

## **THE HONG KONG HOUSING AUTHORITY**

### **Memorandum for the Human Resources Committee**

#### **Proposed Manpower Planning Parameters 1999/00 to 2003/04**

#### **PURPOSE**

The purpose of this paper is –

- (a) to seek Members' endorsement of the Housing Authority's (HA) revised manpower requirements for 1999/00 and the proposed requirements for 2000/01;
- (b) to inform Members of the indicative manpower requirements for 2001/02 to 2003/04; and
- (c) to seek Members' endorsement of the temporary recruitment freeze taking into account the manpower needs in the forecast period and possible impact/outcome of greater private sector involvement (PSI) in HA activities and the consultancy study on streamlining of the organisational structure.

#### **MANPOWER GROWTH IN 1998/99**

2. In the last manpower forecast exercise, this Committee approved the manpower ceiling for 1998/99 to be set at 15,044. As at 31.3.99, the establishment of the Department was 14,922 (Note<sup>1</sup>). Compared with the year-end position as at 31.3.98 of an establishment of 15,117, the Department has achieved a negative growth of 195 posts in 1998/99. This is the second year since 1990/91 that the Department was able to achieve negative manpower growth.

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Note<sup>1</sup>: This is the result of the creation of 311 and the deletion of 506 posts. Excluding 1,054 posts redeployed within the department throughout the year due to organizational changes or/and transfer of duties.

*Manpower Growth of Housing Department (1990/91 - 98/99)*

## **MAIN CONSIDERATIONS & PRESSURE POINTS**

3. In the last manpower forecast, we undertook to re-shape the Department into a thinner yet more efficient organization, by reducing 73 posts in 1998/99 and a total of 1,067 posts from 1998/99 to 2002/03 (or at an average rate of 1.45%). By virtue of the efforts made to identify manpower savings, we were able to achieve our committed down-sizing in the last financial year. With the development of our business, we have re-visited our manpower requirements in the coming years with the following considerations –

- (a) the HA will reach the peak of production in the coming two years. We have also been facing a growing demand for resources for better quality services, not to mention the staffing needs for new initiatives;
- (b) on the other hand there has been declining workload of some of our services, in particular in squatter control operations;
- (c) to be in line with HA's decision, we are moving towards the direction to greater PSI in our business in particular on the front of estate management and maintenance;
- (d) the overhead costs of the Department are perceived to be high. A consultant has been engaged to recommend on streamlining the Department and the findings will be available by the end of 1999;
- (e) we have been pursuing, and will continue to do so, the various initiatives embodied in the HA Manpower Strategy (Note<sup>2</sup>) with a view to achieving greater flexibility in staffing;
- (f) as a responsible employer we are mindful of the aspirations of our staff. It is always the Department's wish to avoid redundancy of staff as far as possible; and
- (g) we are committed to implementing the Enhanced Productivity Programme (EPP) which aims to provide the needed public services in a more efficient manner and at a lesser cost.

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Note<sup>2</sup>: Include inter alia, wider employment of HA contract staff, outsourcing, business process re-engineering, etc. which was endorsed by this Committee vide Paper No. 33/98.

## **REVISED REQUIREMENTS FOR 1999/00**

4. We have revised our requirements taking the above considerations into account. A total of 139 new posts are required in 1999/00 (Note<sup>3</sup>) for the following activities –

- planning for the phased transfer of Estate Management and Maintenance (EMM) services
- increasing letting activities of commercial premises
- supervising foundation works and handling site inspection work for in-house projects
- conducting audits for both in-house and consultant projects
- taking over of conveyancing functions formerly discharged by Lands Department

5. On the other hand, we would delete 290 posts in 1999/00 (Note<sup>3</sup>), mainly due to the following –

- withdrawal of management staff following the redevelopment of Public Rental Estates
- new management model for Tenants Purchase Scheme (TPS) estates
- adjustment in workload for Estate Management Advisory Committee Scheme
- reduction in Temporary Housing Area (THA)/Cottage Area (CA) clearance operations
- outsourcing of premium assessment
- saving initiatives under EPP

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Note<sup>3</sup>: Excluding 26 posts redeployed within the Department due to organizational changes or/and transfer of duties.

- ❑ saving resulting from Business Process Re-engineering (BPR) studies on squatter control operations
- ❑ streamlining of data preparation service

6. Taking into account the endorsed posts carried forward from previous financial years (Note<sup>4</sup>) and assuming all the proposed new posts and deleted posts mentioned in paragraphs 4 and 5 above could be created/deleted this year, the net reduction of posts in 1999/00 is 356. The estimated out-turn in our head-count by the end of this financial year would be 14,566, representing a cutback of 2.39%.

### **PROPOSED REQUIREMENTS FOR 2000/01**

7. It is estimated that the manpower of the Department would be further down-sized by 594 posts in 2000/01 to 13,972 (or 4.08%), as a result of the creation of 47 new posts and deletion of 641 posts. This projection has not taken into account the recommendations of the HA Task Force established to develop the implementation details of PSI in EMM services and consultancy on streamlining of the Department. The major creations and deletions are as follows

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- ❑ Creation of 11 posts for the management of new Home Ownership Scheme estates
- ❑ Creation of 4 posts to provide administrative services to the new HA Headquarters Building
- ❑ Deletion of 25 posts under EPP
- ❑ Deletion of 49 posts due to reduction of THA/CA clearance operations
- ❑ Deletion of 190 posts under the new management model for TPS estates and withdrawal of management staff from redeveloped Public Rental Estates
- ❑ Deletion of 290 posts due to savings from BPR studies on

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Note<sup>4</sup>: 41 and 246 posts have been endorsed for creation/deletion respectively. Assumes to be effected in 1999/00.

squatter control operations upon completion of an outplacement programme

8. The manpower requirements of individual Branches/Unit/Office in 1999/00 and 2000/01 and the relationship with its business/initiatives and key workload/performance indicators are detailed at **Annex A1-7**.

### **INDICATIVE PARAMETERS FOR 2001/02 - 2003/04**

9. It is estimated that the Department would further streamline its manpower in the subsequent three years by reducing 444 (for 2001/02), 307 (for 2002/03) and 288 posts (for 2003/04) respectively.

### **OVERALL REQUIREMENTS**

10. Overall, the Department would reduce a total of 1,989 posts at an average rate of 2.82% throughout the forecast period, as follows –

**Forecast Staff Growth/Reduction**

**Branch/Activity**

	<b><u>99/00</u></b>	<b><u>00/01</u></b>	<b><u>01/02</u></b>	<b><u>02/03</u></b>	<b><u>03/04</u></b>
<b>Housing Authority Funded</b>					
Allocation & Marketing	-8	-10	-45	-7	-51
Commercial & Business Development	5	0	0	0	0
Development & Construction	106	2	0	0	-74
Management	-420	-248	-389	-276	-163
Corporate Services	-17	0	-1	0	0
Finance & Accounting	1	0	0	0	0
Corporate Strategy Unit	0	-4	0	0	0
Director's Office	1	0	0	0	0
Sub-Total	-332	-260	-435	-283	-288
Percentage	(-2.43%)	(-1.95%)	(-3.32%)	(-2.24%)	(-2.33%)

**Add Government Funded**

Clearance & Squatter Control	-24	-334	-9	-24	0
Total	-356	-594	-444	-307	-288
Percentage	(-2.39%)	(-4.08%)	(-3.18%)	(-2.27%)	(-2.18%)
Estimated year-end establishment	14,566	13,972	13,528	13,221	12,933

Detailed breakdown of the manpower requirements of individual Branches/Unit/Office is at **Annex B**.

11. The Department is aware that there may be difficulties to effect all the proposed deletion of posts (mainly in the minor estate management grades/ranks such as Artisan, Estate Assistant, Workman I) as scheduled because the incumbents of some of the proposed deleted posts could not be absorbed by the known vacancies (Note<sup>5</sup>). According to the present position, the deletion of 111 posts in 1999/00 and 74 in 2000/01 may be deferred for this reason (Note<sup>6</sup>), making our estimated year-end establishment in 1999/00 and 2000/01 to 14,677 and 14,157 respectively. Despite this, the Department will strive to achieve the

Note<sup>5</sup>: The known vacancies refer to the number of staff reaching retirement age under Old/New Pension Scheme (55/60 years old respectively).

Note<sup>6</sup>: The possible deferred deletions are in the minor estate management grades/ranks in Management Branch including 44 EA, 64 Workman I and 3 Workman II posts in 1999/00 and 21 EA, 25 Artisan and 28 Workman I posts in 2000/01.

manpower savings as projected in paragraph 10 above by looking for possible unbudgeted savings and exploring the possibilities of redeploying the surplus staff to meet new manpower needs. We will also keep these surplus staff gainfully deployed in the meantime (Note<sup>7</sup>).

## **REDEPLOYMENT AND RECRUITMENT FREEZE**

12. Though with some diminishing services, the business of HA as a whole is still growing. Our main challenge in manpower planning throughout the forecast period is not only in containing growth, but also in redeploying surplus resources to places in need of such resources. Among the 139 new posts required in the current financial year, 18 (or 13%) would be met by redeployment. Efforts will be made to examine further redeployment opportunities, in particular, from Management Branch to Development and Construction Branch in order to minimise the new manpower requirements on the one hand and possible surplus staff on the other.

13. The HA has set up a Task Force to consider the implementation details of greater PSI in EMM services. We have also commissioned an independent consultant to examine ways of streamlining our organisational structure. Both would have significant implications on the manpower requirements of the Department. To avoid/scale down the possible surplus staff situation, the Department will freeze recruitment for all grades/ranks immediately as a temporary measure until the third quarter of 1999/00 when the Task Force and consultant have worked out their findings. All manpower needs in the interim (either vacancies or justified new posts) will be met by internal redeployment and if it is not available by employment of temporary staff. Branches can apply for exemption for individual cases to the Director.

## **FINANCIAL IMPLICATIONS**

14. The proposed staffing requirements contained in this paper will be reflected in the Authority's Budgets and Forecast for 1999/00 to 2003/04. The annual savings for the current financial year and 2000/01 as against the forecast made in last year are as follows (Note<sup>8</sup>) –

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Note<sup>7</sup>: Estate Assistants will be deployed to replace tower guard supervisors in System A estates. Workmen will be posted to estates to reduce the cost of employing hawker control guards. Artisans will be trained to take up horticulture and other minor estate duties.

Note<sup>8</sup>: The savings are calculated based on the notional annual salary cost at mid-point in 1998/99 price level (no inflationary rate imposed for 1999/00 and 2000/01) plus an on-cost rate of 38.13%.

	1999/00 <u>Additional cost/Net saving</u>		2000/01 <u>Additional cost/Net saving</u>	
	<u>Last Year Estimate (\$M)</u>	<u>Revised Estimate (\$M)</u>	<u>Last Year Estimate (\$M)</u>	<u>Proposed Estimate (\$M)</u>
HA Funded	-20.2	-84.9	3.9	-76.8
Government Funded	-53.7	-8.9	-10.9	-71.0
Total	-73.9	-93.8 (-26.9%)	-7.0	-147.8 (-2,011.4%)

## **RECOMMENDATION**

15. The following are recommended for Members' endorsement

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- (a) the revised manpower requirements for 1999/00 of a reduction of 356 posts (paragraph 6);
- (b) the proposed manpower requirements for 2000/01 of a reduction of 594 posts (paragraph 7); and
- (c) recruitment freeze until the recommendations/findings of the Task Force and streamlining consultancy are known (paragraph 13).

## **PUBLICITY**

16. There is no need to arrange separate publicity since the proposed manpower requirements/parameters are supplementary to the budgets and forecasts of the Department.

## **DISCUSSION**

17. Members are invited to endorse the recommendation in paragraph 15 at the meeting of the Human Resources Committee to be held on 29 July 1999.

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