THE HONG KONG HOUSING AUTHORITY

Memorandum for the Management and Operations Committee

Cessation of Door-to-door Rent Collection Service

PURPOSE

This paper seeks Members’ endorsement on the proposed cessation of door-to-door rent collection service.

BACKGROUND

2. It has been our long established practice to provide door-to-door rent collection service in public rental housing estates. It was only until 1990 that the Autopay Rent Collection Scheme (Autopay Scheme) was first introduced in estates. An Autopay Working Group (WG) was then formed to oversee the implementation of the Scheme which was fully extended to all estates in 1992.

3. Following the implementation of the Autopay Scheme, we ceased to provide door-to-door rent collection service in subsequent new estates where majority of the tenants joined the Autopay Scheme at the time of intake. As for the existing estates, tenants are encouraged to join the Autopay Scheme. The door-to-door rent collection will cease in an estate when one of the following conditions is fulfilled -

(a) the autopay collection rate in the estate exceeds 50%; or

(b) if the autopay collection rate exceeds 40% and the door-to-door collection rate is below 10%; or

(c) if the door-to-door collection rate drops below 5% regardless of the autopay joining rate.
As at end of May 1997, 65 estates as listed in the Annex are still having door-to-door rent collection.

4. The general method of rent payment by tenants in all the 166 estates involving 618,000 tenancies are -

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>% of Total Tenancies</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autopay</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Estate Offices Collection</td>
<td>57</td>
<td>) approx. 2.5%</td>
</tr>
<tr>
<td>Door-to-door rent collection</td>
<td>3</td>
<td>) were paid by cheques</td>
</tr>
</tbody>
</table>

5. In December 1996, the Internal Audit Section of the Department conducted a value for money audit on the autopay rent collection system. The audit report as endorsed by Finance Committee recommended, inter alia, that the WG should regularly review and revise the policy on the door-to-door rent collection. The WG should also consider the means for regularly promoting the Autopay Scheme among tenants. The WG was thus reactivated to review the Autopay Scheme in the light of the recommendations of the audit report.

CESSATION OF THE DOOR-TO-DOOR RENT COLLECTION SERVICE

6. It was our original intention to maintain a close landlord and tenant relationship through direct contacts with the tenants at the time of door-to-door rent collection. With the change of the social pattern in public housing estates, working couples are no longer uncommon in public housing estates. This attributes to the low door-to-door rent collection rate which averages at 7.53% in the 65 estates. The service can no longer serve the intended purpose of maintaining close contacts with the tenants and has become an outdated and costly service. While rent collection service at the estate offices will be maintained, we consider that the door-to-door rent collection should be discontinued in all estates. The Autopay Scheme should gradually be the main method of rent collection. Contacts with tenants can be adequately maintained through annual flat inspections, repair inspections and various estates/EMAC activities.

7. Ample notice will be given to the affected tenants so that they will have adequate time to make alternative arrangement for rent payment or to
join the Autopay Scheme. **It is therefore recommended that the door-to-door rent collection service should be discontinued in all estates effective from 1 January 1998.** Meanwhile, this decision will be widely publicised in the affected estates through estate newsletters and EMAC/MAC meetings. A notification letter will also be sent to individual affected tenants.

8. Under special circumstances, the door-to-door rent collection service will continue to be provided upon request on a need basis, e.g. where the tenants are blind, senile or handicapped.

**PROMOTION OF THE AUTOPAY SCHEME**

9. The overall autopay participation rate as at April 1997 stood at about 40% which is far from being satisfactory. The lack of incentive is one reason for the lukewarm attitude of the tenants in joining the Autopay Scheme while the surcharge (about $80) levied by the banks on tenants with delinquent payment is a great discouragement, which often results in subsequent withdrawals from the Scheme.

**Publicity Campaign by Collection Banks**

10. So far, four banks, namely Belgian Bank, Hong Kong Bank, Hang Seng Bank and Dah Sing Bank are appointed as the Authority’s autopay rent collection banks in all estates. The Authority has just appointed the China and South Sea Bank as the fifth collection bank. These banks will be invited to promote the Autopay Scheme in estates. The promotion will be held by one collection bank at a time for a period of no more than six months. We will render every support to facilitate these banks to conduct the promotion campaign in our estates. The China and South Sea Bank is the first collection bank to promote the Autopay Scheme in estates during the period from end July to mid-November 1997.
Enhancement by Administrative Arrangements

11. Coupled with the promotional activities conducted by the collection banks, we have taken the following administrative measures with a view to enhancing the Autopay Scheme joining rate -

(a) during the rent chasing process, tenants especially those habitual rent defaulters will be strongly advised to join the Autopay Scheme;

(b) tenants will be encouraged to join the Autopay Scheme at the time of signing the tenancy agreements, during annual inspections and at the time of office rent payment;

(c) a collection box will be installed in each estate office to receive completed autopay application forms after office hours; and

(d) common data on the autopay authorisation form are pre-stamped to avoid abortive work due to manual errors.

12. We will also explore into other ways and means to promote the Autopay Scheme among our tenants. It is anticipated that with the cessation of the door-to-door rent collection service, tenants might take a more serious consideration on joining the Autopay Scheme.

FINANCIAL IMPLICATIONS

13. Deployment of security guards to accompany door-to-door rent collection in the first few days of the month will be saved after the cessation of such service in January 1998, though the related cost savings will not be significant.

14. Additional income in the form of investment return may also be generated from earlier collection of rent through autopay. It all depends on how ready our tenants are to join the Scheme.

STAFF IMPLICATIONS
15. Some staff savings can be achieved by the cessation of the door-to-door rent collection service. Instead of going up the blocks, the estate staff will collect rent payment at the estate offices. With more tenants joining the Autopay Scheme, staff efforts in chasing late rent payment can also be saved. The estate staff can thus spare more time on other management initiatives in a more customer-focus manner.

PUBLICITY AND PUBLIC REACTION

16. The Autopay Scheme has, in the past years, proved to be an effective rent payment method and most of our tenants who have joined the Scheme find it convenient to them. The convenience enjoyed by the autopay tenants would be emphasised in the publicity activities. The point that only about 3% of our tenants are using the door-to-door service would also be highlighted. The number of affected tenants are comparatively very small. Besides, we shall continue to provide such service to those tenants who have difficulties to pay rent at the estate offices.

17. We are now actively considering other payment methods such as payment by phone or other electronic means, so that more options can be offered to our tenants to pay their rent.

DISCUSSION

18. At the next meeting of the Management and Operations Committee to be held on 11 September 1997, Members will be asked to approve the cessation of the door-to-door rent collection service in the existing 65 estates with effect from 1 January 1998.