

**LegCo Panel on Public Service  
Meeting on 20 November 2000**

**Voluntary Retirement Scheme**

At the last Panel meeting on 30 October, we briefed Members on the detailed application statistics relating to the Voluntary Retirement (VR) Scheme, the principles to be adopted for approving applications and releasing staff, the initial plans of departments to provide the same quality of services to the public and the steps to be taken to address the concern of staff of VR grades who choose to remain in the service.

2. This paper seeks to brief Members on the latest situation regarding the approval of applications and the financial implications, and to respond to the questions raised by Members at the last meeting.

**Approval of applications**

3. Subject to the principle that the provision and quality of public service will not be affected by the departure of VR-takers, Heads of Department/Heads of Grade are prepared to make all necessary arrangements so that they can approve as many VR applications as possible. As a result, out of around 11,000 applications involving 71 departments, only 249 applications in four departments will be rejected at this stage. (Please also see paragraph 5 below.) The details are set out below -

*(a) Highways Department (HyD)*

The Department has recommended approving 107 applications and rejecting 9 applications from Works Supervisor (Civil) stream. As there is no surplus staff of Works Supervisor (Civil) stream in other departments available to replace the VR-takers and it cannot arrange in-service appointment of other grades of staff to take over these posts because of the wide difference in qualifications and work requirements, HyD cannot approve the 9 applications.

*(b) Drainage Services Department*

The Department has recommended approving 66 applications and rejecting 2 applications from Works Supervisor (Civil) stream for the same reason put forward by HyD.

*(c) Civil Engineering Department*

The Department has recommended approving 56 applications and rejecting 5 applications from Works Supervisor (Civil) stream for the same reason put forward by HyD.

*(d) Electrical and Mechanical Services Department*

The Department will approve 186 applications and reject 9 applications from Electrical Inspector (EI) as there is no surplus staff of EI grade available in other departments to replace the VR-takers and it is not feasible to replace these staff through redeployment or in-service appointment because of the high qualification and experience required of the grade. The department will also be rejecting 224 applications from the non-vehicle streams of Mechanical Inspector, Works Supervisor, Senior Artisan, Artisan and Workman I as the department finds it difficult to get replacement for these staff because of the higher specialized skill and experience required.

The above four departments have arranged briefings for their staff explaining to them that in accordance with the established criteria, the approval of VR applications is subject to operational exigencies. As they have difficulties in identifying staff of other grades or arranging alternative mode of service delivery to take over the work of VR applicants, they have to reject the applications on account of operational needs. Staff of these departments have noted the decision.

4. In the three departments receiving the largest number of VR applications, both Leisure and Cultural Services Department (LCSD) and Department of Health will be able to approve all their applications i.e. about 1,200 and 1,100 respectively.

5. As for Food and Environmental Hygiene Department (FEHD), it has indicated that on the basis of current plans, the Department expects to be able to approve around 2/3 of the total number of applications, i.e. about 2,100, in December and release them in phases in the coming 3 years. It cannot approve the remaining one-third, i.e. about 1,200 applications at this stage without further study on re-engineering of operations, replacement by other modes of service delivery, and the ability of the private sector to take up contracts, particularly in the light of the actual experience of the release programme. As FEHD intends to release as many staff as possible in the longer term subject to the provision of services to the public not being adversely affected, it has proposed that funding provision be made for all its VR applications so that funds are available for the outstanding applications if and when they can be approved.

6 Both LCSD and FEHD have briefed their staff through their Departmental Consultative Committees, on 26 October and 8 November respectively. In general, staff were concerned about the staffing situation and redeployment arrangements. They requested in particular that the remaining staff would not be overburdened. Staff were assured that they would be further briefed when details of the arrangements became available. The two departments will arrange more briefings sessions for staff in November and December.

### **Release arrangements**

7. Departments will start releasing their staff in 2001. They will ensure that the departure of VR-takers ties in with their plans for redeployment, re-engineering of operations and/or contracting out programmes so as not to disrupt their operation nor overburden existing staff. A few departments like FEHD, LCSD, Official Languages Agency and Government Land Transport Agency will need a longer period of time, say 2 to 3 years for releasing their staff because they have more VR-takers than the anticipated surplus and they need to phase out the departure of staff to ensure that the operation of the departments will not be unduly affected. A rough estimate according to the current manpower plans submitted by departments shows that about 8,000, 2,000 and 500 staff will be released in 2001, 2002 and 2003 respectively.

8. In approving VR applications, departments will delete the same number of posts, though not necessarily in the same grade or same rank. In order

to approve as many VR applications as possible for this exercise, some departments may need to recruit non-civil service contract staff as a stop-gap measure for a short period of not more than three years to maintain existing services before the alternative mode of service delivery is in place. The filling of the remaining consequential vacancies will be by in-service appointment, redeployment and promotion. This will help enhance the career prospect of staff remaining in the service.

9. At the last Panel meeting, a Member enquired about the arrangements to be adopted by the Hospital Authority (HA) to ensure the quality of health services after the departure of VR-takers. HA has confirmed that all the 800 eligible VR applications from the civil servants working in HA can be approved, among which 100 can be released without replacement. HA is taking the opportunity to reengineer its services and to review its manpower and staff mix with a view to rationalizing its manpower resources upon the retirement of the civil servants. Vacancies left by the remaining 700 VR-takers will be replaced, where appropriate, by redeployment, recruitment or other means of service delivery.

### **Staff Consultation**

10. Apart from the departments mentioned in paragraph 3 and 6 above, other departments have also started briefing their staff on the details of the VR applications and the redeployment and retraining plans. The major concerns of staff are whether the remaining staff will be overburdened with work, whether the operation of the departments will be affected, whether their promotion opportunities will be affected and what arrangement will be made to assist staff. Departments have briefed staff that appropriate arrangements will be made to ensure that the operation of departments will not be disrupted and that the work left behind by the VR-takers will be taken up by replacement staff or be replaced by alternative modes of service delivery. Staff are also assured that training programmes and necessary assistance will be provided to help them adapt to the new working environment and that, in many cases, those remaining in the service would enjoy a better promotion prospect through the early retirement of staff with longer service.

## **Financial Implications**

11. Based on the above approval plan, around \$2.8 billion for the VR payment and \$10 million for the ex-gratia payment for certain Model Scale I (MOD I) staff who belong to the VR grades and are over 45 years old on Old Pension Scheme are required. The Finance Committee has already approved creation of non-recurrent commitments of \$1.1 billion for the compensatory VR payments and \$2.4 million for the ex-gratia payments for MOD I staff in June. We will seek approval for increase in the commitments by \$1.7 billion and \$8 million respectively from the Finance Committee in December to meet the compensatory and ex-gratia payments. In addition, around \$400 million additional pension expenditure on commuted gratuity and monthly payment will be incurred in 2000-01. Supplementary provision will be sought, if needed, later in the year. For pension expenditure from 2001-02 onwards, sufficient provision will be included in the respective draft Estimates.

12. The VR Scheme will bring long term savings to the government. Without the scheme we would have to carry the surplus or potential surplus staff at a higher payroll cost or at a later stage, resort to redundancy on abolition of office (AOO) terms at a higher cost to government. The Scheme also makes room for government to introduce more cost-effective initiatives in the delivery of public service such as outsourcing. This helps government achieve savings in the longer term.

Civil Service Bureau  
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