

Legislative Council Panel on Housing

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

Final Report on the Progress of Implementation (November 2002 to April 2003)

Introduction

This paper reports the conclusion 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 has undertaken to update the Legislative Council Panel on Housing on progress of the implementation of Private Sector Involvement Scheme every six months. This sixth report, also the final report, covers the period from November 2002 to April 2003. As previously reported, 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 private property services companies;
- (b) **Management Buy-out** programme to facilitate Housing Department staff to form property service 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 their employment with the Department to enable outsourcing to continue.

Outsourcing Target

3. The Housing Authority launched the Phased Service Transfer programme in two phases in January 2000 and July 2001 respectively. The target was to outsource a maximum of about 300 000 units from the existing

public rental housing stock by 2003-04, together with new production within the same period, based on an estimate that 3 300 Housing Department staff will leave. The ultimate pace of outsourcing would be determined by the number of Housing Department staff actually leaving under the Voluntary Departure Scheme.

4. With 3 178 staff finally approved to leave under the Voluntary Departure Scheme and having regard to the staff mismatch as described in paragraph 7 below, the Housing Department has actually outsourced around 240 000 existing and 80 000 new public rental housing units. Altogether, 28 Property Services Contracts and 12 Management Buy-out Contracts were awarded when the outsourcing programme concluded in end February 2003. Of the 28 Property Services Contracts let, three were obtained by Management Buy-out companies formed by former Housing Department staff. Except for the last three Management Buy-out contracts which will commence in June 2003, all the other contracts have commenced smoothly in batches since October 2000.

Employment Opportunities

5. As a condition of contract, successful Property Services and Management Buy-out Companies are required to employ a specified percentage of former Housing Department staff. The two phases of the outsourcing programme have created over 2 000 job opportunities for former Housing Department staff, and possibly over 3 000 job opportunities for the private market.

Voluntary Departure Scheme

6. The 3-year option period under the Voluntary Departure Scheme expired on 28 February 2003. After the Housing Department fully assessed its operational requirements, 3 178 applications were finally approved under the Scheme. The ratio of managerial and professional grades vis-à-vis frontline and technical grades amongst the successful applicants is 26:74. 50% of them are aged 50 and above, 40% aged 40 to 49, and 10% aged below 40. As at 30 April 2003, 2 660 applicants have left the service and the others will leave by 31 August 2003 when the departure period ends.

7. Given the voluntary nature of the Scheme and the large number of staff grades involved, staff mismatch is inevitable. To minimize such mismatch, the Department re-deploys staff, arranges interim appointments, hires temporary staff and explores suitable openings in other government departments. The pace of outsourcing was based on the actual number and grades of staff

leaving under the Scheme and the Housing Department's operational requirements to minimize and contain the mismatch. This arrangement has allayed the concerns expressed by staff over job security. The Housing Department will seek to maintain continued communication and close co-operation with the staff who stay put in providing the best services for public housing residents.

Conclusion

8. The phased outsourcing of Housing Authority's estate management and maintenance services under the Private Sector Involvement Scheme has been successfully completed. The Housing Department will monitor the private property services companies closely to ensure their satisfactory performance.

Housing Department
May 2003