

L/M(2) to HB 9/7/35 III

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3 October 2001

The Honourable Mr Chan Kam-lam
Chairman, LegCo Sub-Committee on the
Estate Agents (Licensing) (Amendment) Regulation 2001
Room 523F, West Wing
Central Government Offices
Hong Kong

Dear Mr Chan,

The Estate Agents (Licensing) (Amendment) Regulation 2001 proposes inter alia that with effect from 1 January 2001, an ex-licensee who applies for a licence not more than 24 months from the expiry date of his last licence should be exempted from the educational and examination requirements stipulated in section 7(1)(a) of the Regulation. The aim of this amendment is to provide more flexibility to the existing licensing system. Under the existing regulation, a licensee who has not renewed his licence before the end of the transition period but who seeks to apply for the licence after the transition period will be regarded as a new entrant. Notwithstanding his having satisfied the licensing requirements before, he will be required to pass the appropriate qualifying examination and fulfil relevant educational and other conditions.

On 27 September 2001, the Sub-committee suggested that the Estate Agents Authority (EAA) should consider further relaxing the conditions regarding the re-entry of licensees after expiry of their licences. The EAA has indicated that they will review the provisions on licence renewal in the light of the suggestion. However, the EAA proposes that, for the reasons given below, unconditional re-entry of licensees within 24 months of licence expiry should remain as proposed at the present stage -

- (1) The proposed amendment to the Regulation seeks to provide more flexibility to the licensing system so that licensees temporarily not practising estate agency work need not renew and pay the fees of their licences continuously in order to maintain their licensee status. More importantly, under the existing Regulation, some licensees who do not have an education up to Form 5 standard may not, unless their licences

are renewed, apply for a licence and make a living by doing estate agency work after the transition period .

- (2) While giving more flexibility to the licensing system, the EAA has to ensure that the professional standard of the estate agent trade is not compromised in order to maintain consumers' confidence. In proposing the 24-month period, the EAA has considered the fact that the trade is not expected to experience significant changes within such a period. The professional knowledge of an estate agent who has left the trade for less than two years should not be so outdated as to affect the standard of his service. To extend the period without requiring practitioners to take refresher courses or pass a qualifying examination might affect the professionalism of the estate agent industry and undermine consumers' confidence in it.
- (3) Members of the Sub-committee proposed that the period of 24 months be extended together with attendance of courses by ex-licensees on re-entry to ensure the professionalism of the estate agent trade. The EAA considers this proposal highly desirable. However, to put this proposal into practice, the EAA must carefully consider the implementation details, including the period for re-entry, the scope and content of the refresher courses, the selection of institutions to run the courses and the financial burden on the practitioners, etc. The EAA will take time to study these details and consult the industry. It intends to complete a review of the system of licence renewal by the end of the first quarter next year.

Should the Legislative Council pass the Estate Agents (Licensing) (Amendment) Regulation 2001, licensees temporarily out of practice will not need to renew their licences. Should the conditions for re-entry by ex-licensees be further amended when the EAA completes its review early next year, ex-licensees not having their licences renewed can still benefit from any revised conditions for re-entry.

The Estate Agents (Licensing) (Amendment) Regulation 2001 aims at increasing the flexibility of the existing licensing arrangements and proposes a reduction in existing licence fees. The amendment is widely supported by trade associations and the industry. Its passage is earnestly requested by the Administration and the EAA.

(Ophelia Tsang)
for Secretary for Housing

c.c. Estate Agents Authority (Attn: Mrs. Grace M Y Chow)
Department of Justice (Attn: Mr. Cheung Wing-leung)