

Minutes of Meeting of the Housing Authority HUMAN RESOURCES  
COMMITTEE held on Friday, 14 May 1999.

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**PRESENT**

Mr YEUNG Ka-sing, JP (**Chairman**)

Hon LEE Wing-tat

Mr Anthony WONG Luen-kin, JP

Mr Michael CHOI Ngai-min

Mr Marco WU, JP (Director of Housing) (Acting)

Dr LO Chi-kin

Mr Eddie NG Hak-kim

Professor Anne S TSUI

Dr YEOH Eng-kiong, JP

Miss Joyce TAM (Principal Assistant Secretary for the Civil Service (4))

**ABSENT WITH APOLOGIES**

Dr the Hon Rosanna WONG Yick-ming, JP

Mr Steven HO Shut-kan

Mr KOO Kai-chong (Out of Hong Kong)

Mr Martin GLASS (Deputy Secretary for the Treasury (2))

**IN ATTENDANCE**

Mr R A BATES, JP (Deputy Director/Works)

Miss Jennifer MAK, JP (Director Corporate Services)

Mr Vincent TONG (Business Director/Management)

Mr LAU Kai-hung (Business Director/Allocation and Marketing)

Mr Albert LEE (Business Director/Commercial and Business Development) (Acting)

Mr R J AVON (Finance Director)

Mrs Winifred CHUNG (Assistant Director/Administration)

Mrs Doris MA (Project Director/West)

Ms Ella CHAN (Chief Manager/Human Resources Development)

Miss Ada LEUNG (Chief Executive Officer/Special Duties)

Miss May CHAN (Senior Administrative Officer/Administration)

Miss Patti HO (Assistant Committees' Secretary/3) (**Secretary**)

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The **Chairman** opened the meeting at 8:45 a.m. He welcomed the new member, Mr Michael CHOI Ngai-min to the first meeting. On behalf of the Committee, the **Chairman** recorded a vote of thanks to Mr NG Shui-lai, Mrs Sophie LEUNG and Mr Payson CHA Mou-sing who retired or resigned from the Committee with effect from 1 April 1999 for their contributions over the years.

### **CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING HELD ON 11 FEBRUARY 1999**

2. The minutes of the previous meeting held on 11 February 1999 were **confirmed** and **signed**.

### **MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING HELD ON 11 FEBRUARY 1999**

3. Members noted an information note which is tabled at the meeting.

### **ITEM FOR DISCUSSION**

**(AGENDA Item 3)**      **Review of Employment and Management of HA Contract Staff**  
(Paper No. HRC 21/99)

4. **Miss Jennifer MAK** briefed Members on the background of the review and **Mrs Winifred CHUNG** presented the paper.

5. The **Chairman** asked when the consultant would submit the report if the Committee endorsed the commissioning of a consultancy study. **Mrs Winifred CHUNG** replied that since the consultant's major task would be to review the Housing Authority (HA) remuneration package and there were some consultancy firms with expertise in this area, it was hoped that the study would be completed within three to four months.

6. **Dr LO Chi-kin** supported the commissioning of a consultant to conduct the proposed review. With respect to para. 8(c) of the paper concerning the separation of cash allowance into different components, he considered it preferable to retain the existing arrangement, which was simple and easy to administer, and added that changes should be kept to a minimum to avoid staff confusion.

7. In response, **Miss Jennifer MAK** said that the consultant would be asked to review the total package but in the interim, it was proposed to make some interim changes to the lump sum cash allowance. At present, a contract staff would cease to receive the entire amount of cash allowance even if his spouse was receiving only one kind of benefits from her employer. The Internal Audit Section of the Department had commented that the current practice was a departure from the rationale behind the “double-benefits rules”. Pending the consultancy review, it was recommended to divide the cash allowance into separate components, payment of each of which would be subject to the “double-benefits rules” on its own.

8. **Dr E K YEOH** sounded a note of caution on any proposal to conduct periodical adjustments to cash allowance. He said that the Hospital Authority had also introduced similar arrangements but this created a problem as staff expected an annual adjustment of the cash allowance. Members also noted that the Hospital Authority had commissioned a consultant to review the remuneration package last year. The consultant recommended introducing several options under which different baskets of benefits were given to staff to choose. However, that proposal generated excessive workload to the administration. In light of his experience, he advised the Department to adopt a system which was simple and readily understood by staff. He added that the consultant should also examine the grade structures since the current civil service structure which comprised many grades and ranks, created over division of labour.

9. The **Chairman** shared Dr E K YEOH’s view that the consultant should consider designing a system which was simple and easy to administer. The system should be built on a green field. As regards the introduction of probationary requirement, whilst he understood that the arrangement would facilitate early removal of sub-standard performers, he was concerned about the excessive administrative work generated. Instead, the Department should build in a mechanism to terminate services of any sub-standard staff.

10. The **Chairman** also cautioned against incorporating the allowances

into the salary as any changes in salary would bring about corresponding adjustment of the allowances. As for leave arrangements, he noted that some civil servants accumulated their leave and would take all of it prior to retirement. This practice, to some extent, defeated the purpose of providing leave benefits. He recommended the Department to consider strictly follow the leave entitlements stated in the Employment Ordinance when employing the HA contract staff in future.

11. **Prof Anne TSUI** said that the consultancy study, aside from focusing on external equity to ensure the total package was consistent with the market rate, should also give equal attention to internal equity, i.e. the total package should be comparable to that of staff on permanent payroll, to avoid creating internal disharmony.

12. **Mr LEE Wing-tat** was concerned that the performance-related pay (PRP) scheme would be very difficult to implement and enquired how HA would revise its remuneration package and relate performance to pay. Secondly, he noted that some government departments were already employing staff at sub-entry points, for instance, 70 % to 80 % below the basic entry salaries. He wanted to know whether the Department had adjusted the salary scales when employing contract staff.

13. In reply, **Miss Jennifer MAK** said that PRP scheme was also proposed in the Civil Service Reform. Staff opinion was supportive of the PRP which would promote motivation. She said that no decision had been made on whether PRP would be implemented. In the Department, we were keeping an open-mind and would welcome the consultant's advice on the mechanism of a PRP scheme. Regarding the salary levels of contract staff, HA had the flexibility to determine the salary levels, and could make adjustments downward like other departments for newly recruited contract staff. However, since the Department would be commissioning a consultant to conduct an overall review, it had been decided to wait for this study before implementing any adjustments to salary levels.

14. **Dr E K YEOH** commented that the Department should not use qualification as the sole basis for designing the salary structure. He added that the grade structure greatly affected staff performance. In this regard, the Hospital Authority was attempting to compress the existing grade structure into broad banding for jobs. Staff could be given more than one increment at one time but the increments could be taken away because of poor performance. Instead of entry pay, the Hospital Authority was more concerned about ways to award good performers.

15. **Mr Eddie NG** opined that the Committee should have a clear definition of contract staff, i.e. whether this referred to short-term employment or as a long-term employment pattern. He commented that linking the entire remuneration package to income level alone should be avoided. He supported working out a total package so that the Department could easily identify its cash commitment. The package should include a core part providing minimum and non-negotiable protection, while other parts containing elements which could be more flexible. Moreover, the mechanism should provide for contingency arrangements to facilitate HA to employ staff with different expertise to cope with new challenges ahead. He considered that retention effect was as important as termination effect. There should be a retention mechanism with measures such as increasing the employer's Mandatory Provident Fund contribution for staff above certain level or with certain length of service to recognize their merits.

16. **Mr Michael CHOI** asked whether HA was inclined to recruit contract staff in future. **Miss Jennifer MAK** replied that most of the staff in the Department were civil servants but HA was empowered to employ its own staff and to determine the terms and conditions of service. Last year, the Committee had also endorsed the policy to employ contract staff to fill posts at the recruitment ranks and to conduct a review after one year to decide whether to further extend the arrangement to more senior posts.

17. With the above comments, Members **endorsed** the paper.

(Mr LEE Wing-tat left the meeting at this juncture.)

**(AGENDA Item 4) Progress Report on Human Resource Management Plan Implementation**  
(Paper No. HRC 20/99)

18. **Mrs Winifred CHUNG** presented the paper.

19. Referring to the initiative to improve information dissemination in the Department, the **Chairman** hoped that the management would act promptly so as to uphold staff morale. Besides, he opined that the Department should upgrade the skills of staff to increase their competitiveness in the private sector. Training should be provided to assist them in acquiring qualifications on estate maintenance and management such as by organising workshops so that they could gain practical experience.

20. **Mr Anthony WONG** appreciated the Department's efforts in identifying and responding to problems at an advance stage. He asked whether staff morale had been hampered by the adoption of different employment terms for contract staff and civil servants. He also noted from newspaper that because of the "corporitization" issue, some estates staff were reported to have adopted a relax attitude towards certain duties by simply working to rule and wanted to know what measures the Department had taken in tackling this problem.

21. In reply, **Mrs Winifred CHUNG** said that since the number of contract staff was still small in comparison to the number of civil servants, there had not been any real management problems so far. In view of the increasing number of contract staff in future, the Department would enhance staff communication to address their concerns and problems which might arise.

22. **Mr Vincent TONG** informed Members that the Department had been paying close attention to staff response after the HA meeting held on 6 May. Some staff had expressed that they might not like to work after office hours, such as chasing of rent in arrears which sometimes had to be done in the evenings as tenants might be working in the daytime. However, it was found that most of the jobs had been done smoothly so far. Staff were still discharging their duties, including the vetting of income limits which some staff claimed not to accord high priority. He added that the Department would closely monitor the situation and take contingency measures where staff refrained from carrying out their duties. The **Director of Housing** supplemented that the media did not give comprehensive coverage to staff response. This led to a wrong impression that staff were working to rule even during office hours. The Department would

clarify the misconception with the media to avoid imposing a bad image of staff. Besides closely monitoring the situation, the management would visit estate and site staff to explain to them the policies and decisions of HA. He hoped that this would minimize misunderstandings and let staff have a clearer picture on the future development.

23. With an increasing number of contract staff and the possibility of introducing a performance-based remuneration package for them, **Mr Michael CHOI** was worried that this would have a divisive effect on contract staff and civil servants. He also noted that some staff might escalate actions of not undertaking hawker control duties in the estates. He enquired whether those duties, which staff had indicated not to perform, fell within their job descriptions and what contingency measures the Department had in place.

24. **Mr Vincent TONG** explained that those duties were within staff job descriptions. Some staff told the press that in future they would undertake these duties during office hours only, though they currently took initiatives in discharging duties after office hours. However, they still had to accomplish their job targets such as percentage of rent in arrears beyond certain level. He added that contingency measures such as rescheduling work, employment of outsiders, etc., would depend on the severity of the situation. Nevertheless, the Department would continue to communicate with frontline staff through various channels.

25. **Prof Anne TSUI** pointed out that HA had been committed to the core values of caring, committed and customer-focused, she said it was time to really try to demonstrate our commitments to these values. In addition, the Department should be more proactive and enhance communications with staff to show the management cared about their future. She commented that there would be plenty of job opportunities in the housing industry and the present restructuring would be beneficial to all parties - the tenants, staff and the department. The **Director of Housing** shared Prof TSUI's view that staff were very concerned about the uncertainties which included compensation package, transfer arrangements and assistance that the Department would offer to staff in setting up their own companies. As a Task Force under the HA would be set up to consider the implementation details, the Department would give staff more information once ready.

26. With the above comments, Members **noted** the paper.

**(AGENDA Year-end Performance Review for Corporate Services**



**Item 5) in 1998/99**  
(Paper No. HRC 22/99)

27. **Miss Jennifer MAK** presented the paper.

28. The **Chairman** praised staff on their efforts and good work during the year. He remarked that within the civil service system, human resource management was practised very comprehensively in HA. Achievements in training, staff communications and enhancement of productivity were obvious. He added that communication was never adequate and hoped that the Department would continue to strengthen its communication with staff.

29. Referring to Annex C of the paper on the recurrent expenditure on maintenance and improvements, **Mr Anthony WONG** asked why there was an underspending of 15 %. **Miss Jennifer MAK** explained that the figure was a provisional expenditure only. The underspending would be reduced to \$2.1 million after deducting a committed expenditure of \$13 million.

30. **Dr E K YEOH** appreciated the Department's achievements in HRM. He opined that the management should be more sensitive to staff's concerns and sentiment. Apart from generic training programmes, there should be training to facilitate the implementation of HRM programmes. He said that the Hospital Authority had launched an integrated planning programme annually. In that exercise, the Board was only responsible to set out the basic philosophies and parameters while departments were delegated the authority in drawing up their own plans.

31. **Mr Eddie NG** commented the style and depth of HRM implemented in HA were very comprehensive. He noted that staff and management were holding different views on increasing private sector involvement (PSI). Management should be more proactive in anticipating and addressing staff's concerns.

32. With the above comments, Members **noted** the paper.

## ANY OTHER BUSINESS

### **Increasing Private Sector Involvement in Estates Management and Maintenance Services**

33. The **Chairman** informed Members that he had received a letter from a Member regarding his concerns on PSI and relationship between PSI and the Committee. Noting that a Task Force would be set up to consider issues on implementation of PSI, he wanted to know how the Task Force would coordinate with the Committee.

34. In response, the **Director of Housing** told Members that the consultant advised the Department to increase PSI, especially for the work on estates management and maintenance. He explained the issue was discussed at the HA level because major strategic direction had to be worked out first. He informed Members that two major decisions were reached at the last HA meeting : (i) For the Department as a whole, there was a need to streamline the structure and to acquire more accurate cost information. Another consultant would be appointed to look at these aspects with a view to finalising a report to HA within six months. (ii) With respect to estate management and maintenance services, there should be a phased transfer of these services to the private sector. HA had not endorsed the recommendation of the consultant to complete the transfer within five to seven years. On the other hand, a Task Force, which was directly under HA, would be set up shortly. It would study implementation issues of PSI, including scale and progress of implementation, for making recommendations to HA in six months' time. It would also consider the feasibility of the option of management buy-out. He added that the Alliance of Housing Department Staff Unions had submitted their suggestion (the Sixth Option) to HA last week. They were of the view that there should be an opportunity for them to compete with the private sector on a fair level. HA agreed that the Task Force should further study on the Sixth Option after the consultant completed his report on corporate streamlining.

35. The **Director of Housing** summarised that at present, there were three options which could be taken at the same time: (i) the phased transfer (ii) the management buy-out (iii) the Alliance's Sixth Option. He realized that staff morale was hampered owing to these challenges and uncertainties. To address to this situation, the Department would strengthen communication with staff. The HRC would also be involved in further discussion on issues relating to how to boost the morale of staff; training programmes to be provided to staff in

enhancing their skills; and the overall review of HRM strategies within the HA. He added that formal consultation with staff on the transfer package would be conducted by the Department and the Civil Service Bureau in the future.

DCS 36. **Dr LO Chi-kin** said that he wrote a letter to the Chairman, the Director of Housing and the Chairman of the Housing Authority to express his dissatisfaction on the way that the report on PSI was dealt with. He said that some Members had asked the progress on PSI at the previous meetings. The report was submitted to HA direct for making decisions and the Committee did not have the opportunity to give inputs to the report. He realized that some Committee Members were also Members of HA and they could express their opinions in the meeting, but other Committee Members should be given a chance of participation. He was of the view that HRM considerations should not be marginalized whenever making a strategic decision. He requested to have a thorough discussion on the relationship between human resources and PSI at the HRC.

37. The **Director of Housing** said that impact on PSI did not only fall on human resources issues. With regard to estates management and maintenance, the formation of contracting strategy was required to be discussed in other forums. He said that HA had only made a strategic decision and started the programme. In the coming few months, there would be a lot of issues to be stretched out. Since PSI would be influencing the work of certain committees, the Department would brief members of these committees very soon. He assured Members that the Department would keep the Committee and other relevant committees informed of the development of PSI.

(Dr E K YEOH left the meeting at this juncture.)

38. **Prof Anne TSUI** shared the views of Dr LO Chi-kin. She said that human resources management could either lead the business or follow the business plan. She was of the view that human resources functions in HA, if not leading the business plan, should at least be a partner of the business plan.

39. The **Chairman** opined that many organisations in private sector had the problem of placing over-emphasis on the financial aspect but neglecting the human resources aspect. The Department should avoid this pitfall and give equal attention to human resources consideration.

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40. There being no other business, the meeting closed at 10:35 a.m.

**CONFIRMED** on

Mr YEUNG Ka-sing, JP  
(Chairman)

Miss Patti HO  
(Secretary)

File Ref. :HA/COM/27/2