THE HONG KONG HOUSING AUTHORITY

Memorandum for the Rental Housing Committee

Review of the Estate Management Advisory Committee Scheme

PURPOSE

To review the Estate Management Advisory Committee (EMAC) Scheme.

BACKGROUND

2. Following the successful trial run of the EMAC Scheme in eight estates in 1995, Members approved vide Paper No. MOC 4/96 the extension of the Scheme to all rental housing estates by phases over a period of two years commencing April 1996.

3. The EMAC Scheme is now in full operation in 139 estates with about 1,200 EMAC members appointed by the Department. Apart from several new estates where tenants' organizations have yet to establish and those due for redevelopment, the Scheme has been implemented in almost all estates. A recurrent expenditure of $101M as staff cost and another expenditure of $116M as EMAC funds are incurred in running the Scheme in 1999/2000.

4. When the roll-out of the EMAC scheme was completed at the end of 1997, several surveys in the form of questionnaires were conducted to gauge the opinions of EMAC members, rental housing residents and members of the Housing Authority (HA) and its Committees. Results indicated that the respondents were on the whole in support of the Scheme. A summary of the finding is at Annex 1.
5. To further publicize the EMAC Scheme and to increase tenants’ awareness of the importance to participate in the management of their own estates, the Department held a conference entitled ‘EMAC Seminar cum 45th Anniversary of Public Housing in Hong Kong’ on 20 January 1999. The event was very well received by estate tenants.

THE REVIEW

6. The EMAC Scheme is a successful move of the Authority to open itself up and to cultivate a partnership relationship with its tenants. As indicated by the positive responses to our surveys and the high attendance rate at meetings (85%) and functions, EMAC members have shown great devotion and enthusiasm to assist in the management of their estates. EMAC meetings have provided a good and effective forum for the estate management staff to exchange views with the tenants’ representatives on management and maintenance issues. The requirement for service contractors to attend EMAC meetings and the involvement of EMAC members in the performance appraisal of these contractors have greatly increased the latter’s responsiveness and accountability and hence quality of their service. With rising level of tenants’ satisfaction, the number of complaints in relation to estate management matters has dropped over the past few years. EMAC-funded community activities have not only increased civic awareness and neighbourliness among estate tenants but also helped to promote the Department’s corporate image.

7. The existing EMAC set-up and operation are generally considered appropriate and effective. Having regard to the experience gained and the feedback collected, some modifications are proposed, as elaborated in the ensuing paragraphs.

MEMBERSHIP

8. Results of the review on the existing membership of EMAC are outlined below:

(a) At present, a representative elected among the office-bearers of each Mutual Aid Committee (MAC) in the estate is appointed in his/her personal capacity to serve on EMAC. Members are made known of the schedule of EMAC meetings
well in advance (12 months ahead). They will be given a formal notice of meeting together with the agenda before the date of each meeting. There have recently been suggestions to give two seats to each MAC. As experience shows that a representative from each MAC alone can adequately reflect the views/interests of the tenants in each block, having two representatives would mean a duplication of representation. In view of this and having regard to the immense resource implications arising from an expansion in EMAC membership (e.g. enlargement and renovation of existing conference facilities) and the adverse effect posed by a much enlarged forum on the effectiveness of EMAC meetings, we recommend that the existing practice of giving one seat for each MAC should remain unchanged. Members who are unable to attend the meeting can make a written presentation of their views or nominate a representative among the respective MAC office-bearers to sit at the meeting.

(b) Since the repeal of constituencies within districts in July 1997, we have withheld the appointment of Provisional District Board (PDB) members to new EMACs. However, PDB members already appointed to the existing EMACs have been allowed to continue their service until expiry of their term of office. Following the enactment of the District Councils Ordinance, each District Council (DC) now comprises both elected and appointed members. For a balanced representation, we propose that both elected and appointed DC members should be admitted to EMACs. While an elected DC member will continue to be invited to serve on EMAC within his/her constituency, one seat in EMAC will be given to an appointed DC member from the local Area Committee (AC) (appointment will be district-based if there are no ACs). In the event that more than one appointed DC member indicate interests in serving the same EMAC, selection will be decided by ballot. As elected DC members may currently participate in two EMACs, appointed DC members will be given equal treatment (i.e. each be allowed to serve on a maximum of two EMACs within the AC to which he/she has been assigned).
(c) There are at present only 21 residents’ associations (RAs) with representatives serving on 18 EMACs. However, owing to the rather low threshold of membership required for their formation (i.e. having 15% of the estate tenants as members) and the difficulty in controlling the duplication of their membership, RAs are starting to flourish in number. Having regard to the need for a manageable size of EMAC, it is impossible to give a seat to each RA which is in fact a splinter group representing a minority of tenants in the estate. With adequate representation and effective reflection of tenants’ interests through the MAC representatives (who have their focus on the management of individual blocks) and the DC members (whose concerns are related to local affairs within the district), it is considered that RA representation on EMAC could be phased out. We recommend those RA representatives already serving on EMACs to have their appointment extended for only one more term of two years.

(d) Commercial Tenants Associations (CTAs) are set up in lieu of MACs in some estates to look after the well-being of the commercial tenants. Currently, there are 13 EMACs with CTA representation. We recommend to allocate a maximum of two seats to CTA. For smaller estates with 2,000 units or less, one representative from one such organisation will be appointed to serve on EMAC. For larger estates with more than 2,000 units, a maximum of two such organisations will be accepted.

TERMS OF REFERENCE

9. The high level of satisfaction shown by the residents on the EMAC Scheme as confirmed by the opinion surveys manifests that the existing terms of reference of EMAC (Annex II) are adequate and no change is therefore proposed. Notwithstanding this, in view of the gradual transition of our rental housing stock to Tenants’ Purchase Scheme (TPS) estates, it is considered necessary to open up more opportunities to equip our tenants with practical concept and to enrich their experience in estate management work. To this end, we propose to further enhance EMAC members’ involvement in estate matters by advising on -
(a) the award/renewal of service contracts; and

(b) the drawing up of estate action plan in respect of estate management and maintenance matters.

It is believed that this proposal of strengthening the EMAC’s role will ensure the delivery of customer-focused and quality service by our service contractors. It will also serve to reinforce further the partnership relationship between the management and the tenants, and foster in the tenants a stronger sense of belonging and commitment to their estates.

EMAC FUNDS

10. At present, each estate is granted an EMAC fund on the basis of $100 per flat per annum for blocks completed or to be redeveloped within five years. For all other blocks, the allocation is $200 per flat per annum.

11. Under the current policy of using not more than 10% of the EMAC fund for organising community activities, some estates (particularly the smaller ones) have encountered difficulties in meeting the rising costs. To reflect the actual needs, we propose to allow a maximum of 15% of the EMAC fund to be allocated for running EMAC activities. The remaining 85% of the fund will be used for undertaking minor works jointly initiated by the management and EMAC members and for meeting the substantial charges for printing EMAC newsletters.

12. Many of the EMAC-funded works are the end products of constructive ideas from EMAC members based on individual local needs and characteristics of the estates concerned. Spending in this respect does not only represent savings to maintenance costs, but has also proven to be an effective glue in binding the management and the tenants as good partners working towards the common goal of improving the estate environment. This approach of having works tailor-made to meet the needs of our tenants could help to upgrade our rental properties. We, therefore, propose to give more flexibility to individual EMACs in the use of funds for carrying out minor improvement as well as maintenance works based on local needs, preferences and priority.
13. As new estates are already modernised in terms of facilities and design to meet the rising standard of living, the need for improvement work during the initial seven years after intake is comparatively small. Having carefully considered the current fund allocation in relation to the actual expenditure, we recommend that new blocks completed within seven years (instead of five years) be granted $100 per flat per annum. The annual funds for each flat in blocks due for redevelopment in five years and all other blocks will continue to be $100 and $200 respectively. The proposed adjustment is not expected to hamper EMAC’s smooth functioning. It will, on the other hand, help exercise cost control over expenditure and ensure EMAC funds are utilised as cost-effective as possible. We also recommend that the proposed policy will take immediate effect on the endorsement of this Committee.

STAFFING RESOURCES

14. We have a current establishment of 160 housing grade staff (117 Assistant Housing Managers and 43 Housing Officers), or an average of 1.1 dedicated staff for implementing EMAC Scheme in each estate. For estates involved in TPS, the existing EMAC staff will be retained for 12 months (as approved by the Home Ownership Committee via Paper No. HOC 23/98) in order to render assistance in transforming EMAC to Owners’ Corporation (OC). The existing staffing support for the EMAC Scheme is currently subject to review under the Department’s streamlining exercise. Revision of the present manning ratio is therefore not considered necessary in this review of the EMAC Scheme.

THE WAY FORWARD

15. EMACs in potential TPS estates play an even more significant role, as they will most likely be transformed in due course into OCs which carry management responsibilities rather than advisory functions. EMAC provides a good opportunity to train and prepare estate tenants for managing their properties in an efficient and effective way. Resources will therefore continue to be ploughed into the EMAC Scheme, the operation of which would be reviewed from time to time to take account of changing circumstances.
16. To update EMACs on management related issues, we recommend to organize EMAC conferences every two years in order to provide an opportunity for experience sharing among EMACs and for collection of feedback/views by the Department on estate management matters.

RECOMMENDATIONS

17. Recommendations for modifications to the EMAC operation are summarised as follows -

(a) to maintain the existing policy of appointing one representative from each MAC to serve on EMAC (paragraph 8(a));

(b) to appoint both elected and appointed DC members to EMAC according to the arrangements as detailed in paragraph 8(b);

(c) to phase out RA representation on EMAC (paragraph 8(c));

(d) to allow a maximum of two CTAs to participate in an EMAC (paragraph 8(d));

(e) to strengthen the role of EMAC by seeking the advice of EMAC members on the award/renewal of service contracts and the mapping out of estate action plan (paragraph 9);

(f) to allow a maximum of 15% of the EMAC fund to be allocated for running community activities and to make provision for meeting the printing costs for EMAC newsletters in the residual 85% of the fund (paragraph 11);

(g) to expand the scope of EMAC-funded works to include minor improvement as well as maintenance works jointly initiated by the EMAC members and the estate management (paragraph 12);
(h) to adjust the allocation of EMAC funds such that $100 will be granted annually to each flat in blocks completed within seven years (instead of five years) (paragraph 13); and

(i) to organize EMAC conferences at biennial intervals (paragraph 16).

FINANCIAL IMPLICATION

18. If the above proposal of having new blocks completed within 7 years be allocated with a fund of $100 per flat per annum is endorsed, the total contribution for these blocks will be $2.5M in each of the two fiscal years starting from 2006/2007 based on the assumption of some 25,000 rental flats being completed in 2000/2001.

PUBLIC REACTION AND PUBLICITY

19. It is not anticipated that there would be adverse reaction from EMAC members and the general public to the proposals summarised in paragraph 17. We will emphasize in publicity that these proposals are drawn up with a view to enhancing operational efficiency and effectiveness as well as further increasing tenants' participation in estate management work.

DISCUSSION

20. At the meeting of the Rental Housing Committee to be held on 13 January 2000, Members will be asked to endorse the recommendations set out in paragraph 17.

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