

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Human Resources Committee

Proposed Changes in Manpower Budgetary Procedures

PURPOSE

To seek Members' endorsement of the proposed changes in procedures for preparing manpower forecasts and budget of the Housing Authority.

BACKGROUND

2. Following the re-structuring of the former Establishment and Finance Committee, the Human Resources Committee (HRC) was established in September 1996 for the better discharge of the human resources function of the Housing Authority (HA). Its main role is to advise the HA on its human resource manpower strategies and policies, and to oversee the human resource management activities of the Department. To perform the latter function, the HRC is involved in the examination of the manpower forecasts of and staffing proposals for the Department.

3. Under the existing arrangement, the Department puts in its additional manpower requirement in the Five-Year Establishment Forecast every year and submits the forecast together with the detailed staffing proposals of the forthcoming financial year to the HRC around October. Upon HRC's endorsement, the proposed posts of the forthcoming year will become budgeted posts and be included in the overall financial budget and forecast of the HA which will be considered by the Finance Committee before submission to the HA for approval normally in January of the forthcoming year. The creation of the budgeted posts would further be subject to endorsement by Departmental Establishment Committee (DEC) and HRC as appropriate (Note¹).

Note¹ : Under the existing arrangement, staffing proposals with an additional annual cost exceeding 1.5 million or involving HA posts need to be endorsed by the HRC.

RECENT DEVELOPMENTS

4. At its meeting on 27 February 1997, the Finance Committee (FC) endorsed the Housing Authority's (HA) Financial Objectives and a Financial Management Framework, with a view to -

- (a) ensuring that all HA policies and programmes are implemented and managed cost effectively;
- (b) searching for ways for improving the value for money;
- (c) developing and adopting a "best practice" approach to financial management, drawing on relevant private and/or public sector models, as appropriate;
- (d) ensuring that the HA continues to be self financing; and
- (e) demonstrating accountability and propriety in discharging its statutory and other financial commitments, pledges and transactions.

5. In addition, the Department was re-structured in mid-April (vide HRC 21/97) into four core businesses and two cross-business supporting services, each headed by a D3 officer, to bring about better clarity and focus on the financial and operational responsibilities of the Department. Over the coming year, the Business Director of each core business would develop a Business Plan in respect of the activities under his purview. To complement these developments, we are also pursuing the alignment of HA Committees' responsibilities under which one business committee should be responsible for the overall activities of each core business on the operational front while the HRC and FC will take on a more strategic role in the human resource and financial affairs of the Authority respectively.

REVISED BUDGETARY PROCEDURES

6. To enable the HRC to focus more on its strategic role in manpower planning as envisaged above, we propose some changes to the budgetary procedures with effect from the current budget cycle. Under the new procedures, we will involve the HRC much earlier in the process. We will submit our manpower request in August instead of October, using manpower planning parameters in the form of an establishment ceiling for the forthcoming year and forecast for the following three years. The determination of this ceiling would be on the basis of a general assessment of the likely pressure points on the various activities in the Department and required global manpower needs in terms of a percentage growth figure and financial limit for the whole Department. We will indicate in general terms the number and the level of posts required and outline the justifications for the requirement.

7. Upon HRC's endorsement, individual Branches will prepare and submit their staffing proposals for the current year (using the endorsed manpower planning parameters) together with their Business Plans to the relevant business committees for scrutiny and thereafter for inclusion in the overall financial Budget and Forecast. Such information can be made available to HRC Members as well. In the event there is a need subsequently to exceed the parameter already endorsed by HRC, a re-submission to the Committee will be necessary. In any case, the HRC will be informed of the Department's consolidated manpower forecast in November/December. The overall manpower position in the last financial year will be reported to the HRC vide an annual Year-end Report. The proposed against the existing budgetary procedures are illustrated at **Annex**.

FINANCIAL IMPLICATION

8. The proposed changes do not have any cost implication.

PUBLICITY

9. There is no need to arrange publicity as this paper only covers minor change of the operation of the HRC.

DISCUSSION

10. At the meeting of the Human Resources Committee to be held on 10 July 1997, Members will be invited to endorse the proposal set out in paragraphs 6 and 7.

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