

**For discussion  
on 4 November 2002**

## **Legislative Council Panel on Housing**

### **Proposed re-organization of the Housing Bureau and the Housing Department**

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#### **Purpose**

This paper briefs Members on a proposal to re-organize the Housing Bureau (HB) and the Housing Department (HD).

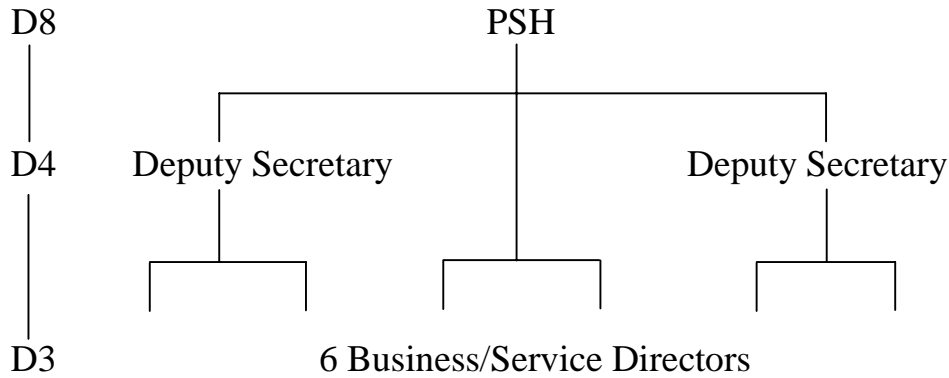
#### **Background**

2. The Committee on the Review of the Institutional Framework for Public Housing (RIFPH) published its report on 20 June 2002. One of its major recommendations is to re-organize the former HB and HD into a single organization (the new housing organization). The new housing organization should respond through the Permanent Secretary for Housing, Planning and Lands (Housing) (PSH) to the Secretary for Housing, Planning and Lands (SHPL). It will also continue to serve as the executive arm of the Housing Authority (HA).

3. In accordance with the RIFPH Report, the re-organization of the former HB and HD into a single organization began on 1 July 2002, in parallel with the appointment of SHPL who has since absorbed fully the powers and authorities of the former Secretary for Housing. Since then, PSH has doubled down the post of the Director of Housing (D of H) and has been supported by staff of the new organization. Organization charts of the former HB and HD are set out respectively at **Enclosures A and B**.

4. The RIFPH Report also highlights an apparent overlap of functions between the former HB and HD, particularly in the areas of project management, research and planning, staff and office administration, and resource management. The problem is also acute in the grey area between the formulation of policies and the implementation of such policies.

The RIFPH Report further suggests an illustrative 3-tier senior directorate structure (see **Enclosure C**) for the new housing organization, modelling on the six existing major functional Divisions of HD, as follows –

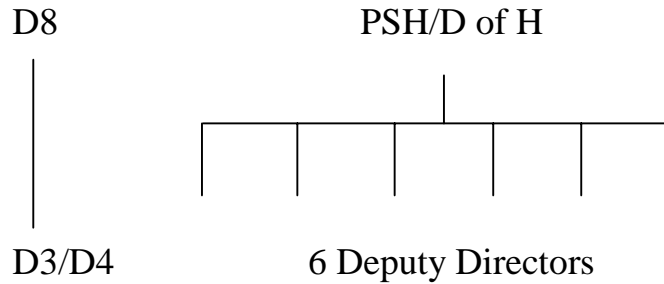


### **Further review**

5. Since 1 July 2002, we have thrashed out the implementation details of this suggested organizational structure. After having fully consulted staff, we operated under this new structure on an administrative and provisional basis. In October 2002, we conducted a thorough review of the various operational aspects of this new structure. The review indicated some room for further streamlining and rationalization among some of the functions of the directorate. During the same period, we have also reviewed the overall broad direction of our housing policies. That has considerably sharpened our focus on both the priorities of our policy and the new challenges and initiatives facing us. The review has provided a basis for further fine-tuning the organizational structure of the new organization.

### **Proposal**

6. On the basis of practical experience since July 2002, we consider that the 3-tier structure recommended in the RIFPH Report could be delayed to 2 tiers, as follows –



7. Specifically, we propose to implement the following changes with effect from 1 January 2003 –

- (a) the new housing organization be headed by PSH of Administrative Officer Staff Grade A1 (D8), who will perform the functions of D of H. The officer will be designated simultaneously as PSH and D of H;
- (b) the PSH/D of H be underpinned by six Deputy Directors viz one Administrative Officer Staff Grade B1 (D4), one Deputy Director of Housing (D4), three Senior Assistant Directors of Housing (D3) and one Administrative Officer Staff Grade B (D3);
- (c) the creation of one permanent post of Assistant Director of Housing (D2) in charge of procurement policy, environmental policy as well as all major operational policy reviews;
- (d) the creation of one permanent post of Assistant Director of Accounting Services (D2) in charge of the finance of HA/HD;
- (e) the conversion of a supernumerary Administrative Officer Staff Grade C (D2) post to permanent establishment to provide administrative support to SHPL;
- (f) the deletion of the following seven permanent directorate posts –
  - 1 Director of Housing (D7);
  - 1 Senior Assistant Director of Housing (D3);
  - 1 Deputy Director of Accounting Services (D3);
  - 1 Administrative Officer Staff Grade B (D3);

- 1 Government Engineer (D2); and
- 2 Chief Engineer (D1); and

- (g) minor revision and re-distribution of duties and responsibilities among the rest of the directorate staff.

Of the net deletion of the four directorate posts mentioned above, three of them are to offset the creation of three directorate posts in the Planning and Lands Branch set out in paper EC(2002-03)4. The new organizational structure is summarized at **Enclosure D**.

### **Justification**

8. Under our proposal, the re-organized housing organization will continue to be called Housing Department. The streamlined directorate structure will achieve the following major objectives –

- (a) removal of overlap in duties – all overlap in duties identified between the former HB and HD has been removed;
- (b) delayering of the senior directorate structure – the new structure is both flat and lean;
- (c) full integration of policy formulation and implementation;
- (d) seamless transition – the new structure will continue to be operated through six functional Divisions of HD. This entails minimum changes to non-directorate staff and ensures the maximum chance of a seamless transition; and
- (e) substantial savings – apart from the deletion of the seven directorate posts, the re-organization will also result in consequential reduction of 20 non-directorate posts.

### **Details**

9. The six Divisions under the new structure are, namely, Strategy,

Business Development, Construction, Estate Management, Allocation and Commercial, and Corporate Services. The setting up of the two new Divisions on Strategy and Business Development represents a more focussed and forward looking approach of the combined organization in grappling with the key policy issues and exploring new opportunities in the housing portfolio. The responsibilities of the six Divisions are as follows –

- (a) **Strategy Division**, headed by Deputy Director (Strategy) (DD(S)). DD(S) will be responsible for overseeing the overall strategy and planning of all major housing policies, corporate plan and finance of the HA/HD, central support to SHPL on all policy issues as well as other department-wide issues with heavy policy content, such as the Policy Address, annual budget exercise, etc. Given the strategic and pivotal role of this division, we propose to rank the post at Administrative Officer Staff Grade B1 (AOSGB1) (D4) through the re-deployment of the AOSGB1 post of the Deputy Secretary (1) from the former HB.
- (b) **Business Development Division**, headed by Deputy Director (Business Development) (DD(BD)). The setting up of this new Division reflects fully the forward-looking approach adopted by the Department and the added emphasis given to the development of new initiatives and business opportunities. The existing Deputy Director of Housing (D4) will assume this post. He will direct the re-engineering of existing major operational processes across the whole Department. Specifically, the Division is responsible for overseeing policies and measures relating to the sale and rental of private housing. It will provide co-ordination for all outsourcing programmes. It will also tackle the Home Ownership Scheme overhang issue and will formulate and implement procurement and environmental policies.
- (c) **Construction Division**, headed by Deputy Director (Construction) (DD(C)). The existing Business Director (Development and Construction) of HD (Senior Assistant Director of Housing ranked at D3) is responsible for the construction programme for all public housing and the

redevelopment of older estates. No major changes are proposed except that he will be retitled DD(C) and that he will fully absorb the project management duties and those relating to the Housing Management Information System from the former HB. As a result, the Project Management Division of the former HB will be disbanded.

- (d) **Estate Management Division**, headed by Deputy Director (Estate Management) (DD(EM)). The existing Business Director (Management) of HD (Senior Assistant Director of Housing ranked at D3) has overall responsibility for the management and maintenance of all public housing estates. There will be no changes to his portfolio. His post will, however, be retitled DD(EM).
- (e) **Allocation and Commercial Division**, headed by Deputy Director (Allocation and Commercial) (DD(AC)). DD(AC) will assume the responsibilities of the existing Business Director (Allocation and Marketing) of HD (Senior Assistant Director of Housing ranked at D3) and the parts of the duties of Business Director (Commercial and Business Development) relating to the management and maintenance services of commercial properties. He will be responsible for policies relating to various subsidized home ownership schemes, allocation, elderly housing, loans and rental allowance schemes, Tenants Purchase Scheme, squatter control and clearance. In addition to the management and maintenance services of commercial properties, DD(AC) will also be responsible for the marketing, valuation and promotion of such properties.
- (f) **Corporate Services Division**, headed by Deputy Director (Corporate Services) (DD(CS)). The Director Corporate Services of HD (Administrative Officer Staff Grade B, D3) is responsible for providing support services to the Department in respect of administration, legal services, corporate public relations strategy and information technology. There will be no changes to his portfolio except that the post will be retitled DD(CS) and that he will absorb the residual functions of staffing and office administration from the former HB. As a result, the

administration team of the former HB can be disbanded.

10. The post of Director/Finance of the former HD will be re-graded from D3 to D2 level. The post holder (Assistant Director (Finance)) will report directly to DD(S). In addition to all the existing responsibilities of overseeing the budget and finance of HA/HD, the Finance Unit of HD will fully absorb the resource management functions of the former HB.

11. The above proposed re-organization plan at the senior management level represents only the first stage of our streamlining initiatives. Once the new management structure is approved and put into place, we would proceed immediately to conduct review and re-engineering exercises at all levels of the new organization to ensure that the entire organization is properly aligned with the latest policy direction. We are confident that such reviews will result in further reduction in both directorate and non-directorate establishment and the Legislative Council would be consulted and approval sought, as appropriate.

### **Financial Implications**

12. As a result of the proposed re-organization, there would be a reduction of seven directorate posts and 20 non-directorate posts. However, due to operational reasons, two directorate posts need to be created in the Department. This means that the proposed re-organization will in itself result in a net reduction of five directorate posts.

13. However, taking into account the conversion of a supernumerary Administrative Officer Staff Grade C (D2) post to permanent establishment to provide administrative support to SHPL, there will be a net saving of four directorate posts.

14. The net savings in full annual average staff cost of the proposal, including salaries and staff on-cost, is \$25.98 million (\$10.72 million for the directorate posts and \$15.26 million for the non-directorate posts).

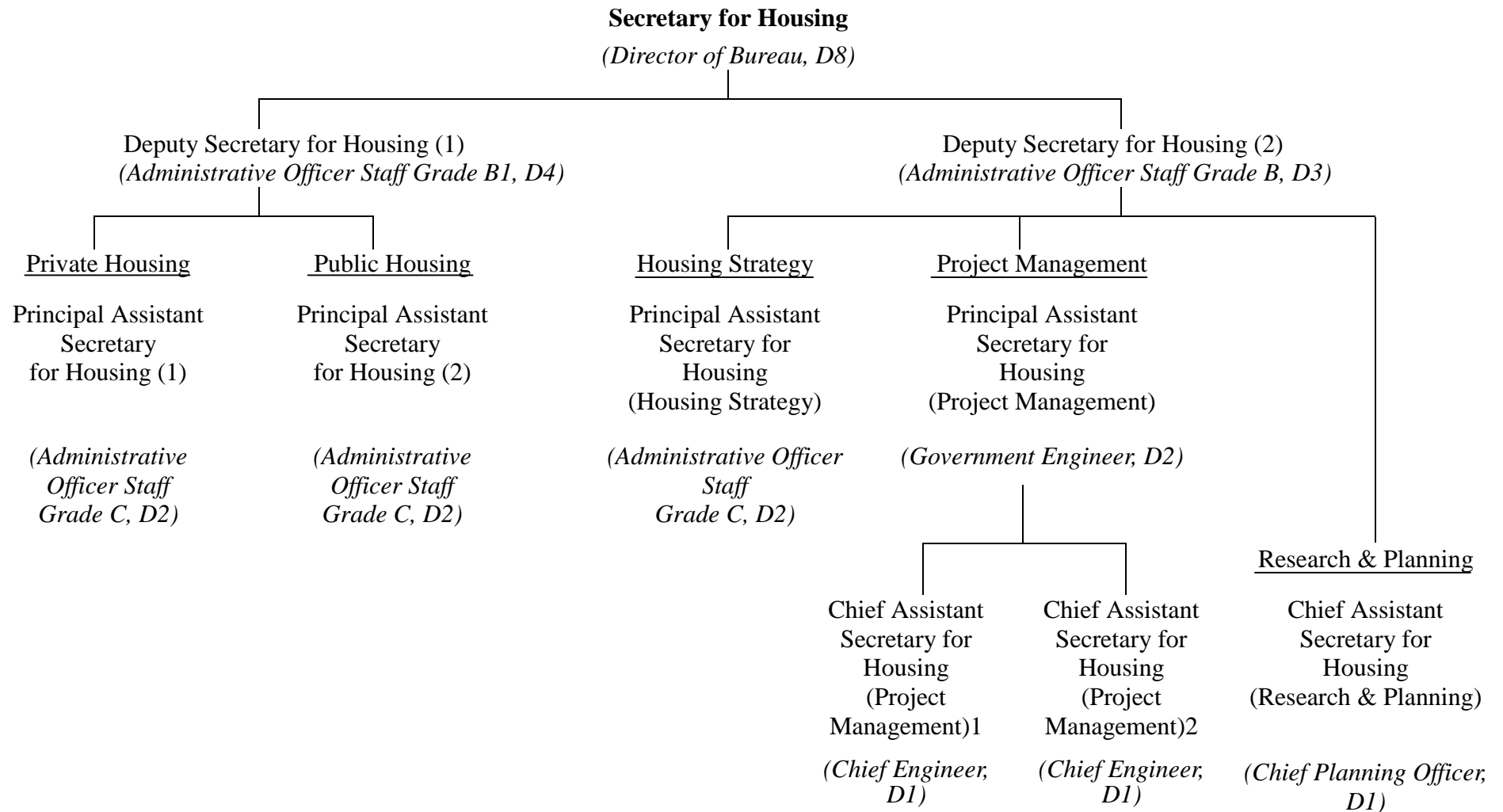
## **Way forward**

15. Staff has been fully briefed on the RIFPH report. Directorate officers, representatives of staff unions and departmental consultative committees were further consulted on the proposed directorate structure during the period 5 to 10 October 2002 and they had expressed no strong views on the proposal. We intend to seek endorsement from the Legislative Council Establishment Subcommittee on 20 November 2002 and subsequently the Finance Committee on 6 December 2002.

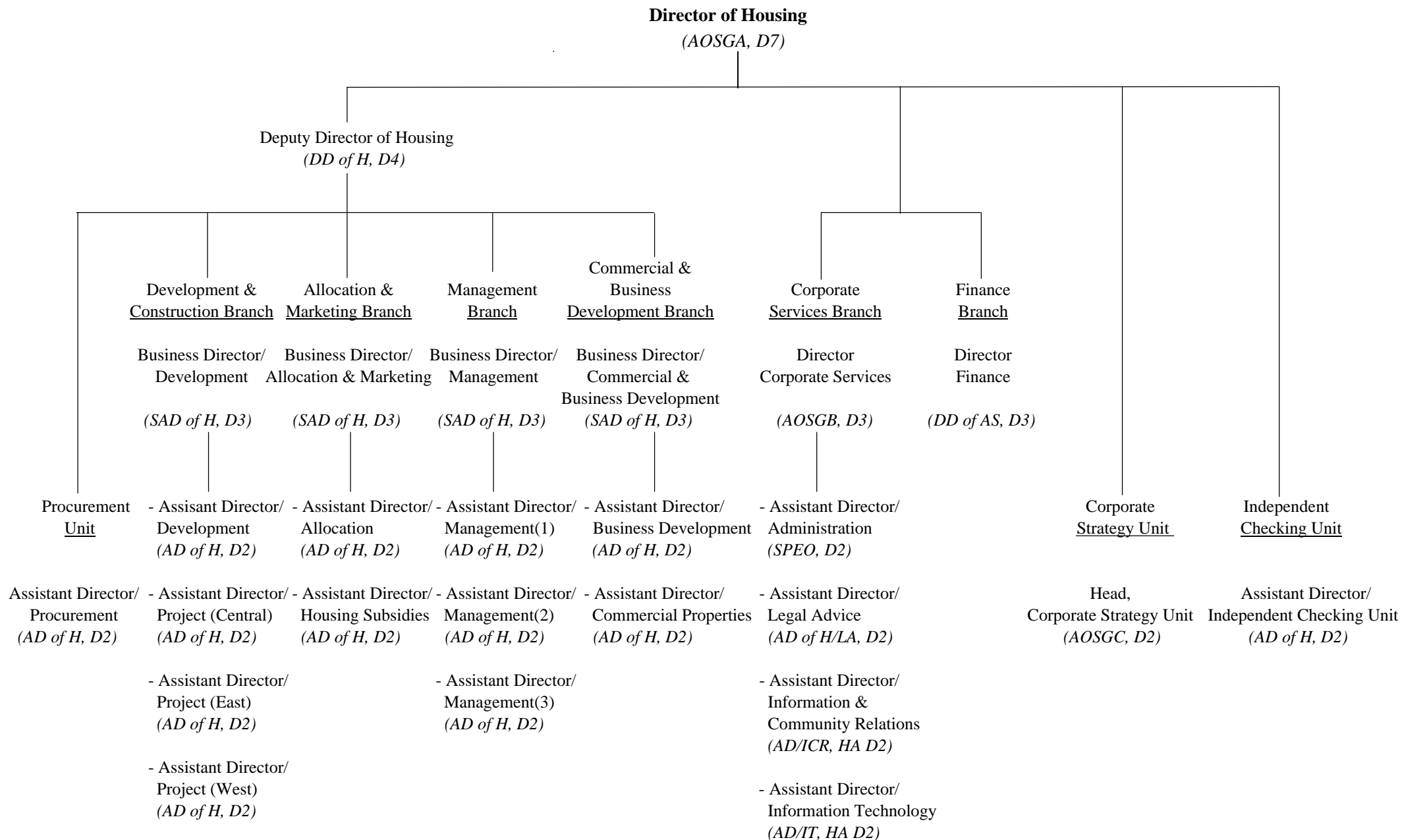
**Housing Department  
October 2002**



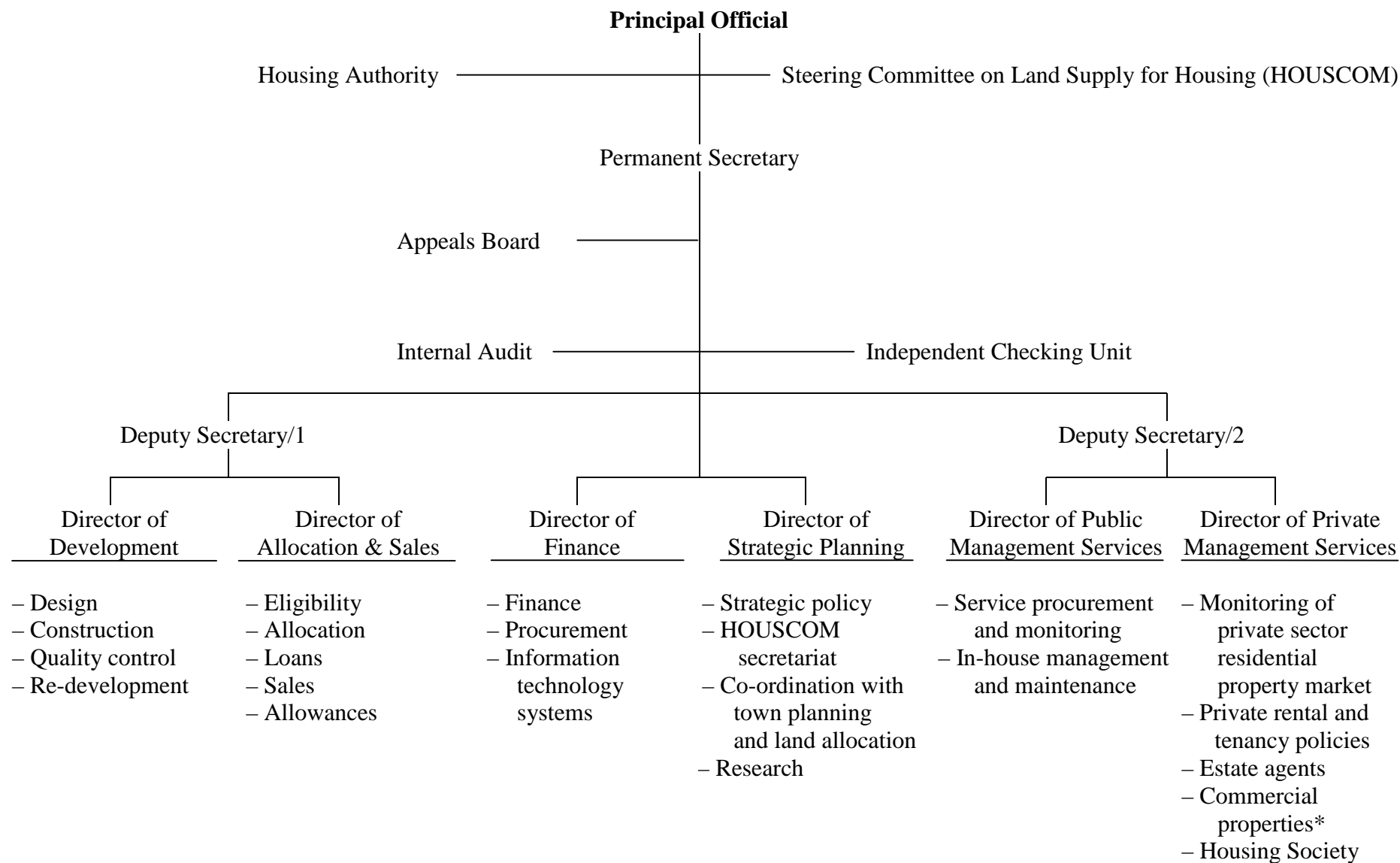
**Organization chart of the former Housing Bureau**



**Organization chart of the former Housing Department**



**Suggested framework for new housing organization as illustrated in the RIFPH Report**



\* Interim arrangement

**Proposed organization structure of the Housing Department**

**Permanent Secretary for Housing, Planning and Lands (Housing)/Director of Housing  
(AOSGA1, D8)**

