



October 5, 2015

Mr Albert Lee Kwok-Wing, JP  
Deputy Director of Housing  
(Estate Management)  
11/F, Housing Authority HQ  
33, Fat Kwong Street, Ho Man Tin  
Hong Kong

Dear Mr Lee

**Consultation on Proposed Changes of Rules in  
Tendering of PSA and PMA Contracts**

The Hong Kong Association of the Property Management Companies (HKAPMC) is the most profound property management association in Hong Kong. Its membership includes most of Hong Kong leading property management companies, all of whom are committed to enhancing the standard of professional property management. Our member companies manage over 70% of Hong Kong properties. Many of our members are also PSC companies on the contractor list of the Hong Kong Housing Authority (HKHA). Members of the Association have the opportunity to lobby Government and to express their views of issues of topical interest through discussion and consultation with relevant Government representatives. The Association has been consulted on all major policies and practices affecting the industry including the “Regulations of the Property Management Industry” and has become an ardent supporter on Government on all legislative changes on various statutory ordinances.

We were recently verbally informed that there will be some basic changes to the way in which tendering opportunities are allotted and we think that we can offer some useful advice in the light that some of our members are PSC companies of the HKHA and that some of the procedure may have impacted on those private properties as well.

The Hong Kong Association of Property Management Companies  
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## **Proposed Changes**

- (a) In brief, all band 4 companies will not be allowed to bid whilst at the same time the capping for some companies will be increased from 70,000 units to 100,000 units; and
- (b) the 2 marks score for “adequacy and balance of professional/managerial staff” for PSA tenders and the 5 marks score for “professional/managerial staff and headquarters staff strength” for PMA tenders in assessing tenders will be removed.

On (a), the existing practice is that band 4 companies (there are three) are not permitted to bid but are encouraged to improve their performance to move onwards to bands 2/3 or above to enhance their chance of securing a contract (there is a system in place where band 1 companies can have more choices and bands 2 and 3 companies only have limited choices). This system is already a bit unfair to those lower bands say bands 3 and 4 companies because they stand little chance to bid, though they are every bit a partner within the set-up (they all have to go through a tough registration procedure and have to pay an annual fee to stay in). Now with the capping increased to 100,000 units, those bands 3 and 4 companies do not only see their chance being quashed away but also see most of the contracts being arbitrarily transferred to band 1 companies who have already gained the lion's share of the market. The net result is obvious: the stronger companies (those in band 1) are given more business at the expense of the weaker ones.

It is plain to see the unreasonableness of the above changes because some players are not on a level playing field; they simply do not have a chance to bid whereas others can have more than their rightful share. If the proposed changes are implemented, there would be less companies willing or capable to join in the pool with the natural result that the major players can monopolize and manipulate the market. This is the last thing we wish to see.





Our view is that we would have no objection to the new capping had ALL (irrespective of bandings) been allowed to bid on the basis of performance and price, without all the unnecessary restrictions. All companies then can plan for their own strategy basing on the new capping and new rules; the stronger companies can trade down their less lucrative contracts for juicy ones, thus allowing those down the food chain to have something rather than nothing. This can preserve the present status quo and all parties would be happy in the end.

On (b), the present practice is that 2 marks will be awarded for “adequacy and balance of professional/managerial staff” and 5 marks for “professional/managerial and headquarters staff strength” in assessing PSA and PMA tenders respectively. The reason for this practice is believed to encourage companies to hire professionals to render back-up support to sites when required, i.e. to coordinate a special project or event or to handle crisis. All reputable companies have some form of headquarters supports to help and to advise site staff. This headquarters support provides the necessary buffer to take on abrupt increase in workload or to coordinate actions during emergencies. (An example is the recent ‘lead water’ case where our members have mobilized and coordinated actions mainly from headquarters support in salvaging an emergency situation.) It also evokes team spirit and improve company image. It has brand name effects. Now it is proposed to remove this assessment item. We do not think it is a wise move as its removal would only discourage the appointment of professionals in the industry and further dilute the professional strength of all the companies as a whole. The end result would be a deteriorating minimum workforce (just up to the minimal manpower requirement of the contract) without professionals in the higher hierarchy to lead and supervise them. This is an unhealthy situation. We believe that this practice should be retained. It has been in force for quite sometimes and has been going on smoothly and there has not been any problem with implementing it. We do not see the reason for a change.



The above is the views of the Association representing the major property management companies in Hong Kong. Though we were not formally consulted on the above changes until last week (22 September 2015), we venture to bring to your attention what we consider good practices from our angle. The world is moving towards open competition in the market and any restrictive practices would be seen as impeding progress. We believe that Government has a role to play in making the playing field as level as possible for all players as a whole. We understand that this is entirely a matter for your internal rule and we respect your decision in this respect.

As a side issue, we would like to take this opportunity to invite you and your colleagues to a working lunch to discuss matters of mutual concern. I should be grateful if you would let us know your view on this matter. Please contact Fion Chen of our Secretarial Office at 2186 6101 or [fionchen@hkapmc.org.hk](mailto:fionchen@hkapmc.org.hk) for working lunch arrangement.

Yours faithfully



The Association of Hong Kong Property Management Companies

c.c. Mr. W. K. Mak BSE/SSI

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