

Legislative Council Panel on Public Service
Review of Employment Situation of Non-Civil Service Contract Staff

Purpose

This paper informs Members of the findings of the special review on the employment of Non-Civil Service Contract (NCSC) staff as at 31 March 2006.

Background

2. The NCSC Staff Scheme, introduced in 1999, provides Heads of Bureaux, Departments and Offices (hereafter referred to as HoDs) with a flexible means to employ staff on fixed term contracts outside the civil service establishment to meet service needs which are time-limited, short-term, seasonal, or subject to market fluctuations; or which require staff on a part-time basis; or which require tapping the latest expertise in a given area in the market; or where the mode of delivery of the service is under review or likely to be changed through, for example, contracting out. The Scheme allows HoDs to respond more promptly to changing operational and service needs.

3. At the meeting of the LegCo Panel on Public Service in March this year, we undertook to conduct a special review of the NCSC staff situation on a department-by-department basis to better understand individual departments' manpower situation. We have indicated that where it is established that civil servants instead of NCSC staff should be employed to meet specific service needs, we would devise appropriate measures with the concerned bureaux/departments/offices (hereafter referred to as B/Ds) while keeping the size of the overall civil service establishment under control.

Review Findings

4. We have just completed the special review with B/Ds and the key findings of the review are summarised in the following paragraphs.

Overall Position

5. As at 31 March 2006, there were 16 488 full-time¹ NCSC staff employed in 68 B/Ds. Some 84%, as set out in **Annex 1**, had been employed for less than five years. Some 85%, as set out in **Annex 2**, were on contracts of less than two years. About half, as set out in **Annex 3**, received a monthly pay of \$8,000 to \$16,000. Of the 879 NCSC staff paid at \$5,000 or less a month, 261 were Trainees/Youth Ambassadors under the youth job creation programmes. The remaining 618 were mainly staff employed by the Hongkong Post who were paid on an hourly rate and who worked between 18-36 hours a week. Their monthly pay varied according to the number of hours actually worked².

Purposes of Employment

6. The special review has established that around 12 500 (or 76% of the total) NCSC staff (broken down by B/Ds in **Annex 4**) were employed within the ambit of the NCSC Scheme. The vast majority (around 11 800) were employed for the purposes set out in paragraph 2 above. The remainder (around 700) were employed in government schools under the school-based management governance framework. Government schools, as with aided schools, need the flexibility to hire the best mix of supporting staff that can match their operational needs at different times. The special review has also established that around 4 000 NCSC staff were employed to discharge duties that should more appropriately be performed by civil servants.

Employment of NCSC Staff in B/Ds

7. At the March 2006 Panel meeting, Members asked the Administration to take a closer look at the eight main NCSC staff user B/Ds, namely Leisure and Cultural Services Department, Hongkong Post, Education and Manpower Bureau, Department of Health, Electrical and Mechanical Services Department, Food and Environmental Hygiene Department, Social Welfare Department and Buildings Department. As at

¹ "Full-time" means the employment is on a "continuous contract" under the definition of Employment Ordinance. According to the Employment Ordinance, an employee who works continuously for the same employer for four weeks or more, with at least 18 hours in each week, is regarded as working under a continuous contract.

² Their monthly pay would be in the range of \$6,000 to \$9,000 if they worked for 44 hours per week.

31 March 2006, each of these eight B/Ds employed more than 5% of the total full-time NCSC staff. They together employed 10 565 (or 65% of the total) NCSC staff. The employment situation of NCSC staff in these departments is described in the ensuing paragraphs.

(I) *Leisure and Cultural Services Department (LCSD)*

8. As at 31 March 2006, LCSD employed 2 167 (13.1% of total) full-time NCSC staff to provide support services to the public at cultural venues and leisure facilities. Some 460 NCSC staff were employed to meet service needs which are time-limited, short-term or seasonal in nature, e.g. youth trainees under the youth job creation programme and seasonal lifeguards. Another some 900 NCSC staff were employed to provide various other services which are under review. Among this group were 500 odd NCSC staff working in public libraries. LCSD has commissioned the Efficiency Unit to conduct a study to review the current mode of delivery of the frontline and support services in public libraries. The findings of the study will be completed by late 2007/early 2008 and their findings may have a bearing on the manpower requirements in public libraries. Other services under review include the governance of public museums and the mode of delivery of non-core support services, etc. The remaining 800 NCSC staff performed work that should more appropriately be performed by civil servants. Such work includes the provision of professional services, administrative support services (e.g. executive and clerical support) and frontline services (e.g. lifesaving service by full-year lifeguards) at cultural venues and leisure facilities.

(II) *Hongkong Post (PO)*

9. PO employed a total of 2 033 (12.3% of total) full-time NCSC staff. About half (52%) of the NCSC staff worked less than the conditioned hours required of civil servants and they were mainly involved in sorting, loading and unloading of mails. The remaining half were mainly engaged in providing operational, marketing, sales and over-the-counter services, the need for which is subject to business fluctuation. Being one of the five departments operating as a trading fund, PO needs flexibility in adjusting its staffing levels and staff mix to dovetail with the peaks and troughs of its businesses, while maintaining the level and quality of services to the community. It also needs to ensure its operation remains financially viable

and competitive vis-à-vis other service providers in the market. The employment of a mixed workforce (civil servants and NCSC staff) enables PO to adapt to changing service demands and changing business environment in an effective and flexible manner.

(III) Education and Manpower Bureau (EMB)

10. EMB employed a total of 1 377 (8.4% of total) full-time NCSC staff. As explained in paragraph 6 above, around 700 of them were employed to meet the unique operational needs in government schools under the school-based management initiative. Another some 450 NCSC staff, comprised mainly of research, information technology (IT), project co-ordination, administrative and clerical staff, were employed to provide support to various education reform initiatives. These education initiatives are time-limited in nature, e.g. the projects under various funds such as Language Fund, the various School-based Support Services Programmes and the introduction of the new Senior Secondary Academic Structure, etc. Another 70 or so NCSC staff were employed to provide services where alternative mode of service delivery is being explored. They included the management of Kowloon Tong Education Services Centre and the provision of IT support services in various education projects. The remainder, around 170 NCSC staff, performed work that should more appropriately be performed by civil servants. Such work includes the provision of regular professional, administrative and clerical support services.

(IV) Department of Health (DH)

11. DH employed a total of 1 074 (6.5% of total) full-time NCSC staff. About 400 of them were employed in response to ad hoc and time-limited service requirements which include the stepping up of health surveillance measures at land and sea immigration control points in the wake of Avian Flu outbreaks in neighbouring places, strengthening of IT systems to support public health control, developing standards for Chinese medicines, handling transitional proprietary Chinese medicine registration, etc. Another some 150 NCSC staff were employed to provide various services which are under review in terms of their continued need or whether alternative mode of service delivery is feasible. For instance, the Department is looking into the viability of engaging non-government organisations to take up part of the services under the Adolescent Health Programme. The remainder, some

540 staff, performed work that should more appropriately be performed by civil servants. Such work includes the provision of regular professional health and medical-related services and administrative and general support services.

(V) *Electrical and Mechanical Services Department (EMSD)*

12. EMSD employed a total of 1 068 (6.5% of total) full-time NCSC staff. The trading fund arm of the Department is funded by the revenue it generates through service provision, and employment of NCSC staff enables it to maintain flexibility in staff deployment to make timely response to fluctuations in business volume and ensure financial viability. The majority of the NCSC staff (around 98%) worked for the trading fund arm, of whom some 950 provided consultancy, project management and maintenance services in electrical and mechanical engineering, air-conditioning, building service systems, electronics and vehicle engineering to various client government departments and public organisations. Another 100 or so NCSC staff were apprentices employed for training purposes in collaboration with the Vocational Training Council on a time-limited basis. The remainder, around 20 NCSC staff, worked for the regulatory arm of the Department. About 10 NCSC staff performed work that should more appropriately be performed by civil servants. Such work includes the provision of various regular back-end support services.

(VI) *Food and Environmental Hygiene Department (FEHD)*

13. FEHD employed a total of 1 033 (6.3% of total) full-time NCSC staff. Around 300 were employed to meet service needs where the mode of service delivery is under review or may be changed through, for example, contracting out. They included staff who performed market management duties (about 110) and cleansing duties (about 120). FEHD has launched a pilot scheme to outsource the management of public markets in the Kowloon City district in March 2004. The pilot scheme has recently been extended to public markets in the Wong Tai Sin and Mongkok districts. With the experience gathered from the pilot scheme, FEHD will review the viability of this alternative mode of service delivery and the results will have a bearing on how public markets should be best managed in the long run. The review will be completed in early 2008. With regard to the cleansing service, it is FEHD's long-term plan to outsource this work. Another 80

NCSC staff were employed to provide time-limited or short-term administrative and support services to the Department. The remainder, around 650 NCSC staff, performed work which should more appropriately be undertaken by civil servants. Such work includes regular food safety control, enhancement of administrative and clerical support for 19 District Environmental Hygiene Offices and various sections of the Department, as well as regular inspection and investigation of environmental nuisances like street obstruction, dripping from air conditioners and dirty lanes.

(VII) Social Welfare Department (SWD)

14. SWD employed a total of 976 (5.9% of total) full-time NCSC staff. Around 130 of them were employed to meet short-term service needs including implementation of time-limited projects and programmes, and meeting temporary service exigencies of different service units. Another 500 NCSC staff were employed to provide various services which were subject to review, including the implementation of the Active Employment Assistance programme to help Comprehensive Social Security Assistance (CSSA) recipients to find jobs and to reinforce the Support for Self-reliance Scheme. The remainder, around 330 NCSC staff, performed work that should more appropriately be undertaken by civil servants. Such work includes the administration of CSSA and provision of social work services.

(VIII) Buildings Department (BD)

15. BD employed a total of 837 (5.1% of total) full-time NCSC staff. The majority (around 780) were employed to undertake time-limited projects for the strengthened enforcement of the Buildings Ordinance, removal of unauthorized building works and improvement of the safety standards of existing buildings; and for the setting up of a web-based system for retrieval of building plans; and for the provision of clerical and administrative support for these services. The remainder, around 60, performed work that should more appropriately be undertaken by civil servants. Such work includes processing registration for contractors and overseeing regular law enforcement actions.

Assessment

16. In the light of the special review findings, we consider that the NCSC Staff Scheme is achieving its stated objective of providing B/Ds with the flexibility to address specific operational needs that cannot be catered for by civil servants. We also consider there is a continued need for the Government to employ NCSC staff to complement the civil service workforce in providing timely and quality service to the public. We accept there is room for improvement in the operation of the NCSC Staff Scheme. Our views are set out in the following paragraphs.

Replacement of NCSC positions by civil service posts

17. We need to phase out the 4 000 NCSC positions referred to in paragraph 6 above (i.e. those involving work that should more appropriately be performed by civil servants) by civil service posts. As a first step, B/Ds will, where possible, phase out these NCSC positions by making use of existing and anticipated civil service vacancies, or creating new posts to be offset by deletion of existing vacancies, or re-grading existing vacant posts. Without compromising the Government's objective to keep the overall civil service establishment under control, we will also consider the net creation of civil service posts after exhausting the other options set out above.

Control measures in the employment of NCSC staff

18. To ensure the proper operation of the NCSC Staff Scheme, we have promulgated detailed guidelines to B/Ds on the engagement and management of NCSC staff. In view of the findings of the special review, we have introduced additional measures to ensure that future employment of NCSC staff rests fully within the ambit of the Scheme. These include requiring higher-level consideration and approval of employment of NCSC staff in B/Ds, setting a ceiling for the employment of NCSC staff for each B/D in the light of specific operational needs, and requiring a B/D to seek approval from the Civil Service Bureau for the employment of NCSC staff over and above the prescribed ceiling.

19. We have not set any ceiling for each of the five trading fund departments (i.e. Electrical and Mechanical Services Department³, Hongkong Post, Office of the Telecommunications Authority, Companies Registry and Land Registry) as they need greater flexibility to adjust their staffing levels and staff mix to cope with business fluctuation. We have also not set a NCSC staff ceiling for government schools in view of their unique operational needs (paragraph 6 above refers).

Advice sought

20. Members are invited to note the contents of this Paper.

Civil Service Bureau
December 2006

³ This does not apply to the regulatory arm of the Department, which promotes efficient use of energy and looks after safe use of electricity, gas, lifts and escalators, etc.

**Employment of Non-Civil Service Contract (NCSC) Staff
(Position as at 31.3.2006)**

Length of Service

Length of continuous service	No. of NCSC Staff (and percentage to total)	
Less than 3 years	10 095	(61.2%)
3 years to less than 5 years	3 719	(22.6%)
5 years or more	2 674	(16.2%)
Total	16 488	(100%)

**Employment of Non-Civil Service Contract (NCSC) Staff
(Position as at 31.3.2006)**

Contract Duration

Length of current contract	No. of NCSC Staff (and percentage to total)	
< 1 year	3 804*	(23.1%)
1 - < 2 years	10 272	(62.3%)
2 - ≤ 3 years	2 412	(14.6%)
Total	16 488	(100%)

* includes seasonal NCSC staff and those NCSC staff employed for less than the conditioned hours required of civil servants.

**Employment of Non-Civil Service Contract (NCSC) Staff
(Position as at 31.3.2006)**

Salary Range

Monthly Salary	No. of NCSC Staff (and percentage to total)	
\$30,000 or above	1 087	(6.6%)
\$16,000 - \$29,999	1 790	(10.9%)
\$8,000 - \$15,999	8 412	(51.0%)
\$5,000 - \$7,999	4 320	(26.2%)
Others*	879	(5.3%)
Total	16 488	(100%)

- * (1) Trainees/Youth Ambassadors under youth job creation programmes; and (2) staff paid on hourly rate according to the hours of work done. For staff in group (1), their monthly salary is below \$5,000. For staff in group (2), they are paid on an hourly rate and hence their monthly salary varies depending on the hours of work done.

**Employment of Non-Civil Service Contract (NCSC) Staff by Bureau/Department/Office
(Position as at 31.3.2006)**

Bureau/Department/Office	No. of NCSC Staff (and percentage to total)	Length of continuous service		No. of NCSC staff	
		Less than five years	Five years or more	employed for purposes ^{Note} within the ambit of the NCSC Scheme	discharging duties that should more appropriately be performed by civil servants
1 Agriculture, Fisheries and Conservation Department	597 (3.6%)	562	35	569	28
2 Architectural Services Department	21 (0.1%)	13	8	21	-
3 Audit Commission	6 (0.0%)	5	1	-	6
4 Auxiliary Medical Service	1 (0.0%)	1	-	-	1
5 Buildings Department	837 (5.1%)	797	40	781	56
6 Census and Statistics Department	180 (1.1%)	180	-	166	14
7 Chief Executive's Office	4 (0.0%)	3	1	4	-
8 Chief Secretary and Financial Secretary's Office	248 (1.5%)	242	6	242	6
9 Civil Aviation Department	18 (0.1%)	15	3	14	4
10 Civil Engineering and Development Department	175 (1.1%)	169	6	169	6
11 Civil Service Bureau	6 (0.0%)	3	3	4	2
12 Commerce, Industry and Technology Bureau	14 (0.1%)	14	-	13	1
13 Companies Registry	31 (0.2%)	30	1	30	1
14 Constitutional Affairs Bureau	2 (0.0%)	2	-	2	-
15 Correctional Services Department	14 (0.1%)	14	-	9	5
16 Customs and Excise Department	84 (0.5%)	82	2	39	45
17 Department of Health	1 074 (6.5%)	990	84	534	540
18 Department of Justice	58 (0.4%)	53	5	20	38
19 Drainage Services Department	209 (1.3%)	165	44	150	59
20 Economic Development and Labour Bureau	15 (0.1%)	15	-	10	5
21 Education and Manpower Bureau	1 377 (8.4%)	1 269	108	1 204	173
22 Electrical and Mechanical Services Department	1 068 (6.5%)	872	196	1 054	14
23 Environment, Transport and Works Bureau	12 (0.1%)	12	-	9	3
24 Environmental Protection Department	144 (0.9%)	143	1	143	1
25 Financial Services and the Treasury Bureau	13 (0.1%)	12	1	11	2

Bureau/Department/Office	No. of NCSC Staff (and percentage to total)	Length of continuous service		No. of NCSC staff	
		Less than five years	Five years or more	employed for purposes ^{Note} within the ambit of the NCSC Scheme	discharging duties that should more appropriately be performed by civil servants
26 Fire Services Department	46 (0.3%)	45	1	38	8
27 Food and Environmental Hygiene Department	1 033 (6.3%)	850	183	380	653
28 Government Flying Service	8 (0.0%)	8	-	2	6
29 Government Laboratory	69 (0.4%)	60	9	42	27
30 Government Logistics Department	71 (0.4%)	62	9	62	9
31 Government Property Agency	7 (0.0%)	7	-	7	-
32 Health, Welfare and Food Bureau	27 (0.2%)	26	1	27	-
33 Highways Department	229 (1.4%)	217	12	93	136
34 Home Affairs Bureau	48 (0.3%)	45	3	47	1
35 Home Affairs Department	311 (1.9%)	307	4	178	133
36 Hong Kong Observatory	21 (0.1%)	19	2	21	-
37 Hong Kong Police Force	197 (1.2%)	182	15	171	26
38 Hongkong Post	2 033 (12.3%)	1 228	805	2 033	-
39 Housing, Planning and Lands Bureau	5 (0.0%)	5	-	3	2
40 Immigration Department	199 (1.2%)	199	-	17	182
41 Information Services Department	37 (0.2%)	35	2	37	-
42 Inland Revenue Department	186 (1.1%)	186	-	82	104
43 Innovation and Technology Commission	28 (0.2%)	22	6	26	2
44 Intellectual Property Department	31 (0.2%)	25	6	13	18
45 Invest Hong Kong	51 (0.3%)	41	10	51	-
46 Judiciary	144 (0.9%)	118	26	34	110
47 Labour Department	217 (1.3%)	196	21	140	77
48 Land Registry	106 (0.6%)	87	19	94	12
49 Lands Department	268 (1.6%)	266	2	228	40
50 Legal Aid Department	13 (0.1%)	10	3	13	-
51 Leisure and Cultural Services Department	2 167 (13.1%)	1 523	644	1 364	803
52 Marine Department	45 (0.3%)	43	2	27	18
53 Office of Government Chief Information Officer	31 (0.2%)	21	10	16	15
54 Office of the Telecommunications Authority	72 (0.4%)	50	22	72	-
55 Official Receiver's Office	35 (0.2%)	29	6	35	-

Bureau/Department/Office	No. of NCSC Staff (and percentage to total)	Length of continuous service		No. of NCSC staff	
		Less than five years	Five years or more	employed for purposes ^{Note} within the ambit of the NCSC Scheme	discharging duties that should more appropriately be performed by civil servants
56 Planning Department	29 (0.2%)	26	3	15	14
57 Radio Television Hong Kong	244 (1.5%)	162	82	236	8
58 Rating and Valuation Department	82 (0.5%)	78	4	74	8
59 Registration and Electoral Office	165 (1.0%)	165	-	154	11
60 Security Bureau	22 (0.1%)	21	1	22	-
61 Social Welfare Department	976 (5.9%)	869	107	642	334
62 Student Financial Assistance Agency	385 (2.3%)	343	42	307	78
63 Television and Entertainment Licensing Authority	46 (0.3%)	44	2	44	2
64 Trade and Industry Department	44 (0.3%)	37	7	39	5
65 Transport Department	185 (1.1%)	182	3	161	24
66 Treasury	89 (0.5%)	88	1	87	2
67 University Grants Committee Secretariat	21 (0.1%)	18	3	21	-
68 Water Supplies Department	257 (1.6%)	206	51	131	126
Total	16 488 (100.0%)	13 814	2 674	12 484	4 004

Note : The NCSC Staff Scheme was introduced in 1999 to provide more flexibility to Heads of Department/Heads of Grade in manpower deployment by allowing them to employ staff to take up duties that are not permanent in nature. The Scheme is to cater for the following purposes - -

- (a) to meet service needs that are time-limited or short-term or seasonal in nature;
- (b) to meet service needs that require staff to work less than the conditioned hours required of civil servants;
- (c) to meet service needs that are under review or likely to be changed or in anticipation of outsourcing/reorganization;
- (d) to meet service needs that are subject to market fluctuations;
- (e) to tap the latest expertise in the market to meet a department's special and changing operational needs; and
- (f) to meet the unique service needs in government schools under school-based management initiatives.