

LegCo Question No. 17
(Written Reply)

Asked by : Hon TAM Yiu-chung

Date of sitting : 26.6.2002

Replied by : Ms Elaine Chung, JP
Ag Secretary for Housing

Question

Given that all rent control measures were abolished with effect from 1 January 1999, will the Government inform this Council whether it will consider taking measures to minimize its intervention in tenancy matters of private properties, such as:

- (a) reviewing the provision which gives tenants security of tenure; and
- (b) removing the stipulation which requires landlords of non-domestic premises who do not intend to renew the tenancy agreements with their tenants to serve a Notice of Termination of Tenancies not less than six months before the day on which the Notice is to take effect?

Reply

Madam President,

It is Government's policy for the private property market to operate as freely as possible without unwarranted Government intervention. Security of tenure was introduced in 1981 under Part IV of the Landlord and Tenant (Consolidation) Ordinance (LTO) (Cap. 7) against the background of a serious shortfall of accommodation leading to significant rental increases on renewal of tenancies.

2. Circumstances in the residential housing market have changed significantly since Part IV of the LTO was introduced:

- (a) The supply of private sector residential flats is stable and sufficient.
- (b) Average rentals for private housing have fallen by about 37% as compared to the peak in October 1997.
- (c) With an adequate supply of public housing, the average waiting time for public rental housing has been reduced significantly from nine years in 1990 to three years now.

3. Currently, the Landlord and Tenant (Consolidation) (Amendment) Bill 2001 is being scrutinised by a Legislative Council Bills Committee. The main purposes of the Bill are :

- (a) to streamline statutory repossession procedures;
- (b) to improve the operation of the LTO;
- (c) to improve the basis of calculating compensation for tenant and sub-tenant occupying small premises repossessed by the landlord for redevelopment; and
- (d) to increase penalties for harassment of the tenant and unlawful eviction.

4. In line with Government's policy to allow the property market to operate as freely as possible in Hong Kong's circumstances, the Administration plans to conduct a comprehensive review of the security of tenure provisions under the LTO. The review is intended to cover all provisions of the LTO which are still in force. This includes Part IV of the Ordinance which provides security of tenure to most domestic tenancies in Hong Kong and Part V of the Ordinance which requires a minimum notice period to be given by landlords of non-domestic premises in terminating a tenancy on the expiry of the tenancy term. The Administration plans to consult the Legislative Council Panel on Housing and all relevant professional bodies after the passage of the Landlord and Tenant (Consolidation) (Amendment) Bill 2001.