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**Panel on Public Service**  
**Meeting on 17 December 2007**

**Updated background brief on**  
**the employment of non-civil service contract staff**

**Purpose**

This paper provides an update on the employment situation of non-civil service contract (NCSC) staff in the Government. The background of the NCSC Staff Scheme and the major views and concerns expressed by Members at meetings of the Legislative Council (LegCo) and its committees have been provided in the Background Briefs issued to Members for the meetings of the Panel on Public Service (the Panel) on 20 March 2006 (LC Paper No. CB(1)1067/05-06(04)), and 18 December 2006 (LC Paper No. CB(1) 473/06-07).

**Background**

2. The NCSC Staff Scheme, introduced in January 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 short-term, time-limited, seasonal or subject to market fluctuations; or which require staff to work on a part-time basis (i.e. less than the conditioned hours required of civil servants); 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.

Terms and conditions of employment

3. The HoDs have full discretion in determining the appropriate employment package for their NCSC staff, including the pay level, the offer of an end-of-contract gratuity, and any pay adjustment during the contract period. In setting the employment terms for NCSC staff, HoDs have to comply with the guiding principles that the terms

and conditions of services for NCSC staff should be no less favourable than those provided for under the Employment Ordinance (Cap. 57) and no more favourable than those applicable to civil servants in comparable civil service ranks or levels of responsibilities. NCSC staff are employed on fixed term contracts of up to three years.

#### Statistics on NCSC staff

4. The numbers of full-time NCSC staff employed in the past six years are as follows:

<u>Date *</u>	<u>Number of full-time NCSC staff</u>
2001	11 244
2002	13 701
2003	16 147
2004	14 807
2005	15 687
2006 (as at 31.3.2006)	16 488

\* as at 31 December unless otherwise stated

#### **Special Review of the NCSC staff situation**

5. At the Panel meeting on 20 March 2006, the Administration undertook to conduct a special review of the NCSC staff situation on a department-by-department basis to better understand individual departments' manpower situation, in particular those bureaux and departments which employed a large number of NCSC staff.

6. In December 2006, the Administration briefed the Panel on the findings of the special review on the employment of NCSC staff. The Panel noted that as at 31 March 2006, there were 16 488 full-time NCSC staff employed in 68 bureaux/departments (B/Ds). But the Administration only intended to convert some 4 000 NCSC positions to civil service posts, having regard to the findings of the special review. Some members were disappointed with the outcome of the special review and took the view that the reasons given by the Administration for not converting more NCSC positions to civil service posts were untenable. The Panel re-examined the criteria adopted in the special review in deciding whether a specific NCSC position was suitable for conversion to a civil service post. Some members held the view that as some NCSC staff had already worked in the Government for three years or more, it should sufficiently prove that there was a continued need for their services. In order to strike a balance between the Administration's policy of conducting an open, fair and competitive recruitment exercise for civil service posts on the one hand and members' request that the relevant NCSC staff should be directly appointed as civil servants on the other, the Administration should consider stipulating in the recruitment advertisements that priority would be given to applicants who had previous relevant

working experience in the Government.

7. The Panel also passed a motion, expressing its dissatisfaction that the findings of the review of the employment of NCSC staff conducted on a department-by-department basis had failed to treat fairly the NCSC staff who had been employed for a long period of time, and requested that:

- (a) departments should conduct a review again to ensure the conversion of the NCSC staff employed to fill the posts created to meet long-term needs to civil servants; and
- (b) serving NCSC staff should be converted to civil servants by "through train".

8. The Panel also met with the management of the eight main NCSC staff user B/Ds in turn and received views from the concerned staff associations so as to better understand the employment situation of NCSC staff in these B/Ds. Further, the Panel had taken the opportunity to review the guiding principles and basic framework for the employment of NCSC staff as well as the employment package for NCSC staff.

9. In discussing the civil service recruitment policy, some Panel members expressed a strong view that the Government was adopting double standards in the recruitment of civil servants. On the one hand, the Administration had advised that the NCSC staff could not be converted into civil servants as employment as civil servants was subject to a selection process, based on abilities, and opportunities should be given to persons outside the civil service to apply for the civil service posts. However, on the other hand, NCSC staff were not eligible for the internal recruitment exercises even if they had worked in the Government for many years. It was most unfair to the NCSC staff who were not regarded as staff of the civil service, and were not given the opportunity to apply for civil service posts through internal recruitment exercises.

10. At the meeting on 15 March 2007, the Panel passed another motion, urging government departments to accord priority to NCSC staff with relevant working experience in conducting open recruitment for pensionable civil servants.

### **Pay adjustment for civil servants and NCSC staff**

11. Civil Service salary adjustments are considered annually. Under the established annual civil service pay adjustment mechanism, the Government decides on the size of the annual adjustment having regard to the following factors: net pay trend indicators derived from an independent private sector pay trend survey, the state of the economy, changes in the cost of living, the Government's fiscal position, the Staff Sides' pay claims and civil service morale.

12. On 12 June 2007, the Chief Executive in Council ordered that the pay adjustment offer, i.e. a pay increase of 4.96% for the directorate and civil servants in

the upper salary band and 4.62% for civil servants in the middle and the lower salary band with effect from 1 April 2007, should be adopted. The Panel held a meeting on 25 June 2007 to discuss the 2007-08 Civil Service pay adjustment proposal from the Administration. During the discussion, some members raised concerns on whether the same pay increase rates would apply to NCSC staff and staff of subvented organizations.

13. The Administration pointed out that NCSC staff were not civil servants and their terms of employment were different from those of civil servants. They were employed by individual B/Ds to do time-limited work, or work which was being considered for contracting out, or part-time work, etc. As the pay of NCSC staff was managed differently from that of the civil service, the pay increase offer and the final pay increase decision for civil servants would not be applied automatically to this group of staff. B/Ds were authorized to determine the pay of NCSC staff under their employment having regard to the state of the employment market, the work the staff would be required to do, the recruitment and retention position, etc. The only provision was they could not pay a NCSC staff more than the notional mid-point salary of a civil servant doing similar work. B/Ds were also authorized to adjust the pay of serving NCSC staff from time to time having regard to the changes in wage levels in the market place.

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