

Legislative Council Panel on Public Service Use of Agency Workers

Purpose

This paper provides information on the use of agency workers by Bureaux/Departments (B/Ds).

Background

2. At the meeting of the Legislative Council Panel on Public Service held on 29 May 2009, Members considered a paper submitted by the Efficiency Unit (EU) on the use of outsourcing in the delivery of government services. At the request of Members, the Civil Service Bureau (CSB) undertook to collate information on the use of agency workers by B/Ds and report back to the Panel.

3. The use of manpower supplied by employment agencies is a form of private sector participation in the provision of government services. B/Ds enter into contracts mostly with employment agencies for the supply of specified manpower meeting prescribed criteria such as academic and/or technical qualifications and/or experience (hereafter referred to as “agency workers”) to work in the procuring B/Ds for an agreed period of time. The agency workers work under the procuring B/Ds’ supervision and direction, but there is no contractual or employer-employee relationship between the two. The contractual relationship of the agency workers is with their respective employment agencies, which have to fulfil the obligations of an employer under the relevant laws.

4. The procurement of the services of employment agencies to supply manpower is governed by the relevant Stores and Procurement Regulations and Financial Circulars. It is also subject to the Government’s procurement principles of value for money, transparency, open and fair competition and accountability. B/Ds have to abide by these principles and regulations as and when they decide to procure the services of employment agencies.

Snapshot as at 30 September 2009

5. The Administration does not centrally maintain information on the use of agency workers by B/Ds. In view of Members' request, CSB has requested B/Ds to provide a snapshot of the situation as at 30 September 2009. Based on the information provided, the use of agency workers by B/Ds may be broadly grouped into three main areas, namely information technology (IT) service, public library service, and other services; and the situation with regard to each of these areas is set out in paragraphs 6 to 10 below.

IT service

6. The practice of securing some of the IT manpower required by B/Ds through technical service providers engaged under a term contract centrally administered by the Office of the Government Chief Information Officer (hereafter referred to as "T-contract staff") dated back to the 1980s. As at 30 September 2009, there were some 1 270 T-contract staff working in different B/Ds to develop computer systems and programmes or manage specific IT projects. These T-contract staff complement the service provided by civil servants in the IT grades (namely Analyst/Programmer and Computer Operator grades) and, where relevant, non-civil service contract (NCSC) staff. This arrangement allows B/Ds to tap the latest market expertise in developing IT systems and programmes, and better manage their fluctuating IT manpower requirements. It provides opportunities for IT professionals in the private sector to have hands-on experience in developing e-Government programmes, apply the knowledge thus gained in private sector projects, and engender better understanding and co-operation in IT projects that require the participation of both the public and private sectors such as those relating to the development of e-commerce. It also enables technology transfer between IT personnel in the civil service and IT professionals in the private sector. It is welcomed and supported by the IT industry.

Public library service

7. The practice of securing some of the manpower needed in the provision of public library service through employment agencies (hereafter referred to as "service bureau staff") dated back to the former Urban Council days. Under this practice, the Leisure and Cultural Services Department (LCSD) contracts with the chosen employment agency a pre-determined

total number of man-hours of manpower to be supplied by the agency within the duration of the contract on an hourly paid basis. The contracted man-hours of manpower will be drawn by LCSD as and when needed during the duration of the contract, until the cumulative man-hours drawn reach the pre-determined total number of man-hours specified in the contract. The service bureau staff assist the core workforce (comprising civil servants and NCSC staff) to deliver counter and customer services, sort and shelve library materials, perform patrol and other miscellaneous duties. They usually work during peak demand periods, such as lunch hours, after-school hours, weekends and public holidays. So far, this arrangement has enabled LCSD to deliver public library service efficiently and cost-effectively.

Other services

8. As at 30 September 2009, there were some 2 400 agency workers¹ in B/Ds (please see **Annex**) assisting to deliver the following main types of services –

- (a) general office support and customer service, e.g. entering and compiling data, answering telephone enquiries, providing logistic support to short-term campaigns;
- (b) publicity and promotion, and event management, e.g. organising cultural events, preparing publications and promotional materials; and
- (c) research-related work and technical support, e.g. collecting and analysing data, assisting in stage setting, developing multi-media resource materials.

9. According to the snapshot taken on 30 September 2009, B/Ds made use of agency workers mainly to meet -

- (a) service needs which lasted for a defined period of time and where the skills required were commonly available from the market or could be acquired quickly through simple on-the-job training;
- (b) service needs which were urgent or unforeseen and required immediate staff reinforcement;

¹ Excluding agency workers hired by the Housing Authority which is financially autonomous.

- (c) service needs which required staff to work odd hours or different hours of the day; and
- (d) short-term manpower gap pending the recruitment of civil servants and/or NCSC staff.

10. Based on the snapshot taken as at 30 September 2009, 80% of the agency workers (excluding the T-contract staff for IT service and the service bureau staff for public library service) were sourced from contracts with employment agencies lasting 12 months or less. The remainder were mostly sourced from contracts lasting more than 12 months to 24 months. Some of these longer duration contracts were in the nature of 'term contracts', under which the contracted employment agencies were required to supply the manpower specified by the procuring B/Ds as and when needed. A small number of agency workers required to work odd hours or different hours of the day to meet fluctuating service demands were also sourced from contracts of a longer duration contract period.

Improvement Measures

11. As stated in paragraph 6 above, the use of T-contract staff to provide IT service has brought advantages to both the Government and the IT industry. In addition, the procurement and administration of the related service contracts has been satisfactory. Accordingly, we do not see a need for any change.

12. We note that LCSD has commissioned EU to conduct a review on the current mode of service delivery in public libraries and to formulate a cost-effective manpower strategy and an implementation plan for the provision of library frontline and support services. (We reported on this in the discussion paper on 'Employment Situation of NCSC Staff' considered by the Panel on 21 December 2009.) We understand that the Department, based on the recommendations of the review, will consider whether and, if so, how the current mode of delivering library services should be changed, including the use of directly-employed NCSC staff and service bureau staff secured through employment agencies.

13. For the use of agency workers outside the two areas described in paragraphs 11 and 12 above, we see merit in setting some broad guidelines for general reference by B/Ds. Having regard to the practical needs of

B/Ds and the Administration's policy considerations, we plan to advise B/Ds that use of agency workers may be considered under the following circumstances –

- (a) meeting urgent or unforeseen service needs or unexpected surge in service demands for the short-term;
- (b) meeting service needs which entail irregular work pattern or where the nature of the work involved renders it difficult to recruit and retain staff;
- (c) filling short-term manpower gap; or
- (d) providing short-term cover for manpower to deliver service the mode of which will be changed shortly.

14. We also plan to advise B/Ds to ensure that every proposal to procure the service of employment agencies to supply agency workers is considered and approved personally by a directorate officer at Directorate Pay Scale D2 or above.

15. We are aware that concerns have been raised on the wage level of agency workers as determined by their employers – the employment agencies. We note that the wages of some agency workers have been reduced quite substantially following a re-letting of the concerned service contracts. We further note that except for contracts that rely heavily on the deployment of non-skilled workers², there is no requirement for B/Ds to specify a minimum wage in the procurement of services from employment agencies. However, the wage level of a bidder's employees usually forms one aspect of the price proposal; and the reasonableness of the price proposal is one of the factors assessed by a procuring B/D. And unreasonably low-priced bids may be rejected.

² For service contracts that rely heavily on the deployment of non-skilled workers to perform functions comparable to the duties of Government's Model Scale 1 Grade staff, service providers are currently required to offer monthly wages to such workers which are no less than the average monthly wages for the relevant industry/occupation as published in the latest Census and Statistics Department's Quarterly Report of Wage and Payroll Statistics at the time when tenders are invited. Currently, Model Scale 1 Grades include Car Park Attendant II, Explosives Depot Attendant, Ganger, Gardener, Property Attendant, Supplies Attendant, Ward Attendant, Workman I, Workshop Attendant and Workman II.

16. We accept that the quality of the agency workers – and hence the quality of their service – provided by a bidding employment agency is related, to a certain extent, to the wages they receive from their employers. This is supported by the feedback from B/Ds. In the interest of securing the service of reasonable quality agency workers and to offer some measure of certainty, we plan to advise B/Ds to –

- (a) require all bidders of contracts to provide agency workers to state what wages they would pay to those of their employees who will be assigned to work in the procuring B/Ds should their bids be successful;
- (b) advise all bidders that their bids will not be considered should the quoted wages be less than average monthly salary of miscellaneous non-production workers in all selected industries published in the latest Census and Statistics Department's Quarterly Report on Wage and Payroll Statistics³ at the time when bids are invited;
- (c) specify in the contracts to be entered with the successful bidders that the wages of the agency workers assigned to work in the procuring B/Ds cannot be less than the quoted wages in the bids for the whole duration of the concerned contracts; and
- (d) specify in the contracts with the successful bidders the mechanism to monitor compliance with item (c) above and the sanctions to be imposed in the event of non-compliance.

Advice Sought

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

Civil Service Bureau
January 2010

³ For service contracts that rely heavily on the deployment of non-skilled workers, the current arrangement as set out in Footnote 2 will continue.

**Breakdown of agency workers by bureaux/departments
(position as at 30 September 2009)**

Bureau/Department	Number of agency workers *
Agriculture, Fisheries and Conservation Department	11
Auxiliary Medical Service	2
Buildings Department	160
Census and Statistics Department	39
Chief Secretary and Financial Secretary's Office	20
Civil Aid Service	4
Civil Aviation Department	4
Civil Engineering and Development Department	53
Civil Service Bureau	13
Commerce and Economic Development Bureau	13
Constitutional and Mainland Affairs Bureau	11
Correctional Services Department	52
Customs and Excise Department	45
Department of Health	323
Department of Justice	5
Development Bureau	17
Drainage Services Department	20
Education Bureau	285
Electrical and Mechanical Services Department	109
Environmental Protection Department	31
Financial Services and the Treasury Bureau	19
Fire Services Department	61
Food and Environmental Hygiene Department	188
Food and Health Bureau	19
Government Flying Service	4
Government Laboratory	4
Government Logistics Department	14
Highways Department	3
Home Affairs Bureau	9
Home Affairs Department	2
Hong Kong Police Force	33
Hongkong Post	3
Immigration Department	8
Information Services Department	20
Inland Revenue Department	1
Innovation and Technology Commission	5
Invest Hong Kong	1
Labour and Welfare Bureau	3
Labour Department	31
Lands Department	90
Leisure and Cultural Services Department	299

Bureau/Department	Number of agency workers *
Marine Department	22
Office of the Government Chief Information Officer	5
Official Receiver's Office	15
Radio Television Hong Kong	5
Rating and Valuation Department	52
Security Bureau	6
Student Financial Assistance Agency	35
Television and Entertainment Licensing Authority	1
Trade and Industry Department	1
Transport and Housing Bureau	15
Transport Department	41
University Grants Committee Secretariat	1
Water Supplies Department	165
Total	2 398

* Excluding the T-contract and service bureau staff