

# Surveying Newsletter

測 量 師 導 報

VOLUME 8 ISSUE 3, MARCH 1999

## Message from the President

The Institute is going to strengthen participation in all relevant government committees and consultation groups. We admitted that in the past HKIS might not have exerted enough influence on property related government policies and our views on some controversial topics were also poorly communicated to the public. This is a time for our surveyors working together to find more and better ways to help the Institute to stay ahead. It will take some time to do everything that we want and need to.

### Estate Agents Ordinance

The Institute has recently established a Working Group chaired by Mrs Margaret Brooke and comprised of representatives from major practicing firms to review the practical impact on its members of the Estate Agents Ordinance. The Working Group is considered necessary in the light of concerns expressed by a wide cross-section of members as to the number and type of professional surveying services which the Ordinance appears to include within the definition of "estate agency" and a perceived need to clarify the situation as to precisely which Registered Professional Surveyors require an Estate Agents Licence and which do not.

Clearly those HKIS members involved on a regular basis in the sale and leasing of land, property and individual premises are required to secure licences under the Ordinance and the HKIS Working Group is in full support of the Authority's efforts to regulate and improve the services of estate agents generally in Hong Kong, especially those involved in the sale of residential units which make up the overwhelming majority within the industry.

The concern (and confusion) of HKIS members arises from the very broad drafting of the Ordinance and the Authority's apparent intention to interpret the Ordinance in the widest possible way. This results in qualified Professional Surveyors,

properly registered under their own ordinance, the Surveyors Registration Ordinance, but not holders of Estate Agents' Licences, being precluded from providing what the Institute considers to be non-sales or leasing services. In contrary, as a result of the drafting of Estate Agents Ordinance, licenced estate agents, many with lower academic and experience standards, are permitted to offer the said services. Whilst members of the public involved regularly with property ownership and development may not be misled by this anomaly, others without any specialist knowledge could be very confused, with the result that they could mistake the Estate Agents Licence for a professional "qualification" and suffer materially by instructing agents, who do not have the relevant expertise or breadth of experience, to carry out the task.

The non-sales/leasing services that are of concern are connected with the settlement of land premium, compensation claims and property/land resumption cases, rent reviews and options to renew tenancies as these services do not involve the **introduction** of a new party to the transaction while the essence of "estate agency work" involves both an **introduction** (of a party or a property) and a **negotiation** (of a transaction).

Following considerable discussion and enquiry, we understand that there are two ways that the situation might be addressed, firstly, by seeking an exemption under Section 3 of the Ordinance from the licencing requirements for those members



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#### Editorial Contributions

Surveying encourages article queries and submissions. Article submissions should include both hard (printed) copy and a diskette in Word format. Contributions should reach the editor at the office of the Institute before the 10th of each month.

#### Information & Contents

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Monday to Thursday	9:00am - 5:30pm
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only undertaking those services that can be demonstrated to be of a non "estate agency" nature (as defined above rather than as defined in the Ordinance) or, secondly, by amendment to the Ordinance itself.

The Working Group also believes that it is important that the Hong Kong Institute of Surveyors/Surveyors Registration Board have a seat on the Estate Agents Board in order to liaise more closely with the Board as regards the services provided by Registered Professional Surveyors and to assist with identifying those surveyors who require Estate Agents licences and those whose responsibilities fall outside "estate agency work".

### Code of Measuring Practice

Members will note that various players in the property market have been debating on the definition and application of various terms of floor measurement. Indeed, the Institute had a Working Group reviewing the commonly used terms for almost 2 years. Today, the Working Group has completed its task, and the Institute has published a new Code of Measuring Practice. The Institute would refer and strongly advise you to follow the Code in your professional practice.



The Code defines "Gross Floor Area", "Saleable Area", "Lettable Area" and "Internal Floor Area". The Code is written in English and Chinese and has examples on the calculation of areas. The price of the Code is \$50.00 per copy and is available for sale from the Secretariat Office.

### South East Kowloon Reclamation - An Alternative Approach

In response to Government's Draft Outline Zoning Plans (no. S/K19/1 and S/K21/1), The Hong Kong Institute of Architects, The Hong Kong Institution of Engineers and our Institute, have set up a Joint Institute Committee to study the South East Kowloon Reclamation Proposal. The three Institutes are in full support of the Government's plan to develop Hong Kong into a vibrant metropolis but they find the Government's proposal has room for alternatives.

On March 5, 1999, the Joint Committee publicised an alternative conceptual design meeting all Government's planning objectives but with a 72% reduction in reclamation extent. A copy of their design report is kept in the library of HKIS Administration Office for members' information.

A word of thanks go to the members of the Working Group on the South East Kowloon Development, Mr Francis T Lau, Mr Roger Nissim, Mr Gordon Ongley and Mr Edwin Tsang for their contribution in working with the 2 other Institutes.

### Executive Summary

The proposal by the Institutes has the following design features: -

- A reduction (72% less) in reclamation extent (81 Ha instead of 229 Ha).
- The Institutes have strong reservation in Government's idea of concentrating 320,000 population in the S.E. Kowloon District. However, the alternative proposal can still provide

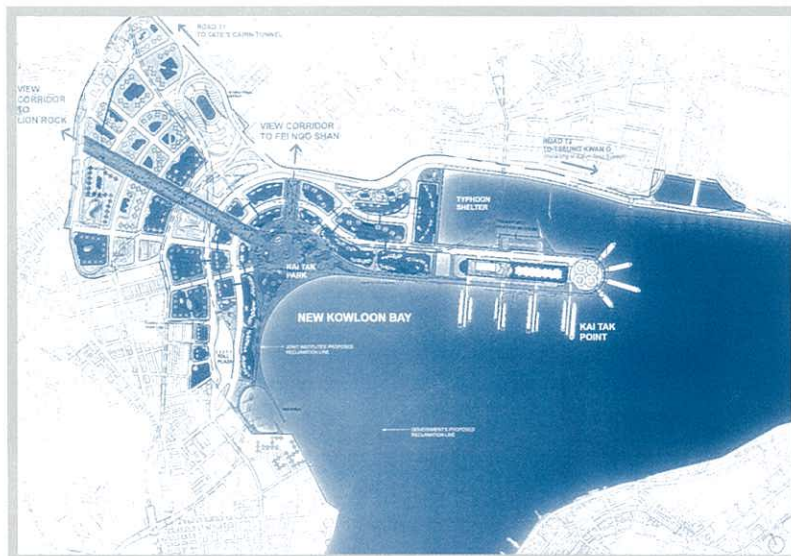
residential land accommodating the same population with a normal Plot Ratio of maximum 8.

- The major open space, named “Kai Tak Park” (approx. 27 Ha) fronting the harbour is connected to a 40m wide Seafront Promenade, and radiates into 2 View Corridors towards Lion Rock and Fei Ngo Shan.
- The Park is easily accessible by the general public and not surrounded by roads.
- The Seafront Promenade is franked by developments and readily enjoyed by the general public by merging with recreational and commercial activities.
- The provision of transportation links between Hung Hom and Tate’s Cairn Tunnel (T1) and that to Yau Tong & Tseung Kwan O area (T2), are in the form of underground tunnel and a widened Kwun Tong Bypass - to reduce road as well as avoiding environmental problem to adjacent developments.

- The end-part of the existing runway is turned into “Kai Tak Point”, with retail malls, hotels, commercial heliport and a cruise centre, which forms the gateway to our harbour and will become a tourist attraction.
- A marina is proposed in Hung Hom side to meet demands from various water sports organisations and as an ending feature to the Seafront Promenade.
- Building blocks are dispositioned to exploit the best seaview. Low-rise



View of the existing Kowloon Bay



SOUTH EAST KOWLOON RECLAMATION STUDY (Joint Institutes’ Proposal)



View of Kowloon Bay as per Government’s proposed reclamation extent



The Joint Institutes’ reclamation proposal to preserve Kowloon Bay - a 72% reduction of reclamation

private residential blocks are located near the waterfront and medium-rise to high-rise at the centre and near the existing urban fringe respectively.

- No demand for office space in New Kowloon Bay and offices could be accommodated in adjacent Sun Po Kong area if required in future.

• **Industrial developments** are considered not compatible and suggested to be accommodated at Ma Tau Kok, San Po Kong, and elsewhere.

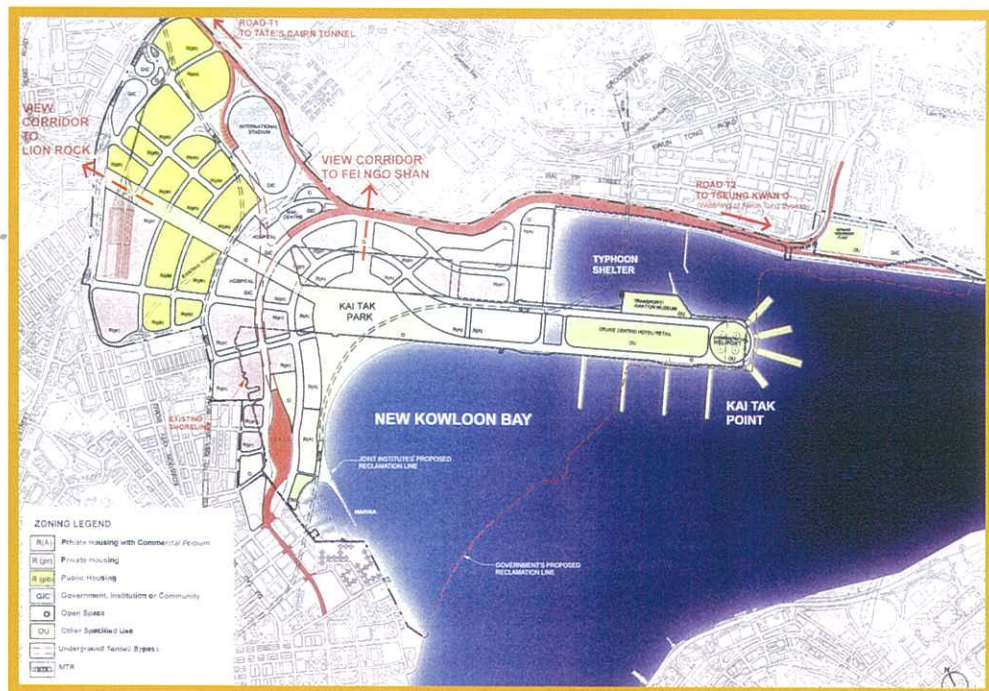
- **Mass transportation facilities (MTR)** are planned to serve the area, and transport interchanges are located at major circulation nodes like the

international stadium and the cruise centre.

- Partial reclamation to the **existing nullah** with localised treatment to the remaining portion to be retained as typhoon shelter. The runway will be cut through to avoid engulfing stagnant water.



Artists impression of the Joint Institutes' Proposal



SOUTH EAST KOWLOON RECLAMATION STUDY (Joint Institutes' Proposal)

What do Mr. C.Y. Leung, Mr. Dominic Wong, Mr. Peter Churchouse, Mr. Roger Nissim, Mr. Michael Choi and other heavyweights in the Real Estate and Building Industries have in common? Yes, they are all accomplished and highly regarded people but this misses the point: they will appear at the HKIS Conference on the 26th May, 1999 as our guests and will share their precious views with the audience! Hence, if you don't want to be left out, then mark your diary...

## "Your Home in 2004"

While the final preparations are still underway, the conference will feature, apart from the speakers and guests mentioned above, other prominent professionals from various related fields and you will get to hear what these experts, from both public and private practices, have to say on the latest *architectural trends* and design approaches, *building maintenance* and the changing culture, development of *geographical information syetems*, advances in *building technologies*, increased value via *better tendering processes*, and enlightened *property management practices*. Moreover, panels will be held to discuss *issues and challenges facing both the public and private housing sectors*, and above all, you will get to **know first hand where the experts think the real estate market is heading**. The conference is a full-day CPD event and more details, including a booking form, were already sent to members under separate cover. We look forward to seeing you there.

## HKIS Souvenirs

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## *News from the Building Surveying Division*

*By Kenneth J K Chan, Chairman*

### **Outstanding PolyU Alumni Award 1999**

The Divisional Council would like to extend on behalf of members of the BS Division congratulations to Mr David C LEE on the occasion of receiving the Outstanding PolyU Alumni Award 1999. The BS Division honoured David last year as Distinguished Building Surveyor. We would also like to take this opportunity to thank once again David's contribution to the profession.

### **BSD Press Clippings**

Your Divisional Council has commissioned press clippings of building-related news from the Internet on a trial basis. Hard and soft copies are kept at the Secretariat. Interested parties engaged in research may find the clippings useful. Members are encouraged to make good use of the information. Any suggestion for improvement is most welcomed. The clippings will eventually be placed in the BS Web Site under development.

### **13th Building Surveyors Conference 1999**

Your Divisional Council has tentatively fixed the day of this year's BS Conference for 16th October 1999. The theme for this conference will be on the field of facilities management. Your Vice-Chairperson, Dr CHAN Man Wai, is leading a committee consisting of representatives from the Facilities Management, Total Property Management and Continuing Professional Development Panels to make preparation for this conference.

### **Research Projects**

Your Divisional Council has been maintaining a Special Fund that could be utilized for research purposes. Members of the Division may apply for assistance from the Fund for research projects that will benefit the profession. You may direct your application to the Honorary Treasurer with supporting details

for consideration by the Divisional Council.

### **BUILDING SURVEYING DIVISIONAL COUNCIL 1998/1999 - AN ACTION PLAN**

*(Delivered at the BSD AGM on 24th November 1998)*

Are we gearing up to meet the challenge of the new millenium? Will the 21st century pose a threat or provide an opportunity to us? What should we do? Will we survive or be eradicated altogether from our traditional stronghold? Do we have ready answers?

Your council does not have the answers now. But we can do something to continue our search for direction. I propose that the incoming council should do several things, namely:

#### **Strategic Planning**

We should take a hard look at where did we come from and where are we going. To survive we should know our position and what we can offer to the society in the longer terms. Your Vice-chairperson will take the lead in the formulation of our Strategy. The invaluable experience of our senior members will inevitably be drawn upon in such an exercise. I urge that members should be more out-spoken in the shaping of the future of the Division.

#### **Competition**

Engineers and architects are intruding into some of our traditional strongholds. These professionals were not traditionally interested in the services provided by Building Surveyors. They were however forced by the economic downturn to move into our regime. Will they permanently displace us? How should we be improving our surveying skills and diagnostic and other abilities to meet the challenge of work opportunities arising out of the aging building stock?



## News from the Building Surveying Division

### Training of Graduates

As you are aware, more and more of our graduates are moving into employment that was not open to building surveying graduates in the past. We are concerned about their well being in respect of obtaining relevant and adequate professional training in their preparation for corporate membership of the Institute. I am glad that some of our senior members are interested and wish to devote more of their time in helping our graduates. Your council will work in co-operation with interested parties to formulate a action plan for enhanced training of graduates - Graduates Enhanced Training Scheme (GETS).

### New Areas of Work

What are the new areas of work that we could contribute? How about our roles in developing Facilities Management in Hong Kong? Could Building Surveyors contribute towards the betterment of the property management arena? A Total Property Management approach to managing and maintaining the physical assets in the new millenium.

### Research

It has been promisingly clear that more and more of our members are engaging in advance research of subjects relevant to the practices of building surveyors. They are contributing the pool of knowledge of building surveying practices. This should be encouraged and supported. How should we go about it? Will the setting up of more research funds suffice to promote more researches?


### Membership Involvement

We managed to revitalize the publication of the BS Newsletter last year as a means to communicate with our members at large. The biggest involvement of our members has always been the annual APC event. This year we had over 80 of our members

gathered for a day's hard work. Could we do something else together that is equally meaningful? Your suggestions are welcomed.

To further enhance our image and interaction with members and the public, we are looking into the feasibility of launching our own HomePage in the HKIS WebSite.

Lastly, I would urge members to be generous in rendering their views to enable the Council to serve members better and hopefully raise the profile of the profession.



**THE COLLEGE  
OF ESTATE  
MANAGEMENT**  
Patron: HRH The Prince of Wales

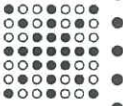
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# News from the General Practice Division

By Tony Tse, Chairman

Members of the Working Group include :-

## 1. Assessment of Professional Competence

The next Final Assessment will be held in late April 1999. The Assessment will still be conducted in the same format as in the past two Assessments i.e. written and oral assessment. Candidates will be informed of the details in due course.

An APC workshop for the GP APC candidates was organised on 6 February 1999. 65 attended the workshop and they were divided into two groups. The four co-ordinators of the workshop discussed in general the main points in tackling the written assessment, and they also involved the particulars in some exercises. It is believed that the workshop will assist the APC candidates to better prepare for the Final Assessment.

## 2. Estate Agents Ordinance

Our Institute has recently established a Working Group to review and consider the implications of the Estate Agents Ordinance on surveyors, including the practical problems of its implementation and also the wide coverage of 'estate agents works' defined in the Ordinance; and to recommend to the Institute follow up action where necessary.

Mrs Margaret Brooke (Convenor)	- Brooke International
Mr Nick Bradstreet	- First Pacific Davies (HK) Ltd
Mr Simon Lai	- Knight Frank
Mr C K Lau	- Jones Lang Wootton
Mr Jonathan Li	- Wayfoong Property Ltd
Mr David Lindsay	- Vigers Hong Kong Ltd
Mr Gordon Moffoot	- Chesterton Petty Ltd
Mr Ariel Tam	- C Y Leung & Co Ltd
Mr Tony Tse	- Emperor Group
Mr Augustine Wong	- Henderson Land Development
Mr Francis Lau	- Gold Rich Consultants
Mr Samson Wong	- HKIS President

As the Estate Agents Ordinance has a profound effect on our members, in particular those involved in sale and leasing, I would urge members to study the Ordinance in detail. The Working Group will welcome any comments from members.

## 3. Visit to Guangdong

The proposed visit to the Guangdong Real Estate Appraisers Society, originally scheduled in April 1999, has now been confirmed for 6th-8th May 1999. A one-

day Seminar will be held on 7th May 1999 and members will be receiving details shortly. The Seminar is organised by Mr. Edwin Tsang (Tel. No. 2893 1003) and has been recommended as a 6 hours CPD event.

## 4. Visit of Shanghai Government Officials

A group of twelve Government Officials from Shanghai, for a 2-week training course co-organised by the Hong Kong Trade Development Council and





## *News from the General Practice Division*



*Mr WANG Xiao Guang, Vice- Director, Shanghai Housing and Land Administration Bureau, exchange souvenirs with Mr Tony TSE (right).*

Shanghai International Economic Exchange Foundation, visited our Institute on 8th March 1999. Mr. K. K. Chiu, Mr. Simon Lai, Mr. Charles Chan and Mr. Tony Tse met these twelve delegates and we exchanged information about the respective organisations and the recent valuation practice. It was a good opportunity for our Institute to let the Shanghai

valuers have a better understanding of valuation practice in Hong Kong.

### **5. Nomination to the Surveyors Registration Board**

The General Practice Council has approved the nomination of Mr. K. L. Leung as one of the three GP representatives of the Surveyors Registration Board. Mr. Leung has also been nominated as our representative in the Surveyors Registration Board's Promotion Group.



*Group photo of the 12 visitors from Shanghai and HKIS representatives.*



## *News from the Land Surveying Division*

### **An Open Forum for all Land Surveyors**

*By Jacky Tull, Vice-Chairman*

A forum for the discussion on various aspects of the Land Survey Ordinance (LSO) was held on 5 March 1999 (Friday) at Room 1103, Hong Kong Scout Centre, 8 Austin Road, Tsim Sha Tsui at 6:30 p.m.. Over 40 members of the Land Surveying Division (LSD), ALSs and RPS (LS) attended.

The forum was chaired by Mr. S C LEUNG on behalf of the Land Surveying Division (LSD) Council. The Deputy Director of Survey and Mapping Office (SMO), Lands Department, Mr. CHAN Hak, representing the Land Survey Authority, also attended the forum.

In the forum, members suggested that there should be no need to submit the SRP if the boundary was defined previously and no actual field survey was to be conducted. However, under the LSO Section 30 Clause 4, *"An authorized land surveyor ... shall deposit with the Authority a duplicate of the land boundary plan and the survey record plan of the relevant land boundary survey ..."*

In addition, valuable comments from our members were obtained including comments on the data shown on the Land Boundary Plan (LBP), the submission of the survey report and also the word "ABOUT" for qualifying the areas. However, no consensus was obtained for all these items.

Mr. CHAN Hak suggested that the ALSs and the HKIS LSD Council form a working group to work on the issue with the

Legislation Section of the Government. The Chairman of the LSD, Mr. K L MOK, requested the ALSs to elect their own representative to join the working group for this issue.

In conclusion, the Chairman of LSD and Mr. S C LEUNG suggested that the existing Land Survey Legislation Committee would handle the issue, and would write to all ALSs for their participation.



*Mr. S C Leung and Mr. Jacky Tull in the discussion forum on various aspects of the LSO.*

### **The Land Surveyors Lunch**

*By W F Yik, LSD Secretariat*

The Land Surveyors Lunch will be held on 7 May 1999 (Friday). Details together with the reservation form are being distributed to all LSD members. Please pay attention to your letter box, and reserve your seats immediately.



# News from the Quantity Surveying Division

By T T Cheung, Chairman

## 1. PRC Visit

a) QSD will visit the Cost Management Bureau of Shangdong Province to attend and give speeches at the Provincial Cost Engineering Conference to be held on 23-25th April 1999. We will also visit the Construction Cost Bureau and Tendering Department in Shanghai before we go to Shangdong.

b) PAQS visit to Beijing in 1999.

A PAQS delegation, led by HKIS QSD, will visit Beijing to promote QS services, professional training, university education and certification systems of member countries right after the PAQS Congress held in Malaysia in August 1999.

## 2. AIQS Reciprocity

The subject is under in-depth study by a sub-committee of QSD. It is hoped that a dialogue be opened with the Australian counterpart in 1999 to proceed with the matter.

## 3. Revised SMM

This important task is taken care of by our senior member, Mr. Ken Goodbourn, who together with other senior QS members painstakingly go through all the various trades with other representing bodies. Only two trades of the revised SMM are outstanding now. QSD also discuss the need of a Practice Guide and a Chinese version of the SMM. While we think that a Practice Guide would be undoubtedly useful, the simultaneous issue of the Guide must delay the publication of the revised SMM for a considerable time. However, we

concur that a useful Guide could be compiled later when the document is put into use and anomalies and problems have actually risen.

We have different views on the subject of a Chinese version of SMM. Balance must be made between the industrial need of a formal Chinese version against the risk of it being the source of legal argument due to the ambiguities of the two versions. Members' views are welcome.

## 4. Direct access to the Bar Association and Revised Conditions of Contract.

In progress.

## 5. Listing of PQS firms on web

The Declaration Form is ready for companies who wish to be listed on HKIS's web and directory.

## 6. CPD Events

The CPD events in the pipeline are:-

Date	Topic	Speaker
29/4/99	Construction risk management	Dr. L Y Shen Chinese Research Institute of Construction Management

# Feature

## The Meaning of “Extra Over”

By John B Molloy, LLB (Hons), BSc (Hons), FHKIS, FRICS, ACIArb  
Managing Director, James R Knowles (Hong Kong) Limited

When disputes arise and the matter is referred to arbitration the representatives of the parties often spend a considerable amount of time arguing over who should be the arbitrator. Quite often the argument centres as much on the qualifications of the person to be appointed as much as his identity.

The difficulties that may arise where an inappropriate choice of arbitrator is made can be seen from the 1998 case of *A and J Rogers v Northern Ireland Housing Executive* where a dispute of a purely quantity surveying nature was referred to an arbitrator who clearly was not a quantity surveyor by profession.

The case concerned the term “extra over”, a term common in Bills of Quantities and well known to all quantity surveyors.

For example Section 6 of the Hong Kong Government Standard Method of Measurement for Civil Engineering Works requires that items for pipes be measured in linear metres and that the length shall be calculated along the centreline of the pipe through pipe fittings and the like. Pipe fittings such as bends are then measured by number as “Extra Over” items.

Therefore if one wishes to assess the price for a bend it is the rate for the pipe, plus the extra over rate for the bend itself. The concept of this is clear and one would have thought well understood.

However it seemed to caused considerable difficulty to the arbitrator whose decision was the subject of an appeal in the above.

In that matter a contract was let adopting the JCT Form of Contract 1980 Edition under which A and J Rogers were required to modernise twenty four houses. As part of the

works, temporary accommodation in the form of mobile homes were required to house the tenants and their belongings whilst the individual houses were modernised.

Provision was made in the Bills of Quantities for the mobile homes in the following terms.

### Mobile Homes

a) *Four berth mobile homes. BSI mobile homes (B.S. 3532 1981 amended 1983) duration not exceeding one week, supplying, connecting temporary electricity supply, rates and charges, all maintenance, cleaning out and disinfecting as necessary, removing from site, making good.*

*12 No. at £280.00 each total £3,360.00*

b) *Extra over for each additional week*

*288 No. at £40.00 each total £11,520.00*

To a quantity surveyor the meaning of these items appears clear. There were twenty four homes to be modernised. Twelve mobile homes were to be provided which would allow the work to be carried out in two phases of twelve houses at a time. The price was £280.00 for each mobile home for the first week. This price would include supply, deliver, set up connecting temporary supplies, rates and removal on completion. For each week beyond the first the prices would be £40 per week for each mobile home which presumably would include for maintenance and utility charges.

However the contractor argued that the price of each mobile home for the first week was £280.00 and thereafter for each additional week the price should be £280 plus £40 totalling £320.

The matter went to arbitration and the arbitrator agreed with the contractor that for each additional week beyond the first the price for each mobile home would be £320.

The point was appealed and the Court, whilst commenting on the “ingenious arguments” put forward by the contractor, came

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# Feature

to a speedy conclusion that the arbitrator was incorrect in his decision.

The arbitrator whilst appreciating that the price for an extra over item such as a bend in a pipe was a combination of the rate for the pipe and the extra over rate for the bend, failed to appreciate that the base item of the mobile home for the first week had already been measured and paid for and therefore the rate for each additional week was the extra over rate alone.

In simple terms, and using the previous example, if you have items in the Bills of quantities for pipes - 10 metres and 'extra

over for bends' - 10 no. If the one extra bend is required the additional sum is simply the extra over rate for the bend. The base rate for the pipe has been paid for already.

Had the parties chosen an experienced quantity surveyor as arbitrator the problems should never have arisen. Nor, it should be noted, would the problems have arisen if the works had been measured under the Hong Kong Government Standard Method of Measurement for Civil Engineering Works, where items for establishment, maintenance and removal of the temporary homes would have been provided which would have left no room for confusion.

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## General Views on the Property Market

*By Francis H.K. Ng, FHKIS, FRICS, Senior Vice President, HKIS*

I have recently taken up the posts of Senior Vice-President of the Institute and the Vice-Chairman of the Surveyors' Registration Board. I would like to take this opportunity to share with members my views on topics such as the general situation of the property market, job opportunities, corporate image and inter-discipline matters etc in the coming issues. I will focus on the property market this time.

Judging from the statistics on income from land sale (including premia received from lease modification and private treaty grants), 1998/1999 is the worst year since the beginning of this decade. It is anticipated that we can only obtain as much as \$18.7 Billion as against an earlier estimate of \$50.4 Billion. Such decline is a good indication of a drastic fall in the property market, both in terms of price and number of transactions. According to my findings 111,489 of agreements for sale and purchase (total value of \$341 Billion) were entered into in 1998, as against 205,461 cases (\$868 Billion) in 1997.

In view of an ample supply of office accommodation and a lack of investment in industrial undertakings, it is believed that

the property market will still need some more time for adjustment.

After suspension of land sale (and tender) for 9 months, the government on 12th February 1999 announced the Land Sale Programme for the coming financial year. Sale of specific sites by public auction which are all residential use will be made on a bi-monthly basis. A number of sites are also included in the Reserve List. The sale will be triggered off upon receipt of a guarantee to pay a 'minimum price' for a particular lot. Under this arrangement, supply is made flexible to meet additional demand.

As there are not too many lease modification, land exchange and private treaty grant cases completed in last year or so, the number of new residential units available for sale will decline because of new demand, particularly by new immigrants to the territory in the light of the recent decision by the Court of Final Appeal. Furthermore, as various measures are being made by the government to boost the economic situation (e.g. the Disneyland and Cyberport projects), I do believe that the property market is heading for the right direction.

I will present my views on another topic next time.

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# Feature

## **Knowledge and Ethics: Towards a New Definition of Professionalism in Estate Agency**

*A speech by Mrs Grace M Y Chow, Chief Executive Officer,  
Estate Agents Authority, at a luncheon of the  
Hong Kong Institute of Surveyors on 8 March 1999*

Mr President, Ladies and Gentlemen,

1. It is my great pleasure to join you this afternoon and share with you some thoughts about the Estate Agency profession in Hong Kong, at a time when it is undergoing changes that have no parallels in its annals.

2. With the enactment of the Estate Agents Ordinance and the licensing of practitioners, the Estate Agency profession has entered an entirely new phase of development. A long-established trade that was pretty much a law unto itself, estate agents were previously free from any form of regulation. The abuses and irregularities thus engendered prompted the government to introduce legislation that would make for the regularisation of estate agents' practice, and greater consumer protection. The process started in 1993 with the appointment of a working group. The green paper published in August 1994 laid the foundation for a licensing system and the establishment of a regulatory body. The working group's efforts then culminated in the Estate Agents Ordinance of May

1997, and the establishment of the Estate Agents Authority later in the year.

3. The first phase of the licensing exercise successfully concluded on 31 December 1998, by which date a total of 19,913 individuals and 3,792 firms had submitted applications. Among the individual applicants some 300 are also professional surveyors. Meanwhile subsidiary legislations governing agents' general conduct and practice in specific areas are being drafted: once approved by the Legislative Council, they will be enforced as parts of the Authority's regulatory mechanism.

4. With the regulatory mechanism basically in place, we have every reason to believe that the profession will gain in stature and esteem, as the community gradually realises the benefits and protection that the new system will provide to consumers in property transactions. However, quality of service never relies on legislation alone. Unless a practitioner applies his expertise and experience in a disciplined, principled manner, and unless he is fully conversant with the professional knowledge that is

expected of him, he will not be able to deliver the services demanded by modern day consumers.

5. Let us first talk about *professional* knowledge.

6. An estate agent is required to have a full and thorough knowledge of all the legal and financial procedures involved in the conveyancing and leasing of properties. He should also have a basic understanding of the laws that are relevant to their practice, including those that pertain to conveyancing, privacy, unconscionable contracts, prevention of bribery, and misrepresentation.

7. An estate agent truly committed to good service will have a broad and comprehensive understanding of the property market in Hong Kong, and the factors that contribute to mutations in this highly volatile sphere of activities. Such knowledge will enable him to advise his clients in an informed, professional manner, thereby winning their confidence and trust.

8. While *professional knowledge* is essentially a matter acquired through diligence and good sense, may I now bring your thoughts to something of a higher order, namely, the ethical aspects of an estate agent's practice.

9. The Authority has stringent requirements of estate agents in terms of the ethicality of their practice. *A Code*

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# Feature

of Ethics was formally promulgated on 1 January 1999, the date the Estate Agents (Licensing) Regulation came into force. The Code lays down rules of good practice and all agents are required to comply with them. Honesty, fidelity and integrity are the three cardinal virtues, and it is the agents' responsibility to safeguard clients' interest and to protect them against fraud, misrepresentation and other unethical acts that might crop up in a property transaction. Where a situation occurs which might lead to a conflict of interest, agents are required either to decline the agency, or to disclose their interests to all parties concerned, as the case may be.

10. Estate agency has always been known for being a cut-throat business, in which practitioners compete with each other sometimes to the point of fisticuffs. While the freedom to compete is the cornerstone of Hong Kong's economy, and indeed some have voiced concern as to whether the advent of regulation would stifle the enterprising spirit that prevails in the real estate trade, let us not forget that competition is best pursued in an open, fair and honest manner, with no agent taking undue advantage over another. The Code explicitly prohibits disparaging of one's peers, encourages fair competition, and disapproves of restrictive business practices.

11. While much has been said about the regulatory role of the Estate Agents Authority, I would now like to talk briefly

about the Authority's facilitative functions. The EAA has a statutory responsibility to help raise the standard of estate agency practice in Hong Kong, and training for practitioners and public education for the community at large are two areas which have been accorded primary importance in the Authority's 1999/2000 workplan. Apart from the training courses currently provided through nine tertiary and vocational institutions, a training kit consisting of a video, a set of training notes and information cards for quick reference will be produced, and other activities conducive to skill enhancement and transfer will be organised.

12. In terms of community education, the EAA will establish a resource centre as a one-stop enquiry service for members of the public. It will also be the reference library for both practitioners and consumers providing information and advice in matters related to property transaction. It is hoped that, with the help of a well-stocked, multimedia library and an efficient and user-friendly consultation service, members of the general public will find the new laws and the prescribed documents less daunting and will thus be more ready to cooperate with their estate agents. On the other hand, they will also be better informed and hence more discerning as consumers in property transactions.

13. There can be no denying the fact that the general public still has varied and uneven impressions of the estate agency industry: past iniquities have certainly taken their toll, and citizens who have suffered in the hands of unscrupulous practitioners are likely to be bitter for a long time. However, with the enforcement of the Estate Agents Ordinance and a new mode of practice, we can expect the industry to gradually take on a new, professional image and, in the fullness of time, the community will accord practitioners the esteem and respect they deserve.

14. Mr President, it is very gracious of you to have invited me to this gathering, and I would like to thank you and your colleagues for your interest in recent developments in the estate agency profession in Hong Kong.



Guest of Honour, Mrs. Grace Chow, receives a souvenir from the HKIS President, Mr. Samson Wong



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