the remaining months in 2020), the venues were in 12 districts. In other words, out of the 18 districts, no briefings were held/planned in the other 6 districts. Upon enquiry, HAD informed Audit in September 2020 that:

- (a) as the main targets of the Central Platform on Building Management were owners and owners' organisations which had received notices or repair orders issued by government departments, the briefing sessions were organised by making reference and giving priority to those districts with a greater number of buildings receiving notices/repair orders;
- (b) while it was not the intention not to organise briefings in the 6 districts, in line with the intended objective and for reason of cost-effectiveness, priority had not been given to them as very few buildings were issued with notices/repair orders in these districts, ranging from 0 to 24 buildings in 2019; and
- (c) letters would be issued to inform owners of all known buildings with notices/repair orders issued about the details of upcoming briefing sessions. Owners might choose to attend any sessions that were convenient to them (e.g. some might choose to attend those held in the districts where they worked).

3.34 The Central Platform on Building Management provides one-stop briefings to strengthen support for owners and owners' organisations in building management. In Audit's view, HAD should keep in view the need to organise briefing sessions in all the 18 districts, having regard to the intended objective of the briefings and cost-effectiveness considerations. In view of the need to maintain social distancing amid the COVID-19 outbreak, there is also merit for HAD to consider stepping up the use of electronic means in conducting the briefings (such as conducting the briefings online).

3.35 *Programmes organised at district level.* At district level, programmes were organised by DOs or with advice of the respective District Councils, having regard to the specific needs in the districts. Unlike the performance indicator on “liaison with owners/management bodies” for which HAD has set targets for each of the 18 DOs (see para. 4.2), no target has been set for each of the DOs for organising educational and publicity programmes.

3.36 Audit performed an analysis of the educational and publicity programmes organised by the Headquarters and by DOs at district level (see Table 13). Audit noted that:

- (a) for the programmes organised at the Headquarters level, the number of programmes increased by 88% from 112 programmes in 2015 to 211 programmes in 2019;
- (b) for the programmes organised at the district level, the number of programmes decreased by 34% from 292 programmes in 2015 to 193 programmes in 2019; and
- (c) there was a large variation among the 18 DOs. In 2019, the number of programmes organised by the respective DOs ranged from 1 to 37 programmes, averaging 11 programmes. In the 2 districts with only 1 programme organised in 2019, briefings had also not been arranged under the Central Platform on Building Management (see para. 3.33), which might indicate that very few educational and publicity programmes had been organised for some of the districts.

Table 13**Building management educational and publicity programmes
organised at the Headquarters level and district level
(2015 to 2019)**

Organiser	No. of programmes				
	2015	2016	2017	2018	2019
Headquarters	112 (28 %)	138 (34 %)	171 (43 %)	164 (40 %)	211 (52 %)
DOs	292 (72 %)	262 (66 %)	231 (57 %)	242 (60 %)	193 (48 %)
Total	404 (100 %)	400 (100 %)	402 (100 %)	406 (100 %)	404 (100 %)

Source: Audit analysis of HAD records

3.37 In Audit's view, to ensure that the message of effective building management is publicised in every district in Hong Kong, HAD needs to examine the reasons for the large variance in the number of educational and publicity programmes organised across the 18 districts, and consider setting a target number for each district.

Need to encourage attendance of the LEAD Programme

3.38 To facilitate MC members (being office-bearers of OCs) to discharge their duties more confidently and effectively, HAD has since 2011 engaged tertiary institutions to provide structured training programmes, i.e. the LEAD Programme, to enhance knowledge of MC members in building management (see para. 1.16(c)). Each class consists of 8 weekly sessions for a total of 30 participants. To facilitate exchanges of views and discussions, it has been HAD's practice that each class will comprise 25 MC members (Note 29) and 5 LOs.

Note 29: *The MC member participants are nominated by DOs, and generally are those who have served in OCs for a certain period of time and have keen interest in building management affairs.*

3.39 HAD has also engaged experienced professionals in an Advanced LEAD Programme for the graduates of the LEAD Programme. Participants look into the common building management problems in depth and also explore related laws and judgment of court cases, to help them tackle similar management problems in future. Each class consists of 4 weekly sessions for around 30 MC members.

3.40 As of December 2019, some 620 and 490 MC members had participated in the LEAD Programme and Advanced LEAD Programme respectively. For the past five years, on average, the expenditure incurred for the two programmes was about \$0.4 million per year.

3.41 For each of the programmes, participants with an attendance rate of over 70% will be awarded with a Statement of Attendance. Audit examined the attendance records of the classes of the two programmes arranged during the period 2015 to 2019 (see Table 14) and noted that:

- (a) for the LEAD Programme, 12% of the MC member participants had an attendance rate of less than 70%, including 4% with zero attendance;
- (b) for the Advanced LEAD Programme, 13% of the MC member participants had an attendance rate of less than 70%, including 4% with zero attendance; and
- (c) of the 41 MC member participants who had an attendance rate of lower than 70% in the Advanced LEAD Programme, 12 (29%) also had an attendance rate of lower than 70% in the LEAD Programme. One MC member participant did not attend any of the sessions under both the LEAD Programme and Advanced LEAD Programme.

Table 14

**Attendance rates of the
LEAD/Advanced LEAD Programmes
(2015 to 2019)**

Attendance rate	No. of attendees	
	LEAD	Advanced LEAD
0%	16 (4%)	14 (4%)
> 0% to < 50%	15 (4%)	9 (3%)
50% to < 70%	15 (4%)	18 (6%)
70% to < 100%	157 (44%)	64 (21%)
100%	160 (44%)	202 (66%)
Total	363 (100%)	307 (100%)

41 (13%)

Source: Audit analysis of HAD records

Remarks: The attendance records of classes with commencement and completion dates during the period 2015 to 2019 were analysed, comprising 15 classes of the LEAD Programme and 9 classes of the Advanced LEAD Programme. For the Advanced LEAD Programme, a class which commenced in March 2015 was excluded from the analysis as HAD could not locate the attendance records.

3.42 In Audit's view, for the MC member participants of the LEAD/Advanced LEAD Programmes to fully benefit from the programmes and ensure good use of public money, HAD needs to take measures to encourage participants to attend all the training sessions. HAD also needs to consider setting possession of a Statement of Attendance in the LEAD Programme as a prerequisite for nominating MC members to enrol in the Advanced LEAD Programme.

Audit recommendations

3.43 Audit has *recommended* that the Director of Home Affairs should:

- (a) for the Central Platform on Building Management:

- (i) **keep in view the need to organise briefing sessions in all the 18 districts, having regard to the intended objective of the briefings and cost-effectiveness considerations; and**
 - (ii) **consider stepping up the use of electronic means in conducting the briefings;**
- (b) **examine the reasons for the large variance in the number of educational and publicity programmes organised across the 18 districts, and consider setting a target number for each district;**
- (c) **take measures to encourage participants in the LEAD/Advanced LEAD Programmes to attend all the training sessions; and**
- (d) **consider setting possession of a Statement of Attendance in the LEAD Programme as a prerequisite for nominating MC members to enrol in the Advanced LEAD Programme.**

Response from the Government

3.44 The Director of Home Affairs agrees with the audit recommendations. She has said that:

- (a) for the Central Platform on Building Management, for reason of cost-effectiveness, briefing sessions were organised by making reference and giving priority to districts with a greater number of buildings receiving notices or repair orders issued by government departments. Letters have been sent to inform owners of all known buildings with notices/repair orders issued about the details of upcoming briefing sessions so that they may choose to attend any sessions that are convenient to them. HAD will continue to keep in view the need and the situation of different districts; and
- (b) for the recommendation on setting possession of a Statement of Attendance in the LEAD Programme as a prerequisite for nominating MC members to enrol in the Advanced LEAD Programme, HAD will consider further having regard to the potential implications (e.g. possible disincentive for MC members to enrol, as their participation is purely voluntary).

PART 4: OTHER ADMINISTRATIVE MATTERS

4.1 This PART examines other administrative matters, focusing on:

- (a) achievement of performance targets by DOs and the Headquarters (paras. 4.2 to 4.10);
- (b) performance measurement (paras. 4.11 to 4.18); and
- (c) management of database of private buildings (paras. 4.19 to 4.25).

Achievement of performance targets by District Offices and the Headquarters

Need for individual DOs and the Headquarters to better achieve performance targets

4.2 HAD has set and reported two performance indicators in its CORs on facilitating building management (see para. 1.17). For the performance indicator on “liaison with owners/management bodies of private buildings” (Note 30), HAD has also set target numbers of liaisons for each of the 18 DOs and for the Headquarters on other support services (e.g. BMPASS and the OCs Advisory Services Scheme), which comprise:

- (a) visits conducted in person to management bodies of private buildings and “three-nil” buildings. According to HAD, in order to better understand owners’ needs and provide necessary support services, it is expected that the management body (if any) of each private building and each “three-nil” building shall be visited at least once a year. Accordingly, the targets for visits allocated to the 18 DOs are based on the numbers of management bodies and “three-nil” buildings in the respective districts; and

Note 30: *According to HAD, “liaison” refers to all forms of communications between HAD and owners/management bodies of private buildings in relation to building management, including visits, Pre-meeting Advisory Service for OCs (see para. 1.14(a)), written communications (e.g. e-mails and letters), instant messaging using mobile applications, telephone contacts and personal interviews.*

- (b) other forms of liaison (e.g. e-mails and telephone contacts) with owners/management bodies. In general, the targets have been set in proportion to (a) above.

The allocated targets are communicated from the Headquarters to the 18 DOs in April every year. DOs are expected to monitor the progress of liaisons regularly so that the overall HAD target can be met by the end of calendar year.

4.3 *Performance targets not achieved by some DOs and the Headquarters in 2019.* Appendix E shows the performance targets on “liaison with owners and management bodies of private buildings” allocated to the respective DOs and the Headquarters (for other support services) and the actual performance attained for 2019. Audit noted that:

- (a) for the total number of liaisons:
 - (i) the overall achievement was 88.4%; and
 - (ii) 14 DOs and the Headquarters did not meet the targets. The shortfall ranged from 0.3% to 92.0%;
- (b) for the number of visits to management bodies and “three-nil” buildings:
 - (i) the overall achievement was 88.9% ($20,992 \div 23,617 \times 100\%$); and
 - (ii) 13 DOs and the Headquarters did not meet the targets. The shortfall ranged from 5.7% to 90.8%; and
- (c) for the number of other forms of liaison:
 - (i) the overall achievement was 88.1% ($37,863 \div 42,975 \times 100\%$); and
 - (ii) 13 DOs did not meet the targets. The shortfall ranged from 0.3% to 92.5%.

Other administrative matters

4.4 Audit's further examination revealed that:

- (a) for visits to management bodies and “three-nil” buildings, while the overall achievement was 88.9% in 2019 (see para. 4.3(b)(i)), the shortfall arose mainly from the inadequate visits to “three-nil” buildings by DOs, which was only 42.4% of the target set (see Table 15); and

Table 15

**Numbers of visits to management bodies and
“three-nil” buildings
(2019)**

Visit	Target (a)	Actual (b)	Percentage of target achieved (c) = (b) ÷ (a) × 100%
To management bodies by DOs	14,793	15,441	104.4 %
To “three-nil” buildings by DOs	5,324	2,260	42.4 %
Headquarters (other support services)	3,500	3,291	94.0 %
Overall	23,617	20,992	88.9 %

Source: Audit analysis of HAD records

- (b) a further analysis by district showed that for 6 (33%) of the 18 DOs, their actual numbers of visits to “three-nil” buildings in 2019 were fewer than or equal to 2, which were significantly lower than the target numbers (Note 31).

4.5 According to HAD, visits are conducted in order to better understand the owners' needs and provide necessary support services. As the target numbers of visits were set based on the numbers of management bodies and “three-nil” buildings (see para. 4.2(a)), failing to meet the targets implied that not each of the management

Note 31: *A total of 4 visits were made to “three-nil” buildings by the 6 DOs, while the targets allocated (i.e. representing the number of “three-nil” buildings in the districts) were 892 in aggregate.*

bodies of private buildings and “three-nil” buildings had been visited once in 2019. This was contrary to HAD’s intention to achieve the objective (see also audit observations on visits by DBMLTs in paras. 3.10 to 3.19). As regards other forms of liaison, the under-achievement also implied that communication with the management bodies and owners of “three-nil” buildings was not as adequate as HAD’s Headquarters had expected.

4.6 *Some DOs persistently failed to achieve target numbers of liaisons.* In terms of the achievement of targets by the respective DOs, Audit analysis shows that out of the 18 DOs, 7 (39%) had persistently failed to achieve the allocated targets for three consecutive years (i.e. since the new performance indicator was introduced in 2017). Table 16 shows more details.

Table 16

**Seven DOs which persistently failed to achieve target numbers of liaisons
(2017 to 2019)**

DO	Percentage of achievement on target (Note)		
	2017	2018	2019
C	16.8%	8.9%	8.0%
D	20.5%	15.3%	13.4%
E	82.9%	79.3%	63.1%
F	88.0%	61.8%	71.0%
A	82.6%	89.9%	77.3%
G	95.8%	82.8%	89.4%
H	99.1%	67.8%	90.5%

Source: *Audit analysis of HAD records*

Note: *Percentage of achievement on target is calculated by:
Actual number of liaisons ÷ Target number of liaisons allocated × 100%*

Other administrative matters

4.7 Audit enquired about the follow-up actions taken by HAD's Headquarters when districts appeared to lag behind in meeting the targets (e.g. from quarterly returns submitted by DOs (see para. 4.11(b))). HAD informed Audit in June 2020 that reminders would be sent to the DOs concerned. In this connection, Audit examined the situation for DO C, which had the lowest rates of achievement on targets among DOs throughout the period. Audit noted that:

- (a) during 2019, only one reminder was sent by the Headquarters to DO C, encouraging it to conduct more visits to meet the target; and
- (b) despite the reminder, DO C failed to achieve the target for 2019. The actual number of liaisons conducted only accounted for 8.0% of the target number allocated.

4.8 In Audit's view, to achieve the aim of understanding the needs of owners and management bodies and provide necessary support services by conducting adequate liaisons, HAD needs to take improvement measures to ensure that the performance targets on liaison with owners and management bodies of private buildings are met by all DOs and the Headquarters.

Audit recommendation

4.9 **Audit has *recommended* that the Director of Home Affairs should take improvement measures to ensure that the performance targets on liaison with owners and management bodies of private buildings are met by all DOs and the Headquarters.**

Response from the Government

4.10 The Director of Home Affairs agrees with the audit recommendation.

Performance measurement

Need to improve documentation of compilation of results for performance measurement

4.11 HAD's Headquarters has, in an e-mail sent in 2017 informing DOs about the change in the performance indicator (see Note to Table 1 in para. 1.17), advised DOs to maintain records of liaison conducted as follows:

- (a) for visits paid to management bodies and “three-nil” buildings, LOs of DBMLTs shall input data of visit reports into HAD's database of private buildings, i.e. Building Management Information System (BMIS — see para. 4.19). The Headquarters will generate the figures from the database for reporting in CORs; and
- (b) for other forms of liaison, LOs shall properly record them as they normally do when they handle enquiries/complaints/disputes on matters relating to building management or providing the Pre-meeting Advisory Service for OCs. To facilitate LOs to record the statistics required, a log sheet template has been attached for reference and personal use by LOs (see para. 3.6). A coordinator in each DO will consolidate the inputs from LOs and input the relevant figures in quarterly returns to HAD's Headquarters.

4.12 Audit examined the level of performance reported in the CORs against supporting records and identified room for improvement, as follows:

- (a) in examining the internal targets set on the number of liaisons (see para. 4.2), Audit noted that the targets allocated to the 18 DOs and the Headquarters for other support services for 2019 added up to 66,592 (see Appendix E). This was different from the estimate number of 58,000 liaisons reported by HAD in the COR (see Table 1 in para. 1.17). There were no documented reasons for the discrepancy. Upon enquiry on the discrepancy, HAD informed Audit in July and September 2020 that:
 - (i) the internal targets set were meant to be internal to push districts to meet a higher target so as to better serve owners and management bodies; and

- (ii) on the other hand, the estimate number in the COR was a realistic target taking into account the actual performance of districts in the previous year; and
- (b) Audit has requested the three selected DOs (see para. 2.12) to provide supporting documents on the compilation of returns (see para. 4.11(b)) for 2019. On other forms of liaison, all the three DOs could not provide all corresponding records (Note 32).

4.13 The setting and reporting of performance targets/indicators help enhance government performance, transparency and accountability. In Audit's view, HAD needs to document the bases of estimates on the performance indicators disclosed in COR. In the event that the estimates differ from the internal targets, the justifications should be well-documented. HAD also needs to ensure that supporting information on performance indicators is properly maintained.

Need to review counting basis on educational and publicity programmes for performance measurement

4.14 HAD reported in its CORs a performance indicator "building management educational and publicity programmes" (see Table 1 in para. 1.17). Table 17 shows the categories of programmes organised from 2015 to 2019.

Note 32: *Of the three DOs, one could not provide the records, indicating that the responsible officer had resigned. The other two DOs provided only part of the records, and the data contained therein could not be reconciled to the total figures submitted to HAD's Headquarters.*

Table 17

**Building management educational and publicity programmes
(2015 to 2019)**

Programme	2015	2016	2017	2018	2019
(a) Training courses	82	102	94	99	89
(b) Seminars/talks	71	55	62	57	67
(c) Appeal letters to owners/ owners' organisations	0	1	0	21	67
(d) Television/radio advertisement/ Announcements in Public Interest	0	37	52	66	60
(e) Activities related to fire safety	117	104	73	92	51
(f) Homepage/mobile applications updates and promotion	61	48	66	33	20
(g) Production of leaflets/posters	15	26	21	17	20
(h) Others (e.g. press release)	58	27	34	21	30
Total	404	400	402	406	404

Source: Audit analysis of HAD records

Audit examination of the programmes found room for improvement in the counting of number of programmes:

- (a) briefing sessions of the Central Platform on Building Management (see para. 3.31) were held once a month in community halls in various districts. While the sessions were recorded under “Seminars/talks” by HAD’s Headquarters (see item (b)), the sessions were also counted by 4 DOs (2 DOs in 2018 and another 2 DOs in 2019), resulting in double counting of the same programmes (i.e. 4 briefing sessions); and
- (b) some of the programmes were of a recurring/repetitive nature. Audit noted that there is currently no clear definition on what constitutes a “programme” for HAD’s performance measurement purpose. As such, the methodologies used in counting the number of programmes varied. In 2019:

Other administrative matters

- (i) of the 89 programmes under the category of “Training courses” (see item (a)), 32 (36%) were related to the LEAD Programme and the Advanced LEAD Programme. Under the two programmes, each class consists of 8 or 4 weekly sessions (see paras. 3.38 and 3.39). In counting towards the achievement of performance indicator, for each class, the 8 or 4 weekly sessions of the same class held for the same group of participants were counted as 8 or 4 “programmes”;
- (ii) of the 67 programmes under the category of “Appeal letters to owners/owners’ organisations” (see item (c)), 54 (81%) were related to publicising and inviting owners or owners’ organisations to attend the Central Platform on Building Management. The appeal letters were in a standard content (e.g. with the schedules of briefing sessions of the next few months). Audit noted that on average, HAD sent out 4 to 5 batches of appeal letters per month. Each batch of letters sent was counted as one “programme”. For example, 5 batches were sent in January 2019 and were counted as 5 “programmes”; and
- (iii) the 60 programmes under the category of “Television/radio advertisement/Announcements in Public Interest” (see item (d)) was a television advertisement broadcast on 3 channels during 4 to 9 February 2019 (i.e. 6 days). Table 18 shows the timeslots and channels that the advertisement was broadcast. For the 7 timeslots/channels, the number of “programmes” counted ranged from 4 to 10. In total, during the 6-day period, the advertisement was counted as 60 “programmes”.

Table 18

**A television advertisement counted as
60 educational and publicity programmes
(2019)**

Period	Channel	Time	No. of programmes
4 to 9 February 2019	A	17:45 to 18:45	10
		18:55 to 22:55	10
		23:05 to 23:55	10
	B	17:05 to 18:45	6
		18:55 to 23:55	10
	C	18:55 to 23:55	10
		00:05 to 01:15	4
Total			60

Source: Audit analysis of HAD records

4.15 Upon enquiry, HAD informed Audit in September 2020 that:

- (a) for letters sent concerning the Central Platform on Building Management (see para. 4.14(b)(ii)), though the content was apparently standard, the letters were sent by batches to owners of different buildings with notices/repair orders served. The current counting basis sought to accurately reflect the efforts in preparing and mailing the letters and answering enquiries from owners, and the extent of outreach of the owners concerned; and
- (b) for the television advertisement (see para. 4.14(b)(iii)), the counting basis corresponded to the frequency of the broadcast and sought to reflect the efforts in reaching out to target audience.

4.16 In Audit's view, on the reporting of educational and publicity programmes for performance measurement, HAD needs to examine the suitability of the counting basis adopted for the programmes, taking into account their nature and content (see

para. 4.14(b)). HAD also needs to issue clear guidelines on the counting basis and avoid double counting of the same programmes (see para. 4.14(a)).

Audit recommendations

4.17 **Audit has *recommended* that the Director of Home Affairs should:**

- (a) **document the bases of estimates on the performance indicators disclosed in COR and ensure that supporting information on performance indicators is properly maintained; and**
- (b) **on the reporting of educational and publicity programmes:**
 - (i) **examine the suitability of the counting basis adopted for the programmes, taking into account their nature and content; and**
 - (ii) **issue clear guidelines on the counting basis and avoid double counting of the same programmes.**

Response from the Government

4.18 The Director of Home Affairs agrees with the audit recommendations.

Management of database of private buildings

4.19 HAD maintains a database of all private buildings in Hong Kong, i.e. BMIS. It provides basic information on private buildings in all districts, such as number of units and storeys, year built, and information on management organisations of the buildings (e.g. OCs). The information is used by HAD for planning and implementation of services/schemes. The database is also open to the public via HAD's dedicated homepage on building management (<https://www.buildingmgt.gov.hk>). Figure 2 shows a sample screen of the search function of the database on the homepage.

Figure 2

**Sample screen of the search function of
database of private buildings in Hong Kong**

The screenshot shows the 'Home Affairs Department Database of Private Buildings in Hong Kong' search interface. The search form includes the following fields and options:

- District:** A dropdown menu currently set to 'All'.
- Name of Building:** A text input field.
- Name of Estate:** A text input field.
- Name of Street:** A text input field.
- Name of Village:** A text input field.
- Street No.:** A text input field.
- No. of Storeys:** A text input field.
- No. of Units:** A text input field.
- Year Built (from):** A text input field.
- Year Built (to):** A text input field.
- Organization Type:** A section with several checkboxes:
 - ☐ Owners' Corporation (OC)
 - ☐ Owners' Committee
 - ☐ Mutual Aid Committee (MAC)
 - ☐ Property Management Company
 - ☐ Others
 - ☐ Without Organization
- Search and Clear All buttons:** Located at the bottom of the search form.

The footer of the page includes the WSC logo, 'MAI-AA WCAG 2.0', links for 'Important Notice' and 'Privacy Policy', and a copyright notice: 'Copyright © 2020 Home Affairs Department. All Right Reserved'.

Source: HAD's building management homepage

4.20 BMIS is compiled by HAD through routine contacts and liaison. In practice, LOs of DBMLTs are required to input the details of visits to buildings to BMIS (see para. 4.11(a)). According to HAD, reference has also been made to the information provided by other government departments.

Need to update data in the database of private buildings

4.21 Audit performed an analysis on the data contained in the database open for public use. As at 31 March 2020, data of 40,944 buildings was kept in BMIS. Audit noted that:

- (a) data of “year built” was not available for 7,099 (17%) buildings; and
- (b) data of “storeys” or “number of units” was not available for 957 (2%) buildings.

Other administrative matters

4.22 To further examine the accuracy of the data in BMIS, during Audit's visits to the three selected DOs (see para. 2.12), Audit selected 10 building files (i.e. paper files) in each of the DOs. In the building files of the 30 buildings, there were a total of 111 visit reports for the period 2016 to 2019 (see Note 26 in para. 3.13). Audit noted that of these 111 visit reports, data of 24 (22%) reports (involving 15 (50%) buildings) had not been input to BMIS, and therefore some of the data had not been updated. For example, for 4 (27%) of the 15 buildings, while data of PMCs (i.e. company names) was collected during the visits and recorded in the visit reports, the data was not available in BMIS because data of the visit reports had not been input.

4.23 According to HAD, every effort has been made to ensure the accuracy of information contained in the database. However, as shown in paragraphs 4.21 and 4.22, there is still room for improvement. In Audit's view, HAD should continue to take measures (e.g. ensuring inputting data of visit reports and updating data, and specifying this requirement in the Operational Manual for LOs) to improve the accuracy of the database of private buildings.

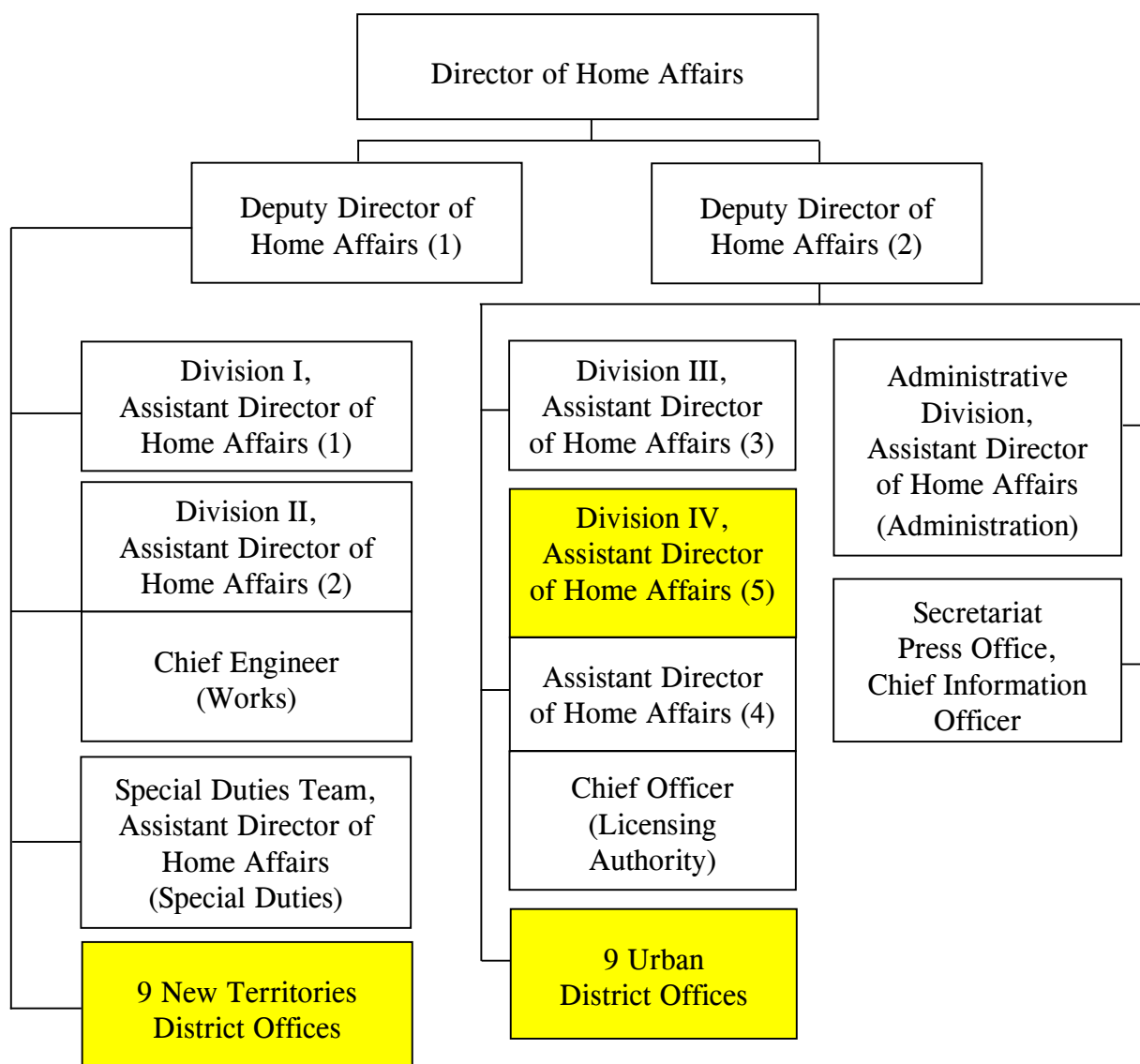
Audit recommendation

4.24 **Audit has *recommended* that the Director of Home Affairs should continue to take measures (e.g. ensuring inputting data of visit reports and updating data, and specifying this requirement in the Operational Manual for LOs) to improve the accuracy of the database of private buildings.**

Response from the Government

4.25 The Director of Home Affairs agrees with the audit recommendation.

**Home Affairs Department:
Organisation chart (extract)
(31 March 2020)**



Legend: Division/Offices covered in this Audit Report

Source: *HAD records*

Appendix B
(paras. 1.9, 2.6(b)
and 2.26 refer)

**Distribution of private buildings in Hong Kong
(31 December 2019)**

District	No. of private buildings (a)	No. of buildings with OCs (Note 1) (b)	No. of buildings without OCs (Note 2) (c) = (a) – (b)	No. of “three-nil” buildings (d)	No. of “three-nil” buildings as a percentage of no. of buildings without OCs (e) = (d) ÷ (c) × 100%
Central & Western	3,249	1,688	1,561	817	52 %
Yau Tsim Mong	3,021	1,760	1,261	723	57 %
Kowloon City	2,837	1,762	1,075	707	66 %
Sham Shui Po	2,187	1,340	847	618	73 %
Wan Chai	2,400	1,417	983	576	59 %
North	1,557	625	932	368	39 %
Yuen Long	9,107	1,602	7,505	311	4 %
Southern	2,272	920	1,352	311	23 %
Tai Po	3,627	1,247	2,380	214	9 %
Sai Kung	2,766	1,893	873	148	17 %
Tsuen Wan	966	551	415	126	30 %
Eastern	1,408	855	553	113	20 %
Kwun Tong	916	543	373	82	22 %
Wong Tai Sin	507	374	133	52	39 %
Kwai Tsing	597	376	221	34	15 %
Tuen Mun	1,340	989	351	32	9 %
Islands	695	310	385	12	3 %
Sha Tin	1,492	1,004	488	11	2 %
Overall	40,944	19,256	21,688	5,255	24 %

Source: Audit analysis of HAD records

Note 1: Under BMO, an OC can be formed in respect of which a Deed of Mutual Covenant (which stipulates the undivided share of each flat) is in force. As such, if an estate with multiple blocks of buildings is covered by one Deed of Mutual Covenant, only one OC can be formed. There were 11,030 OCs for these 19,256 buildings.

Note 2: According to HAD, these included buildings which had formed residents’ organisations other than OCs (e.g. owners’ committees) and buildings which might not be able to form OCs in accordance with BMO (e.g. town houses and private buildings under single ownership). HAD did not have readily available information on the number of buildings which might not be able to form OCs in accordance with BMO.

Remarks: The figures were based on information obtained by HAD staff through day-to-day liaison.

Appendix C
(para. 1.10 refers)

**Distribution of “three-nil” buildings in Hong Kong
(2011 to 2019)**

District	2011 (a)	2019 (b)	Change (2011 vs 2019) (c) = (b) – (a)	Percentage change (d) = (c) ÷ (a) × 100%
Central & Western	1,411	817	(594)	(42 %)
Yau Tsim Mong	788	723	(65)	(8 %)
Kowloon City	866	707	(159)	(18 %)
Sham Shui Po	866	618	(248)	(29 %)
Wan Chai	883	576	(307)	(35 %)
North	375	368	(7)	(2 %)
Yuen Long	262	311	49	19 %
Southern	189	311	122	65 %
Tai Po	206	214	8	4 %
Sai Kung	170	148	(22)	(13 %)
Tsuen Wan	144	126	(18)	(13 %)
Eastern	229	113	(116)	(51 %)
Kwun Tong	131	82	(49)	(37 %)
Wong Tai Sin	94	52	(42)	(45 %)
Kwai Tsing	54	34	(20)	(37 %)
Tuen Mun	46	32	(14)	(30 %)
Islands	13	12	(1)	(8 %)
Sha Tin	9	11	2	22 %
Overall	6,736	5,255	(1,481)	(22 %)

Source: Audit analysis of HAD records

**Dispute resolution services provided by
the Home Affairs Department**

HAD has launched the following dispute resolution services with the support of professional bodies and professionals to assist owners, owners' organisations and PMCs in resolving disputes:

(a) ***Free Outreach Legal Advice Service on Building Management***

In collaboration with the Law Society of Hong Kong, lawyers are assigned to provide outreach legal advice by attending OC meetings to further enhance the legal support to OCs;

(b) ***Free Mediation Service Scheme for Building Management***

In collaboration with the Hong Kong Mediation Centre and the Hong Kong Mediation Council, accredited professional mediators are deployed to assist relevant parties (including owners, owners' organisations and PMCs) in resolving disputes through mediation;

(c) ***Panel of Advisors on Building Management Disputes***

Comprising professionals such as lawyers, accountants, surveyors and property managers, the Panel offers neutral, authoritative and professional advice to the parties concerned to help resolve disputes; and

(d) ***Building Management Dispute Resolution Service***

Steered by retired Judges/Judicial Officers, the service is to assist the parties concerned in identifying issues in disputes, exploring and generating options with a view to reaching settlement.

Source: HAD records

Appendix E
(paras. 4.3 and 4.12(a) refer)

Performance targets on “liaison with owners and management bodies of private buildings” allocated to and actual performance attained by District Offices and the Headquarters (2019)

District	Target allocated			Actual performance attained			Percentage of target achieved (g) = (f) ÷ (c) × 100%
	Visit (a)	Other forms of liaison (b)	Total (c) = (a) + (b)	Visit (d)	Other forms of liaison (e)	Total (f) = (d) + (e)	
Central & Western	3,092	6,205	9,297	2,900	5,585	8,485	91.3%
Yau Tsim Mong	2,992	6,973	9,965	1,935	8,001	9,936	99.7%
Kowloon City	2,183	4,042	6,225	1,902	2,910	4,812	77.3%
Sham Shui Po	1,874	4,136	6,010	1,967	4,907	6,874	114.4%
Wan Chai	2,202	4,130	6,332	1,517	3,764	5,281	83.4%
North	709	1,342	2,051	65	100	165	8.0%
Yuen Long	854	1,927	2,781	874	1,412	2,286	82.2%
Southern	1,055	1,691	2,746	1,065	1,699	2,764	100.7%
Tai Po	618	1,143	1,761	346	905	1,251	71.0%
Sai Kung	619	1,156	1,775	130	107	237	13.4%
Tsuen Wan	607	1,157	1,764	411	1,153	1,564	88.7%
Eastern	984	2,913	3,897	2,479	1,276	3,755	96.4%
Kwun Tong	659	1,898	2,557	538	1,419	1,957	76.5%
Wong Tai Sin	363	930	1,293	563	863	1,426	110.3%
Kwai Tsing	385	744	1,129	285	724	1,009	89.4%
Tuen Mun	441	1,115	1,556	416	1,424	1,840	118.3%
Islands	121	212	333	56	154	210	63.1%
Sha Tin	359	661	1,020	252	671	923	90.5%
Headquarters (Note)	3,500	600	4,100	3,291	789	4,080	99.5%
Overall	23,617	42,975	66,592	20,992	37,863	58,855	88.4%

Legend: Target not met

Source: *Audit analysis of HAD records*

Note: *This included liaisons under other support services (e.g. BMPASS).*

Acronyms and abbreviations

Audit	Audit Commission
BMIS	Building Management Information System
BMO	Building Management Ordinance
BMPASS	Building Management Professional Advisory Service Scheme
COR	Controlling Officer's Report
DBMLT	District Building Management Liaison Team
DO	District Office
HAD	Home Affairs Department
LO	Liaison Officer
MC	Management committee
OC	Owners' corporation
PMCs	Property management companies
RLA	Resident Liaison Ambassador