

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Human Resources Committee

Manpower Strategy for the Housing Authority

PURPOSE

The purpose of this paper is to seek Members' endorsement of the proposed manpower strategy which best supports the Housing Authority (HA) in meeting the changes and challenges ahead.

BACKGROUND

2. To fulfill the Government's recent pledges in public housing programme, as announced in the Chief Executive's 1997 Policy Address, HA is working towards lifting the public housing production to 50,000 flats a year, reducing the average waiting time for public rental housing to three years by 2005, contributing to achieve a home ownership rate of 70% by 2007, and clearing all remaining old type temporary housing areas by 2000 and all remaining cottage areas by 2001.

3. To meet the Government's housing pledges, the Department has actively pursued the following initiatives -

- Launching the Tenants Purchase Scheme (TPS);
- Exploring the possibility of further organisational reforms on HA activities;
- Increase in the public housing production from 1998-99 to 2000-01;

- More use of the private sector resources to deliver public-housing programmes; and
- Clearing all remaining old style temporary housing areas by 2000, the remaining five cottage areas by 2001, and 176 public housing blocks built before 1973 in the coming five years under the Comprehensive Redevelopment Programme.

The above initiatives will inevitably cause some fundamental changes to our manpower requirements.

4. In the circumstances, we need to review the current manpower strategy to better align the Department's human resources management (HRM) systems to support its businesses and objectives.

REVIEW OF MANPOWER STRATEGY

5. To meet the challenges ahead, we have re-visited our existing HRM policies and practices. The findings reveal that the current recruitment policies and practices are inadequate to support the new direction towards which the Department is heading. There is an imminent need for a more flexible approach to increase the Department's ability to respond to the new challenges and changes. The following considerations are central to the revised manpower strategy -

- to reduce bureaucracy and increase flexibility in the employment and deployment of staff;
- to obviate permanent staff commitment for projects with a limited life span;
- to supply adequate staff to support the core businesses' operational requirements; and
- not to adversely affect existing staff morale and career prospects.

CURRENT PRACTICES

Recruitment policies and practices

6. As the executive arm of the HA, the Housing Department has an establishment of about 15,000 posts. Though the Housing Ordinance authorises HA to employ its own staff¹, most of the posts in the Department are civil service posts. The practice to date is that HA staff are only employed to fill civil service posts when no suitable civil servants are available (e.g. Office Assistants and Typists) or when the requirement is of a temporary nature (e.g. Estate Surveyors for the TPS), and to fill HA posts when the expertise required is not available in the civil service (e.g. multi-skilled General Clerks² and Risk Management Officer). HA staff are normally employed on contract terms for a duration of two and a half years but can be shortened to suit operational needs. Contracts may be renewed subject to satisfactory performance and conduct, and the continued need for the service.

7. As at 1 July 1998, there were 440 HA staff and 14,000 civil servants in the Department (in the ratio of 1:32).

Problems with current recruitment policies and practices

8. Under the civil service arrangements, there are extensive restrictions to the appointment and termination of civil servants, with the result that staff urgently required cannot be made available speedily and sub-standard performers cannot be easily removed. Furthermore, the functions and responsibilities of individual civil service grades, as laid down in their respective Guides to Appointment, are restrictive in scope. This limits flexibility in staff deployment, and also causes difficulty in coping with our ever changing service needs, especially when there is a mismatch in the supply and demand of staff and timing.

Measures introduced to alleviate the strain on manpower requirement

¹ Under Section 6A of the Housing Ordinance, HA may appoint its employees on the terms and conditions determined by HA.

² Multi-skilled clerks are required to perform clerical, messengerial, English and Chinese word processing duties which are the core duties of Clerical Officer, Office Assistant, Typist and Calligraphist respectively.

9. To address the strain on manpower requirements, the Department has explored various options to solve the problem. For example, to cater for the shortage of construction and site supervisory staff, the Department has adopted the following measures -

- (a) Outsourcing - Between 1994 and 1997, about 63 projects have been farmed out to Architect-led consultants. Under the agreements, site inspection would be carried out by a suitably qualified team of site supervisory staff under the supervision of the consultants. In addition, 8,389, 42,093, 44,053, and 57,675 flats were outsourced for design and construction work in the four years from 1994/95 respectively.
- (b) Use of the Works Supervisor Trainee Scheme - A new rank of Works Supervisor Trainee (WST)(Construction) grade was created in August 1996 as a measure to address the manpower shortage of site staff. After successful completion of a certificate course, the trainees are eligible for appointment as a WS II (Construction). This will help to provide a steady and continuous supply of WS II (Construction). At the moment, there are 59 WSTs employed under this scheme on a contract term basis.

PROPOSED MANPOWER STRATEGY

10. In the light of the pace and the extent of the changes ahead and having regard to the guiding principles set out in paragraph 5 above, we propose to revise our manpower strategy and institute a multi-prong approach as outlined in paragraphs 11 to 21 below.

Wider employment of HA Staff

11. Advantages: The employment of HA staff would facilitate faster intake and more flexibility in scope of work, employment period etc. thereby enabling the HA to have a better control of the size of its establishment and the type of staff to suit the business needs at different times. Moreover, HA staff might also bring in new insight by virtue of their outside expertise and private

sector experience. The situation in the Information and Community Relations Division (ICRD)³ is a good example.

12. Proposal : To enable the HA to respond more promptly to the staffing requirements arising from changing and short-term demands whilst avoiding increasing the establishment of the organisation, wider employment of HA staff would provide the necessary flexibility to meet the challenges. Other than continuing the appointment of HA staff in circumstances set out in paragraph 6 above, we propose to employ HA staff for all grades starting from the recruitment ranks. This strategy is recommended because – first, it would not affect the promotion opportunities of existing staff which is their prime consideration; and second, the same arrangement can apply equally to all grades.

13. Given that any surplus general grades and seconded staff arising from the HR changes could be absorbed by their parent departments and that it is desirable to have a phased implementation for such a major exercise, we further propose to start the arrangement immediately with the departmental grades and commence discussions with the Heads of Grade (HoGs) of the general grades and seconded staff for the implementation of a similar arrangement.

14. Subject to endorsement of the proposals in paragraphs 12 and 13 above, we shall review the arrangement in one year.

15. Review of terms and conditions: To enhance the attractiveness of the HA posts for recruiting and retaining quality personnel on a contract basis, we need to review the existing remuneration package for the HA staff. A review of the HA contract terms and conditions of employment is currently underway for that purpose and the recommendations would be submitted to HRC once completed.

Outsourcing

16. The HA has been tapping private sector resources to supplement in-house staff. We have contracted out a number of services and engaged consultancy services over the years when there is a sudden surge of workload, when the task is urgent, or where there are proven cases of better economy or

³ HRC approved in December 1996 the conversion of all civil service posts in the Information Officer grade in ICRD to HA posts in the Publicity Officer grade vide HRC Paper No.53/96. There are currently 44 HA staff of various ranks in the ICRD.

lack of in-house expertise. We should explore a more vigorous use of private sector resources and consider developing some guiding principles. We suggest that outsourcing should be seriously considered when -

- (a) the task is temporary or short-term in nature;
- (b) the task requires expertise not available in-house;
- (c) it is a proven case of better economy or presents good value for money; or
- (d) there is recruitment difficulty for a certain category of staff.

17. The bunching of housing production over the next few years provides a good illustration of the above proposal. Having assessed the manpower requirements resulting from the intensified production programme from now to 2000/01, the Development and Construction Branch considered outsourcing a solution to cope with the increase in workload which is above its normal threshold. It has worked out its outsourcing strategy and proposed to further outsource 35,000 flats (under design and construction) in 1998/99 and 27,000 flats in 1999/2000 to redress the overloaded situation. This proposal, which was approved by the Building Committee at its meeting on 18 June 1998, will obviate the need for increasing in-house professional staff resources and avert future staff redundancy problem when the bunching of housing production subsides.

Business Process Re-engineering

18. The redesign of work process has proven to be a highly effective approach to improving work efficiency in many organizations. The Department has been aggressively pursuing Business Process Re-engineering (BPR) in different work areas in the context of the Management Enhancement Programme and the exercises completed so far demonstrated that they can help achieve improvements in cost control, quality, efficiency of service delivery, and better utilization of resources. In view of the encouraging results, BPR should continue as an on-going exercise.

Redeployment

19. Recognising there is a need for additional staff in new initiatives, we should, as a first step, consider redeploying staff from areas where there may be surplus (eg. arising from the implementation of the new management model of TPS) to other job areas. This would help to minimise possible down-sizing and avoid, as far as possible, redundancy of surplus staff.

Training/Retraining

20. The Department will step up in-service training to staff to help increasing their ability to be proactive to the changes ahead. In addition, retraining will be provided to surplus staff redeployed to other areas of work to redevelop them for those roles and functions.

21. As the WST Scheme will guarantee a steady and continuous supply of WS II, it should be retained to help relieving the shortage in supply of site supervisory staff. However, the scope of the scheme should be thoroughly assessed and reviewed annually to take account of the supply and demand for such staff.

PROPOSED FRAMEWORK FOR IMPLEMENTATION

22. Subject to endorsement of the proposals in paragraphs 11-21, we propose the following framework for implementation -

(a) ***Wider employment of HA staff (paragraphs 11-15)***

We will proceed with staff consultation and commence discussions with the HoGs of the general grades and seconded staff on the proposed manpower strategy. A review of the arrangement will be carried out in one year.

(b) ***Outsourcing and BPR (paragraphs 16-18)***

The Heads of Branches should critically examine the scope in applying the above strategies as a means to support activities set out in their respective business plans.

(c) ***Redeployment and training/retraining (paragraph 19-21)***

The Head of Branches should identify possible redeployment opportunities for staff from areas where there may be surplus and, in consultation with the Training and Development Centre, provide training for staff to help increasing their ability to be proactive to changes ahead and retraining for the surplus staff to redevelop them for other roles or functions. Also, the scope of the WST Scheme should be reviewed annually.

FINANCIAL IMPLICATIONS

23. The annual staff costs of the HA posts are broadly comparable to the corresponding civil servants posts. No additional cost will therefore be required for the wider employment of HA staff. Also, if further outsourcing and work process re-engineering are to be implemented, there should be some corresponding reduction in our workforce/staff growth.

CONSULTATION WITH CSB

24. CSB has been consulted on the manpower strategy proposed in paragraphs 11-21 above. They agreed that the proposals would provide greater flexibility, but cautioned that potential staff sensitivity would likely surface if the move is seen to be blocking promotion/advancement of departmental grade posts.

25. In view of the potential staff concerns, CSB suggested that we should fully brief and consult staff on the need and implications of the proposed strategy and address their concerns on the proposed strategy in the wider context of other staffing and organisational proposals.

STAFF REACTION

26. Existing HA staff are likely to welcome the new approach, but civil servants may see it as a threat to their career/employment security. Since our proposal to recruit HA staff at the recruitment rank level will not affect the promotion opportunities of existing staff, we do not envisage great resistance from the staff. However, we see the need for and will develop a well-planned programme for staff consultation.

ADVICE SOUGHT

27. Members are be invited to comment on and endorse the following -

(a) ***the manpower strategy proposals which include:***

- wider employment of HA staff starting from recruitment ranks of departmental grade posts and commencing formal discussions with HoGs of general grades and seconded staff to introduce similar arrangement (*paragraphs 11-14*);
- outsourcing and BPR should continue (*paragraphs 16-18*);
and
- redeployment and training/retraining opportunities for staff should be identified (*paragraph 19-21*)

(b) ***the proposed framework for implementation (paragraph 22)***

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