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For Immediate Release

Competition Commission Makes Submission to Home Affairs Department on Review of the Building Management Ordinance

The Competition Commission (Commission) today (2 February) made a submission (the Submission) to the Home Affairs Department's (HAD's) public consultation on a series of proposed amendments to the Building Management Ordinance (BMO).

The Submission comments only on one of HAD's proposals, relating to the termination of Deed of Mutual Covenant (DMC) managers as this has direct competition implications. The proposal contemplates alternative options to make it easier for owners to terminate a building manager initially appointed under the DMC. The Commission has expressed general support for this proposal.

As a general matter, the Commission is supportive of steps to enhance competition in markets by reducing barriers to new entrants to those markets and increasing the ability for new entrants to compete in those markets. In respect of the market for building managers, the Commission has identified that consumers may benefit, and competition may be increased, by making the appointment process more genuinely open to new and more competitive managers who seek to displace incumbents as building managers by making a more competitive offer. Nevertheless, the Commission notes that the property sector involves a wide range of complex issues for which no single amendment can solve all competition problems.

The Competition Ordinance (Ordinance) was passed by the Legislative Council in 2012 and is expected to come into full effect during 2015. The Commission has a range of functions, including to enforce the provisions of the Ordinance and to investigate conduct that may contravene the competition rules, to conduct market studies into matters affecting competition in markets in Hong Kong, to promote public understanding of the value of competition, and to advise the Government on competition matters in Hong Kong.

As part of its preparation for full implementation of the Ordinance, the Commission has been engaging with consumers and businesses across Hong Kong to understand competition concerns in Hong Kong. The Commission is considering and analysing a range of issues including various competition related matters in respect of building management in Hong Kong and the Submission is based on this work.

The Commission will continue to consider issues relating to competition in markets connected to property and in markets in Hong Kong generally. It will also carry on with its advocacy work in promoting the benefits of the Ordinance and help businesses prepare for the full implementation of the Ordinance.

About Competition Commission

The Competition Commission is an independent statutory body established to enforce the Competition Ordinance (Cap. 619), which was enacted in June 2012. The objective of the Ordinance is to prohibit conduct that prevents, restricts or distorts competition, and mergers that substantially lessen competition in Hong Kong. At the present time, the Merger Rule applies only to a merger involving an undertaking that directly or indirectly holds a carrier licence issued under the Telecommunications Ordinance (Cap. 106).