

ENGLISH TRANSLATION

(Should there be any discrepancy, the Chinese version shall prevail.)

*Alliance of Housing Department Staff Unions'
Objection To Corporatization of Housing Department*

The Alliance strongly objects the Department's current moves towards corporatisation of the Department. Our objection is based on the facts and reasons as listed below.

I **INTRODUCTION** : *-In a mistaken manner, private management agencies (PMAs) have been employed to deliver the Department's property management functions. Their effectiveness is over-assessed. On the contrary our service standard has been deliberately undermined by the top-management of the Department time and again.*

1. *For some years, Housing Department has been increasingly giving up the management of estates and HOS courts to the PMAs. The PMAs employed are mostly subsidiaries of private developers or enterprises. Most PMAs' establishments are small with very little resources invested. Their management and accounting systems are often far from comprehensive with considerable amount of loopholes and grey areas. Irregular practices are happening. Unreasonably low salaries and wages are being offered to their workers.*

2. *All along, the PMAs have been giving large amount of problems for our staff to handle and resolve. Similar to all profit making organizations, the PMAs' primary objective is 'profit maximization'. Works which result in 'social benefit maximization' but with financial encumbrance are mostly left unattended. The employment of cheap labour is a norm, thus middle management staff comes and goes with high frequency. This causes serious handicap to succession and continuity as the newly recruited are always green and inexperienced. Therefore, our staff has to put up tremendous effort to instruct these new-comers and to make up their shortcomings.*

The Department has subtly assigned us to 'monitor' the performances of these PMAs. 'Monitoring', in the Department's glossary book, means supporting, reinforcing, training, fostering and 'finishing what has been left undone'. Therefore, employing of PMAs to take our place is grossly unfair to us.

3. Moreover, most PMAs take over the management of our estates/courts with empty hands (and even empty pockets). Office accommodation, furniture and equipment, including computers, photo-copiers, etc., are all supplied by the Department. It is very much a case of the Government financing the PMAs in setting up their business! There is actual evidence that in case when the expected profits are not materialized, the PMAs are allowed to just walking away without bearing much contractual liability. Hence, they possess all the good opportunity and advantages in making profits.

4. The fundamental reason for PMAs of such nature to continue procuring property management contracts for so long and for the years ahead is that they employ many of our retired senior directorates/officers, thus establishing very sound personal relationship with the Department and the Housing Authority.

5. In very actual fact, most HOS owners do not want the Department to give up the management and maintenance of their properties. Unlike the PMAs, we are able to respond to their complaints in a more committed manner. We are able to enter into large contracts with large maintenance contractors who have adequate resources to handle emergency cases. We have management and maintenance professionals including qualified housing managers, surveyors, engineers, architects and planners to provide professional support. There are more proper channels for the owners and occupants to lodge their complaints or to voice their concerns.

II OBJECTION TO CORPORATIZATION

6. (i) We are not afraid of competition. We welcome competition. But we do not want unfair competition that we are facing. While busy in accommodating the PMAs/private consultant firms, some of the Department's top-ranking officers are also busy in planning for

their post-retirement career, say, organizing their business ahead with a view to taking up jobs from the Department. In the circumstances, we, a group of powerless 'working people', are kept away from fair opportunity, consonant condition and good human relationship with influential persons. In short, we are put under great disadvantage. So, our objection to the present trend of

corporatization of the Department is 'to struggle for justice'.

- (ii) *The reason why the Department is so eager for corporatization is to 'hive-off' civil service now working for public housing in a way our directorates like. The existing civil servants are left to be confronted with 'natural wastage' without further right of expectation. As a result, our future is gloomy and promotion prospect is slim. On the contrary, our top officers' future is brighter than ever. They are looking forward to becoming non-government employees at the top level and taking up the posts of company executives and directors with a view to draw remuneration even well above what they are receiving as civil servants, even well beyond their retirement age. It is thus not difficult to understand the way they are framing up corporatization of the Department and we doubt very much about their hidden motivation.*
- (iii) *The tentative corporatization of the Department has already created a rift between the management and the staff side. Any action or proposal from the management is being seen as part of the corporatization plot. The staff is therefore unwilling to commit dedicatedly to any improvement proposals. On the other hand, proposals and ideas put forward by the staff are often seen by the management as objections to corporatization and are not being considered in a rational manner. The rift has very much destroyed the long term partnership built in the past. Naturally, the standard of services the Department has been providing is also dropping.*
- (iv) *Most staff would choose to retain the status of civil servants*

and would not join any corporation. Corporatization of the Department is therefore certainly not a proper way to achieve human resource management.

- (v) *Corporatization is certainly not the only means to improve efficiency. In the past few years, the Department has undergone series of business re-engineering, management transformation, human resource management, re-structuring of management and maintenance. If the Department really wants to do something beneficial to its staff and the society, it should continue to put its effort in the improvement of management, promoting efficiency, betterment of internal personnel management, establishing a fair system of punishment and reward, greater investment in training and exercising proper treatment towards staff who fail their mission or idling along. These are the right ailments for us and for the society.*
- (vi) *We do not doubt that some of our work can be out-sourced and carried out by private firms. But certain roles and duties like building up stability of the society and residents' sense of belonging to the SAR Government should never be given to the hands of private firms. Housing Department's commitments to build and manage public housing have vital effects in stabilizing people's livelihood, capturing the hearts of local residents and implementing Government's policies. Typical examples include 'keep Hong Kong clean campaign', 'household safety campaign', assisting in 'voting/election campaigns'.*
- (vii) *A Government Department is being closely monitored by the Central Government and other monitoring bodies including the District Boards and the Legislative Council. Good system of accountabilities has been evolved with very few and ever declining cases of corruption and mal-practices. On the contrary, the operations of private companies and corporations are difficult or even impossible to be closely monitored and are much more vulnerable to conflict of personal interests or even corruptive acts.*

- (viii) *The change of primary objective to maximize profit as a result of corporatization will certainly and adversely affect quality of services provided. Certain tasks, which have high value in social benefit but low financial returns will be ignored. Some possible consequences of corporatization could be a reduction in the provision of public rental housing and declination in making improvement to old rental estates.*
- (ix) *It would be extremely dangerous for the Government to corporatize a Department which was providing public housing for the under-privileged. The corporation would, like all other profit-making bodies, make irrational decisions solely based on commercial considerations. The Legislative Council would then be unable to monitor closely the provision and management of public housing. Some likely consequences would be great increase in rents and management fees to cover the so-called losses. Maintenance contracts would probably be let to incapable contractors who charged less. The corporation could be improperly run and faced all sorts of difficulties and even wound up at the end.*
- (x) *The way ahead for corporatization of the Department has undermined the stability of the civil service system which the Basic Laws for Hong Kong intend to upkeep. It has damaged the morale and is taking away the proper advancement opportunity of some 14,000 staff of the Housing Department. Its knock-on effect on other Government Departments would be devastating. In the current period of economic depression, corporatization would certainly damage the stability of the society and result in public turmoil.*

7. *In view of the above, the current move towards corporatization is neither beneficial to the public nor welcomed by the staff. The consequences would be tragic if the Department still relentlessly proceeded with this move.*

8. *But to our great disappointment, the top-management is still going the wrong track and fast asleep in privatization and corporatization.*

The Department is doing everything in its power to work towards this target, including misleading the higher authority and deceiving the lower level. Informal staff briefing sessions, open forum, etc., had been distorted as formal staff consultations. Objections from staff had been twisted as supports. The mass media, Housing Authority, District Boards, the Legislative Council and even the Central Government were also misled and fed with distorted information.

9. *The Department is putting its staff under duress. On the other hand, PMAs and consultants' performances are being boasted. Some sort of propaganda or real action have been adopted to undermine our achievements and hardwork. Recently, emphasis is made that corporate culture is the only outlet or otherwise we shall be eliminated/replaced. In fact, the Department has no sincerity to listen to its front-line staff's positive suggestions on improvement of services. This is often the cause of some shortcomings in our service standard. Pragmatically speaking, it is the front-line staff who really knows the ground situation. Neglecting their feedback/suggestions is just allowing problems to prevail. Together with the ever changing and often conflicting housing policies put forward by the Housing Authority, problems are aggravated rather than resolved. However, the Authority and the Department are not even a bit sorry for what is worsening. Putting the blame on the staff is what they are doing. Furthermore, it is made use of as pretext to go for corporatization. We are often artificially handicapped with a view to labeling us as being inefficient. When staff suggests the ways to remove our barriers, nobody listens but simply says corporatization is the only outlet.*

10. *To the best of our knowledge, corporatization of the Housing Department might not be the only and best outlet. Instead, the top executives and directorates would, by that time, be able to take advantage of the so-called flexibility to obtain unreasonably high remuneration and benefits at the expense of the front-line staff. At the same time, top management could easily find ways to avoid the existing monitoring system imposed upon Government Departments, thus mal-practices and even corruptive acts would develop. Needless to say, there are companies of all sizes in Hong Kong and all over the world to be wound up due to their irregularities and corruptive practices, personal greed, over-investment, wrong commercial decisions, etc..*

11. *The hiving-off of our professional property management functions to the so-called well-established PMAs and the way forward towards corporatization have seriously damaged the morale of the staff. Their sense of belonging to the Department and even the Government has been undesirably ruined as evidenced by increased number of professional and non-professional staff leaving the Department in recent years before their retirement, leaving tremendous workload to be borne by those still staying behind.*

12. *Being such, the Alliance is advocating the Department to act promptly to stop going for the present corporatization programme and return to the right track of co-operation and mutual trust with its staff. This is the realistic, proper and responsible way to provide quality services to the public.*

*For and on behalf of the Alliance of
Housing Department Staff Unions,*

(LAM Man-cheuk)

Convenor

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