

Comments on COC Paper No. 684/22 by Hillgrove Village Chairman.

ref:

Financial Implications - Property Management Services Licence

I am grateful to F.K. Wong for providing his Paper dated 31st March for members' perusal and for inviting members to discuss a way forward.

Having studied the information available from the Property Management Services Authority, including the Property Management Services Ordinance (Cap. 626), I understand that DBSML is facing a formidable task in order to change its culture before 1st August 2023.

The appointment of a PMP [Property Management Practitioner] as *a person-in-charge to supervise the handling of complaints* is only a minor part of what the PMSO calls for, as we can judge from the scope covered by the seven (7) categories and the numerous codes of conduct referred in the FK's Paper and further detailed below.

In fact, by 1st August 2023, for the approximately 9000 flats and the commercial areas, we can estimate the number of licensed PMP's to satisfy PMSO would be:

3 x Tier 1 PMP's

6 x Tier 2 PMP's

"The ratios are at least one licensed PMP (Tier 1) for every 3,000 flats or below and at least one licensed PMP (Tier 2) for every 1,500 flats or below."

Clearly, as their professional title suggests, the main purpose of qualified Property Management Practitioners is to manage according to the Codes of Practice of their profession. The intended purpose of the PMSO is to raise the overall standard of property management in Hong Kong. This cannot be achieved by simply hiring a new person for *handling complaints*.

To transition into full compliance with the Ordinance on time, DBMSL will need temporary outside support from a firm of professional management consultants. A sample list of management consulting firms is provided below:

- Accenture
- AT Kearney
- Bain & Co
- McKinsey & Company
- Mercer Management Consulting
- The Boston Consulting Group
- The Big Four (i.e. PricewaterhouseCoopers, KPMG, Deloitte and Ernst & Young)

The selected firm should be tasked with reviewing CM's current operating manual and procedures and recommend changes in the procedures and culture to bring CM into compliance with the PMSO. The consultant would also recommend a proper complaint-handling mechanism, given that CM must have 3 x Tier 1 and 6 x Tier 2 PMPs in place by 1 August 2023.

Hiring a respected firm such as those listed above may cost several million dollars. However, it is a one-off expense met from the City Reserve Fund. We currently have over \$70+ million in the Reserve. Surely, we can afford several million dollars to provide a comprehensive roadmap for CM to achieve compliance with the PMSO.

E.R.



Category 1

General management services relating to a property



Category 2

Management of the environment of a property



Category 3

Repair, maintenance and improvement of a property



Category 4

Finance and asset management relating to a property



Category 5

Facility management relating to a property



Category 6

Human resources management relating to personnel involved in the management of a property



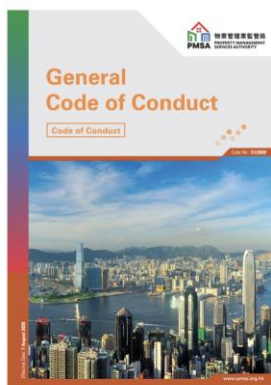
Category 7

Legal services relating to the management of a property



These are the first three Codes of Conduct and they can be viewed online or downloaded as a pdf at:

<https://www.pmsa.org.hk/en/regulatory/codes-of-conduct>



“General Code of Conduct”



“Complaint Handling Mechanism of Property Management Companies”



“Effective Control over Property Management Business by Property Management Companies”

10 Codes of Conduct have been published and 8 Codes on other subjects will follow