

COMPAG says active involvement of owners best safeguards interest of individual property owners

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A Government spokesman announced today (September 24) that the Competition Policy Advisory Group (COMPAG) has concluded deliberations on the results of the Telecommunications Authority's investigation into the Banyan Garden case.

COMPAG is of the view that the issues identified in the Banyan Garden case concern the availability of advance, comprehensive and comprehensible information on the types of services included in the management fee prior to the sale or occupation of the building. COMPAG further concluded that where building management services are provided by the real estate developer or management company before a Owners' Corporation can be formed, the contracted services should only be of a reasonable duration such that the owners will have the option of making their choice subsequently. In other words, the real estate developer or management company should not enter into excessively long service contracts, e.g. decade long contracts, to deprive owners of the option to vary the type or choice of service later. The tenders should also be competitive, open and transparent.

"COMPAG has concluded that a comprehensive competition law is not the answer to resolving the issues identified," the spokesman said.

COMPAG noted that the Deed of Mutual Covenant (DMC) and the Building Management Ordinance (BMO) provide a mechanism for the Owners' Corporation to be actively involved in the procurement process to ensure that services procured by the building manager are fair, transparent, and to the benefit of all owners. COMPAG directed that the Housing, Planning and Lands Bureau (HPLB) and the Home Affairs Department (HAD) should examine the DMC and the BMO and make recommendations to COMPAG to address the issues identified. COMPAG also directed that the HAD should encourage and assist owners of a development to set up the Owners' Corporation as soon as possible.

"The Banyan Garden case also highlighted the need for promoting the awareness of anti-competitive practices and pro-competition principles in the property development and building management sectors," the spokesman said. "The HPLB and the HAD will promote the Guidelines to maintain a competitive environment and define and tackle anti-competitive practices issued by COMPAG last September among the property development and building management sectors and encourage

self-regulation such as the development of voluntary codes of conduct on the basis of the Guidelines."

Ends/Friday, September 24, 2004

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