

# **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).

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### 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.