

LCQ13: "Bundled" lease terms

Following is a question by the Hon Mandy Tam Heung-man and a written reply by the Secretary for Development, Mrs Carrie Lam (in the absence of Secretary for Commerce and Economic Development), in the Legislative Council today (July 4):

Question:

I have received complaints that some owners of commercial buildings have specified in the tenancy agreements that the tenants must employ designated contractors for fitting-out and building services works. In this connection, will the Government inform this Council:

(a) of the respective numbers of complaints received by the relevant government departments and the Consumer Council in the past three years about owners' stipulating "bundled" lease terms similar to that stated above, and the outcome of the follow-up to these complaints;

(b) whether it has assessed if the owners' stipulation of such "bundled" lease terms is an anti-competitive practice; if it has and the assessment result is in the affirmative, whether, before a fair competition law is enacted, the Government has formulated measures to deal with such cases; if it has, of the details of such measures; if it has not, the reasons for that; and

(c) whether it will bring "bundled" lease terms within the ambit of the fair competition law being drafted; if it will, of the details; if not, the reasons for that?

Reply:

Madam President,

(a) In the past three years, neither the Consumer Council nor the Rating and Valuation Department - which regulates the rights and obligations of landlords and tenants under the Landlord and Tenant (Consolidation) Ordinance has received any complaint about tenancy agreements which contain "bundled" lease terms relating to the employment of designated contractors for fitting-out and building services works.

(b) The Rating and Valuation Department advises that the issue concerned relates to contractual arrangements between landlords and tenants. Landlords and tenants are at liberty to propose tenancy terms and enter into a tenancy upon mutual agreement, as long as they comply with the requirements under the Landlord and Tenant (Consolidation) Ordinance.

(c) Taking into account the views expressed during the public consultation exercise on competition policy, we are now preparing a draft competition law aimed at tackling anti-competitive conduct. We will in due course consult this Council on specific proposals, including how to address the issue of "bundling" of services.

Ends/Wednesday, July 4, 2007