

**Information Paper for the
Legislative Council Panel on Housing**

**Greater Private Sector Involvement in Housing Authority's
Estate Management and Maintenance Services**

**4th Report on the Progress of Implementation
(November 2001 to April 2002)**

INTRODUCTION

This paper reports further progress of the phased outsourcing of Housing Authority's estate management and maintenance services under Greater Private Sector Involvement Scheme introduced in 2000.

BACKGROUND

2. The Administration agreed to update the LegCo Panel on Housing on progress of the implementation of Private Sector Involvement Scheme every six months. This fourth report covers the period from October 2001 to April 2002. As reported earlier on, the Private Sector Involvement Scheme is implemented through three complementary programmes, as follows -

- (a) **Phased Service Transfer** programme to gradually transfer the estate management and maintenance services of Housing Authority's public rental housing estates to external private companies;
- (b) **Management Buy-out** programme to facilitate Housing Department staff to form companies to bid service contracts under the Phased Service Transfer programme; and
- (c) **Voluntary Departure Scheme** to provide for Housing Department staff involved in estate management and maintenance to terminate its employment with the Department to enable outsourcing to continue.

PHASED SERVICE TRANSFER PROGRAMME

3. The initial phase of outsourcing of estate management and maintenance services approved by Housing Authority in January 2000 has been successfully implemented with the commencement of the last batch of Phased Service Transfer contracts in December 2001. A total of about 79 000 existing and 66 000 new public rental housing units were outsourced under the initial phase of the Phased Service Transfer programme to private-sector property service companies; and about 34 000 existing public rental housing units to Management Buy-out companies.

4. In the light of the effectiveness of the initial outsourcing programme and related arrangements, the Housing Authority approved on 26 July 2001 further outsourcing of another 180 000 units from the existing public rental housing stock by 2003/04, together with new production within this period. To address staff-side's concerns, the Housing Authority agreed that the pace of transfer will be determined by the number of Housing Department staff leaving under the Voluntary Departure Scheme.

5. Under these directives, three Property Services Contracts covering around 28 000 existing public rental housing stock was awarded in February 2002, which would commence in May 2002. Another 5 contracts would be tendered in May 2002.

MANAGEMENT BUY-OUT PROGRAMME

6. Since November 2001, the Housing Authority invited restricted tenders for four Management Buy-out contracts covering about 30 000 existing public rental housing units in March 2002. These contracts would be awarded in May 2002 for commencement in September 2002.

EMPLOYMENT OPPORTUNITIES

7. As a condition of contract, successful Property Services and Management Buy-out Companies are required to employ a specified percentage of ex-Housing Department staff. In the initial phase, over 1 300 employment

opportunities have been created for staff leaving the Department, thereby providing alternatives for staff to pursue a career in the property management industry. We envisage that the second phase of outsourcing will create another 2 000 job opportunities.

VOLUNTARY DEPARTURE SCHEME

8. The Voluntary Departure Scheme continues to receive applications from estate management and maintenance staff. Up to end March 2002, over 3 550 applications have been received. The distribution of managerial and professional grades vis-à-vis frontline and technical grades remains a 30:70 ratio. 41% of the applicants are aged 50 and above, 45% aged 40 to 49, and 14% aged below 40. The option period will expire on 28 February 2003.

9. As at 31 March 2002, 2 104 applications were approved under the Voluntary Departure Scheme, of them 1 871 had already departed. With the voluntary nature of the Scheme and the large number of staff grades involved, staff mismatch is inevitable. To minimise such mismatch, the Housing Department re-deploys staff, arranges interim appointments and hires temporary staff. The Department will continue to closely monitor the Voluntary Departure Scheme and any resultant mismatch.

10. The Department is developing a comprehensive manpower strategy to suitably deploy staff who stay put. In particular, the Department is exploring jobs which, with appropriate enhancement training, could be opened up to other staff grades or disciplines. The Department is also liaising with other government departments for suitable openings for staff surplus to requirements.

CONCERNS OF STAFF OPTING TO REMAIN IN THE CIVIL SERVICE

11. To address remaining staff's concerns about job security, Director of Housing issued a comfort letter guaranteeing no forced redundancy as result of outsourcing of estate management and maintenance services in July 2001. The letter was generally well-received, although the Alliance of the Housing

Department Staff Unions was still asking for termination of further outsourcing. The Department will continue to exchange views with the Alliance on how their concerns can best be addressed.

Housing Department
May 2002