

消費者委員會的信頭
Letterhead of CONSUMER COUNCIL

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12 June, 1999

Dr Hon Raymond HO Chung-tai
Chairman
Sub-committee on Estate Agents Practice Regulation
Legislative Council

Dear Dr HO,

**Subcommittee on Estate Agents Practice
(General Duties and Hong Kong Residential Properties) Regulation and
Estate Agents (Determination of Commission Disputes) Regulation**

Thank you for your invitation to the meeting of the Sub-committee on 9 June, 1999. In view of the comments made by the estate agent trade to the Sub-committee at the meeting, the Consumer Council would like to make the following responses:

1. Competition

- We could not see how the implementation of the General Duties Regulation would bring about a monopolistic tendency in the real estate agent trade. The general duties to be imposed are neither restrictive nor prohibitive and therefore we could not envisage any barrier to entry as the consequence of the implementation of the Regulation;
- We agree that the implementation of the Regulation would impose some additional duties on, which means additional work to, most estate agents. Yet we believe they could cope with the new requirements easily after some training;
- We believe the trade has exaggerated the additional expenses incurred in implementing the general duties. Most of the quoted items are expenses under the prevailing practice.

2. Provision of property information

- We consider that the information prescribed in Form 1 represents the bare minimum required for the purchaser to make an informed choice. Any reduction will defeat the purpose of the Form;
- We do not find it onerous to require the estate agent (and the vendor) to provide the required information. From our experience, the early disclosure of the property information is essential and conducive to avoiding disputes at the later stage; and

- While agreeing that the Government should streamline the procedures in ensuring that the property information is more readily accessible to the public, we believe that the trade itself should also play a part in enabling the efficient use of the data. Individual trade associations have an important role to play to render assistance to their members in this respect.

3. Agency agreement

- We do not agree that the four sets of standard form of agency agreements are too complicated. They were drawn up after meticulous consultation and numerous revisions. We believe that the standard agreements, in their present forms but subject to some refinements in the Chinese translation, are comprehensive and very user friendly *legal document*;
- We have no reason to believe that there will be strong customer resistance to the use of the agency agreements. In any case, under the existing circumstances, customers have to sign some sorts of unilateral agreement if they are going to commission the service of estate agents; and
- We will work together with the EAA to educate both the vendor and the purchaser in respect of the protection afforded to them by the standard forms of agency agreement.

4. Agency commission

- It is note that the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation is made to impose general duties upon, and to specify the conduct and practices to be observed by, licensed estate agents. We therefore do not consider it appropriate for the Regulation to make provision for improving the efficiency of agency commission collection;
- We consider that the standard agency agreements have defined in great details the rights and responsibilities of both the estate agent and his customers, particularly in the payment of commission. Accordingly, the interest of the estate agent has already been well taken of; and
- We believe it is not justifiable for the trade to ask for additional protection of commission income. We consider the proposals made by the trade at the meeting harsh and unreasonable to the consumer.

We hope you would find the above views useful.

Yours sincerely,

LI Kai-ming
Acting Chief Executive
Consumer Council

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