

## **Greater Private Sector Involvement (PSI) in the Housing Authority's Estate Management and Maintenance (EMM) Services**

### **Explanations for Additional Incentives of the Staff Release Package**

- (A) Special payment calculated on the basis of one month's salary for every five years before reaching normal retirement and pro-rata for shorter periods (paragraph 20(b) of Paper)**

The objective is to increase the attractiveness of the release package to the relatively junior staff in the Department. There are about 3 020 members of the affected grades who have less than fifteen years of government service. In the absence of any additional incentive, it is anticipated that the majority of staff opting to go will be the long-serviced ones who are able to get the maximum enhanced benefits under the AOO terms. With this additional incentive, some of these 3 020 staff may be attracted to leave the Department and join the private sector. This would enable the migration of more younger HD talents to the private sector which would be of benefit to the industry and the HA tenants at large, and the achievement of a more balanced mix of staff leaving the Department under the greater PSI initiatives in the EMM services.

- (B) Eligibility to purchase HOS flats under the HOS Secondary Market Scheme (paragraph 20(c) of Paper)**

From staff feedback, housing has consistently been named as one of the most pressing concerns for staff in considering the option for voluntary departure under the greater PSI initiatives in the EMM services. The arrangement will help resolve the housing needs for at least two categories of officers – firstly, those junior staff who will normally be eligible for public housing under the Civil Service Public Housing Quota should they remain in the civil service; and secondly, junior staff whose last monthly salaries upon departing the civil service voluntarily under the greater PSI initiatives in the EMM services are at or below MPS Pt.21, regardless of the maximum salary of their pay scales. It is estimated that the number of eligible staff for this arrangement is around 1 000 and this will not adversely affect public allocation as there are some 200

000 flats which can be put up for sale in the HOS/PSPS pool now, plus new stock to be added to the pool yearly. As these flats are second-hand flats to be sold by HOS/PSPS owners, it would not involve any financial payments or subsidy by Government or HA.

**(C) Continued payment of concessionary rent by Estate Assistant (EA) Grade staff for a grace period of five years (paragraph 20(d)(ii) of Paper)**

The considerations are as follows -

- (a) The EA grade staff are mainly deployed in estate management duties, which are the core functions to be transferred to the private sector under the PST approach. Due to their rather unique job responsibilities which do not have comparables in the civil service, there are difficulties in accommodating them both within and outside the Department. Moreover, given their large establishment, some 1 570, it would help in relieving the staff surplus situation if more EA grade staff are attracted to leave the Department voluntarily;
- (b) Difficulties are envisaged in EA grade staff being absorbed by private property services companies because of their relatively low academic qualifications and narrow scope of trade skills. Jobs comparable to EAs in the private sector (e.g. Building Supervisors and Fitters) all require multi-skills which the EA grade staff in HD fail to possess;
- (c) The normal public housing rent would bring a serious financial burden to EA grade staff upon leaving the Department. As estimated, the normal rent would come up to about 55% to 79% of their reduced monthly pension payment, which is very substantial; and
- (d) Presently, there are 740 EA grade staff paying concessionary rent for their residence and another 708 potential payees who may become eligible upon surrender of their departmental quarters. The maximum number of payees would be 1 448 since the concessionary rent arrangement does not apply to EA grade staff appointed after 1 January 1991. Assuming a five-year grace period is granted to this target group of staff, the total HA subsidy will be in the region of around \$154 M, as against \$280 M if the subsidy is paid until normal

retirement of the payees. Since HA has to bear the rent subsidy under the laid down policy, the \$280 M can be taken as revenue foregone. Should the five-year grace period be able to attract any EA grade staff with more than five years of service leading to normal retirement to retire prematurely under the PST exercise, the Department is in fact increasing its rental revenue by not having to subsidize the staff after his fifth year of voluntary departure.

**(D) Assisting EA grade staff appointed before 1 January 1991 but without Letters of Assurance to be issued with same if they meet the prevailing issuing criteria before they leave the service (paragraph 20(d)(iii) )**

In accordance with existing HA's policy, EA grade staff appointed before 1 January 1991 are eligible for the issue of a Letter of Assurance (LA) granting them eligibility to apply for public housing unit (PHU) upon retirement or leaving the Department if they forfeit their PHU under one of the following circumstances -

- (a) they have surrendered their PHU at time of appointment to the EA grade;
- (b) they have deleted their name from the tenancy of a PHU at time of appointment;
- (c) they were not allocated a PHU upon their successful application for PHU under the General Waiting List submitted before their appointment to the grade;
- (d) they chose not to be allocated a PHU upon their successful application under the Civil Service Public Housing Quota (CSPHQ).

For EA grade staff without LAs, they shall have to meet the prevailing eligibility criteria under the CSPHQ in order to be issued with LAs. It is the staff side's request at the CSA that consideration be given to grant LAs to all these EA grade staff before they leave the Department.

At present, about 120 EA grade are not LA holders. On further examination of their eligibility, it is noticed that only about 50 of them would likely meet the eligibility for public housing allocation. These include about 20 single officers and 30 married officers. For the former group, they are presently not eligible for public housing under the CSPHQ. However, upon opting to retire voluntarily under the PSI exercise,

these singletons can immediately apply for public housing under the category of retiring singletons occupying departmental quarters and the housing needs for this group of officers should be satisfactorily resolved. Some difficulties, however, are envisaged for the latter group whose reasons for ineligibility vary, e.g. unclear marital status, family members failing to meet the residence rule, being owner/co-owner of a private property within 24 months from the application for public housing, receipts of other civil service housing benefits etc.

We do not think it appropriate to issue LAs to all these 120 EA grade staff regardless of their individual circumstances both on internal and external equity grounds. Rather, it is intended to assist these staff, as far as possible, to obtain their LAs, subject to their meeting the prevailing criteria for public housing under the CSPHQ before they leave the service.