

For discussion
on 21 November 2016

Legislative Council Panel on Public Service

Non-Civil Service Contract Staff

Purpose

This paper reports on the employment of Non-Civil Service Contract (NCSC) staff within the Government and the measures taken to address the concerns that Members have raised in past Panel meetings.

Non-Civil Service Contract Staff Scheme

Scope of the Scheme

2. The NCSC Staff Scheme, introduced in 1999, aims at providing Permanent Secretaries and Heads of Departments (HoDs) with a flexible means of employment to enable them to respond promptly to changing operational and service needs of their Bureaux/Departments (B/Ds) –

- (a) which may be time-limited, seasonal, or subject to market fluctuations;
- (b) which require staff to work less than the conditioned hours;
- (c) which require tapping the latest expertise in a particular area; or
- (d) where the mode of service delivery is under review or likely to be changed.

In some cases, NCSC staff are employed where there are no comparable civil service grades performing the required tasks. Given the nature of these needs and tasks, it would be appropriate to employ NCSC staff instead of civil servants for them.

Guiding Principles

3. Civil service and NCSC appointments are two distinct types of employment. Their purposes and circumstances of employment are entirely different, so are their terms of employment and the pay adjustment mechanisms. HoDs have full discretion to determine the appropriate

employment package for their NCSC staff, subject to the guiding principles that, overall speaking, the terms and conditions of service for NCSC staff should be no less favourable than those prescribed under the Employment Ordinance (EO) (Cap. 57) and no more favourable than those applicable to civil servants in comparable civil service ranks or with comparable levels of responsibilities. In determining the terms and conditions of service for NCSC staff, HoDs will take into account a host of considerations, such as condition of the employment market, recruitment results and cost of living.

Management of NCSC Staff

4. Given the nature of the NCSC Staff Scheme, and in order to maintain flexibility, it is the Government's policy to allow B/Ds due flexibility in the employment of their NCSC staff. For the purpose of monitoring the implementation of the Scheme, the Civil Service Bureau (CSB) collects statistics from B/Ds on the number of NCSC staff employed, their contract duration and the range of salaries offered from time to time.

5. At the departmental level, the employment of NCSC staff has to be approved by a directorate officer with delegated authority from the HoD, and a directorate officer not below the deputy head level or equivalent controls and monitors the implementation of the Scheme. It is incumbent upon the HoD, to ensure that the use of NCSC staff fits the ambit of the Scheme and to review from time to time whether or not his operational and service needs should better be met by other means.

Replacement of NCSC Positions with Civil Service Posts

6. CSB, in conjunction with other B/Ds, conducted a special review on the employment of NCSC staff in March 2006. Since then, B/Ds have reviewed the employment situation of their NCSC staff from time to time to ascertain the need to replace those NCSC positions with established long-term service needs by civil service posts. As at end June 2016, about 8 100 full-time¹ NCSC positions were identified as involving work with long-term service needs that should more appropriately be carried out by civil servants. As at 30 June 2016, 7 500 positions (or 93%) of them had already been replaced. The remaining 600 odd positions will be phased out as and when the corresponding civil service posts are created and filled.

¹ "Full-time" means the employment is on a "continuous contract" as defined by the EO, namely an employee who works continuously for the same employer for four weeks or more, with at least 18 hours in each week.

7. In determining whether an NCSC position should be replaced by a civil service post, B/Ds have to ascertain whether the work involved is of a sufficiently permanent nature and whether it should more appropriately be handled by a civil servant. B/Ds will continue to keep their NCSC positions under regular review and, where appropriate, seek necessary resources to replace them with civil service posts. Nonetheless, for NCSC positions that are strictly time-limited or seasonal in nature; that are engaged by trading fund departments to meet service needs which are subject to market fluctuation; and that only require staff to work less than the conditioned hours of civil servants, or where there are no comparable civil service grades performing the required tasks, it would be appropriate to maintain them as NCSC positions. The engagement of NCSC staff allows B/Ds, in particular the trading fund departments, the necessary flexibility to respond promptly to their specific operational and service needs.

8. As a general practice, when B/Ds identify specific NCSC positions for phasing out, the concerned NCSC staff will be advised well in advance so that they may plan and seek alternative employment in good time. B/Ds also offer employment assistance to outgoing NCSC staff as necessary. We welcome interested NCSC staff to apply for civil service jobs. Towards this end, B/Ds have put in place arrangements to ensure that information relating to open recruitment to civil service vacancies is drawn to the attention of their serving NCSC staff.

Employment situation as at 30 June 2016

9. The number of NCSC staff employed by B/Ds varies from time to time having regard to their changing operational and service needs. The employment of NCSC staff has been under stringent control to ensure that they are only engaged where appropriate in accordance with the prescribed ambit of the NCSC Staff Scheme as set out in paragraph 2 above. Through the concerted efforts of B/Ds, the number of NCSC staff has been reduced considerably over the years. As at 30 June 2016, there were 11 923 full-time NCSC staff. Compared with the historic peak of 18 537 as at 30 June 2006, there had been a reduction of some 6 600 positions, or around 36%. The number of NCSC staff has been on a continuous downward trend in the past decade, as shown in **Annex A**. In fact, there would have been a bigger drop in the number of NCSC staff if not for the need to handle some significant time-limited projects (for example, the Registration and Electoral Office (REO) engaged more than 400 additional NCSC staff in 2015-16 for elections). Upon completion of various tasks related to elections, we anticipate that there will be a further decrease in the number of NCSC staff in the middle of next year.

10. On the other hand, although the number of NCSC staff will decrease upon the lapse of project-based or time-limited positions, some B/Ds do have a genuine need to create new NCSC positions to meet their new short-term/time-limited operational and service needs. For instance, around 4 200 NCSC staff had left their positions while some 4 100 new NCSC staff had joined the Government between July last year and June this year.

11. A brief analysis of the employment situation of NCSC staff is set out in paragraphs 12 to 17 below.

(a) Meeting time-limited or seasonal service needs

12. Among the 11 923 full-time NCSC staff engaged by B/Ds as at 30 June 2016, about half of them (48% or about 5 700 in number) were to meet service needs that are **time-limited or seasonal in nature**. These NCSC staff will be phased out once the time-limited or seasonal service needs end. For example, REO employed about 950 NCSC staff to meet the time-limited service needs relating to elections, including the Legislative Council General Election and the Election Committee Subsector Election held/to be held this year, as well as the Chief Executive Election next year. These NCSC positions will no longer be required after completion of the tasks for the election cycle. Another example is some 870 NCSC staff employed by the Leisure and Cultural Services Department (LCSD) for enhancing support at aquatic venues and dealing with seasonal changes in patronage, including seasonal lifeguards, temporary filtration plant room operators and temporary water sports instructors. These NCSC positions will no longer be required after the swimming season.

(b) Coping with service needs that are subject to market fluctuation

13. Another 15% of the NCSC staff (about 1 800 in number) were engaged by the five trading fund departments to meet service needs that are **subject to market fluctuation**. It is not appropriate for such work to be taken up by civil servants who are employed on a long-term basis. The engagement of the NCSC staff, mostly by the Electrical and Mechanical Services Department (EMSD) and Hongkong Post (PO), allows the trading fund departments the needed flexibility to adjust their staffing levels and staff mix to dovetail with the peaks and troughs of business, while maintaining the level and quality of service. For example, EMSD employed about 770 NCSC staff in its trading fund arm. They are mainly Technicians in different fields providing consultancy, project management and maintenance services to various client government departments and

organisations, in the fields of electrical and mechanical engineering, air-conditioning, building services systems, electronics and vehicle engineering. EMSD considers it necessary to maintain in its trading fund arm a certain portion of NCSC staff alongside its civil service staff, as the service demand is subject to uncertainties associated with the fiscal conditions of the clients and competition in the open market. Similar staff deployment flexibility is required for PO as explained in paragraph 14 below.

(c) Catering for service needs only requiring staff to work less than the conditioned hours of civil servants

14. Another 8% of the NCSC staff (about 1 020 in number) were engaged to meet service needs that only **require staff to work less than the conditioned hours of civil servants**. They were mainly engaged by PO for sorting, loading/unloading of mails, the workload of which tends to peak at certain hours of a day. Hence, it is not appropriate for full-time civil servants to carry out these work. PO employed 1 876 NCSC staff as at 30 June 2016. About half of them worked less than the conditioned hours required of civil servants and the remaining half were mainly engaged to cope with service needs which fluctuated according to changes in market demand from time to time. There is a practical need for PO to continue to engage an NCSC workforce to augment the core complement of civil service staff to cope with seasonal, monthly and daily fluctuations in mail traffic given the prevailing volatile and price-sensitive market conditions and the wide application of electronic mail, whereby changes in the mail volume are difficult to predict and are beyond its control².

(d) Tapping expertise in a particular area

15. Another 7% of the NCSC staff (about 800 in number) were engaged for **tapping the latest expertise** in a particular area. For example, as at 30 June 2016, about 430 NCSC staff were engaged by the Efficiency Unit mainly in 1823 telephone enquiry service to provide 24-hour one-stop service to handle public enquiries on behalf of 22 departments and public complaints against B/Ds. There is no comparable civil service rank performing this type of work.

² As an illustration, mail volume increased by 7.4% in Q4 of 2015 over the same period in 2014. The monthly traffic for local mail surged by 16.5% in March over February 2016 but dropped by 15.1% in July over June 2016, whereas that for outward air mail dropped by 11.6% in January 2016 over December 2015 but surged by 16.6% in March over February 2016.

(e) Coping with service needs where the mode of delivery of the service is under review or likely to be changed

16. The remaining 22% of the NCSC staff (about 2 600 in number) were engaged to cope with service needs where the mode of service delivery was **under review or likely to be changed**. B/Ds will closely monitor the progress of the reviews so that they could be completed in a timelier manner. For reviews that have already been completed and NCSC positions have been identified for replacement by civil service posts, the concerned B/Ds will phase out the NCSC positions in a progressive manner. For example, as at 30 June 2016, about 380 NCSC staff in LCSD were employed to provide various services the mode of delivery of which was under review or likely to be changed, such as frontline and support service in public libraries, and stage management and technical support services for performance venues. As LCSD has, after review, decided to replace most of them by civil servants, the concerned NCSC positions are being phased out at a suitable pace. In the past three years, the number of NCSC staff engaged by LCSD for services where the delivery mode was under review or likely to be changed has decreased by 35% upon completion of the review and arrangements made on the long-term manpower needs.

17. A breakdown of the employment situation of the 11 923 NCSC staff by B/Ds and by reasons of employment are at **Annexes B** and **C** respectively. As shown in **Annex D**, two-thirds (67%) of the NCSC staff had been employed for less than five years. As set out in **Annex E**, 55% received monthly pay between \$8,000 to \$15,999 and another 25% were remunerated between \$16,000 and \$29,999, while 15% received monthly pay of \$30,000 or over.

Issues of Concern

18. Members have previously raised a number of concerns pertaining to the NCSC Staff Scheme. Our views on them and the improvement measures taken are set out in paragraphs 19 to 22 below.

Long tenure of NCSC staff

19. Some Members have previously expressed concern over the long tenure of certain NCSC staff. For those NCSC positions engaged to meet service needs which are under review or likely to be changed, CSB will continue to urge B/Ds to conclude the reviews as early as possible and decide on the most appropriate mode of service delivery. B/Ds have also

been advised to review those NCSC positions that have existed for a long duration to see whether there is an established operational and service need for these positions, and, if so, seek necessary resources to convert them to civil service posts.

20. As at 30 June 2016, about one third of the NCSC staff (about 3 880 in number) have continuous service of five years or more. This represented a 4% reduction (about 170 in number) as compared with the situation last year. Some 30% of the 3 880 or so NCSC staff have served in different NCSC positions without a break in service for meeting different service needs. The continuous engagement of these NCSC staff for different time-limited projects fits the ambit of the NCSC Staff Scheme. About 32% of the 3 880 NCSC staff were engaged to meet service needs that are subject to market fluctuation. In order to effectively respond to changes in business and maintain the level/quality of service, apart from the complement of civil servants, it is essential for the B/Ds concerned to engage an NCSC workforce to ensure the needed flexibility for manpower deployment. Besides, 31% were engaged to meet service needs which were under review or likely to be changed, the positions of which are being progressively replaced by civil service posts. For example, LCSD has reduced the number of NCSC staff engaged for public libraries by 66% after review. Also, as a result of a gradual change in the mode of service delivery, there was a reduction of about 65% in the number of NCSC staff engaged by the Department of Health for provision of health surveillance services at immigration control points when compared with the peak. Besides, some service needs may be long-term in nature but only require staff to work less than the conditioned hours of civil servants, such as the NCSC staff engaged by PO for sorting, loading and unloading of mails. They account for about 14% of the 3 880 NCSC staff. In view of the above, some NCSC staff have a continuous service of more than five years.

Recruiting NCSC staff as civil servants

21. Members have also previously urged the Government to be more proactive in replacing NCSC positions by civil service posts. It is the Government's policy to select the most suitable persons to fill civil service vacancies through an open, fair and competitive process. NCSC staff interested in the civil service openings are welcome to take part in the open recruitment of civil service vacancies. As relevant working experience is one of the factors taken into account in the recruitment of civil servants, NCSC staff who meet the basic entry requirements of specific civil service ranks do generally enjoy a competitive edge over other applicants because of their working experience. For illustration, during the period from January

2007 to August 2016³, NCSC staff, with their relevant working experience, did fare much better than other candidates. The average success rates for NCSC staff and other applicants were around 16% and 2% respectively. More than 7 500 NCSC staff were recruited as civil servants during the period.

Terms and conditions of service and Pay adjustment for NCSC staff

22. We have also duly noted the concern that some Members have previously raised over the terms and conditions of service of NCSC staff. Apart from adhering to those guiding principles set out in paragraph 3 above, as a good employer, B/Ds also conduct periodic reviews to ensure that the employment package remains competitive with the prevailing employment market situation, and enables them to recruit and retain NCSC staff. Insofar as pay adjustment is concerned, we understand that the rate of pay adjustments of NCSC staff in the major NCSC user B/Ds is close to that of 2016-17 civil service pay adjustments. Besides, many B/Ds are offering employment packages above the provisions of the EO to their NCSC staff, such as providing additional annual leave and offering end-of-contract gratuity.

Conclusion

23. The NCSC Staff Scheme has provided B/Ds with an effective means to engage additional staff to meet specific operational and service needs that could not be catered for by civil servants. There is a continued need for B/Ds to employ NCSC staff to complement the civil service workforce in providing timely and quality service to the public. On the other hand, we will continue to work with B/Ds to ensure that the engagement of NCSC staff fits the prescribed ambit of the NCSC Staff Scheme and that B/Ds will continue to review at appropriate time the operational need to engage NCSC staff for various purposes. The objective is to identify those NCSC positions that are suitable for conversion to civil service posts.

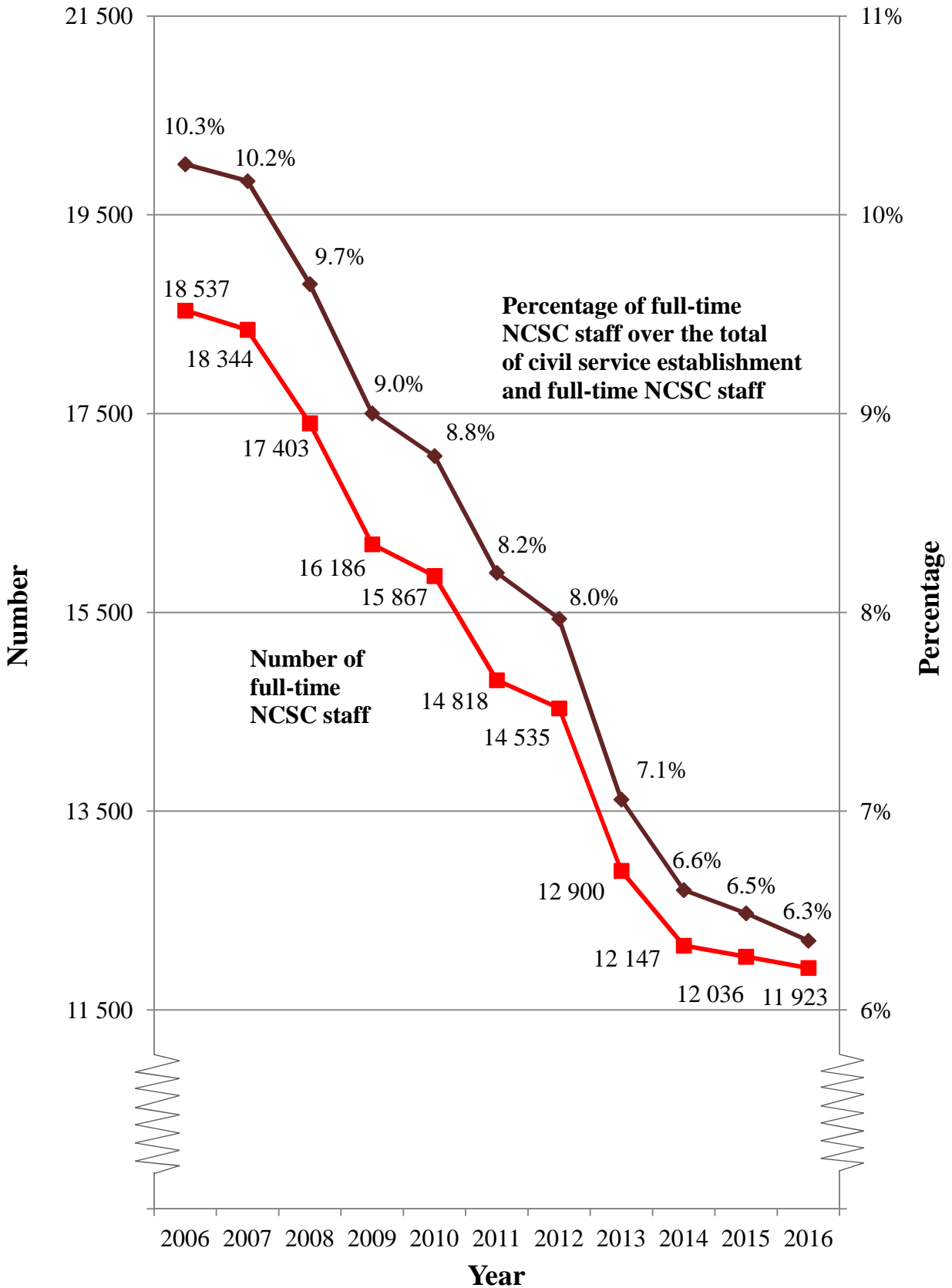
³ 1 210 civil service open recruitment exercises involving qualified applications from serving NCSC staff performing comparable duties to the rank under recruitment had been launched and completed during the period.

Views Sought

24. Members are invited to note the information in this paper and offer comments.

Civil Service Bureau
November 2016

**Employment Situation of NCSC Staff from 2006 to 2016
(Position as at 30 June)**

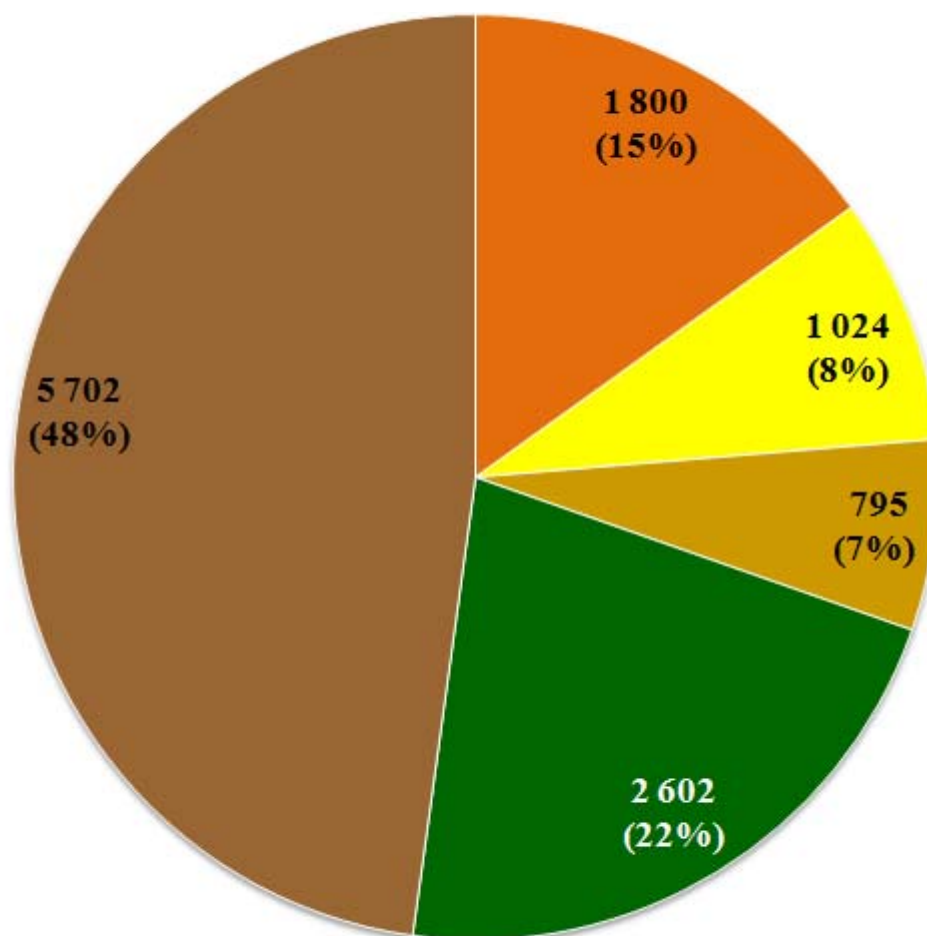


**Employment of Full-time NCSC Staff
by Bureau/Department/Office**

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2015	Position as at 30 June 2016
Agriculture, Fisheries and Conservation Department	269	211
Architectural Services Department	45	42
Buildings Department	236	222
Census and Statistics Department	306	312
Chief Executive's Office	6	6
Chief Secretary and Financial Secretary's Offices	38	36
Civil Aviation Department	18	16
Civil Engineering and Development Department	62	55
Civil Service Bureau	-	1
Commerce and Economic Development Bureau	32	33
Companies Registry	75	65
Constitutional and Mainland Affairs Bureau	6	3
Correctional Services Department	21	6
Customs and Excise Department	114	7
Department of Health	508	513
Department of Justice	69	57
Development Bureau	48	47
Drainage Services Department	87	94
Education Bureau	1 137	1 157
Efficiency Unit	431	428
Electrical and Mechanical Services Department	889	784
Environment Bureau	5	3
Environmental Protection Department	73	80
Financial Services and the Treasury Bureau	83	83
Fire Services Department	41	21
Food and Environmental Hygiene Department	229	241
Food and Health Bureau	14	13
Government Flying Service	8	9
Government Laboratory	22	14
Government Logistics Department	39	40
Government Property Agency	2	4
Highways Department	55	71

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2015	Position as at 30 June 2016
Home Affairs Bureau	50	59
Home Affairs Department	439	442
Hong Kong Observatory	17	19
Hong Kong Police Force	46	50
Hongkong Post	1 906	1 876
Immigration Department	52	32
Information Services Department	22	22
Inland Revenue Department	259	258
Innovation and Technology Commission	33	32
Intellectual Property Department	13	12
Invest Hong Kong	57	58
Judiciary	86	89
Labour and Welfare Bureau	24	26
Labour Department	170	119
Land Registry	111	98
Lands Department	188	190
Legal Aid Department	7	7
Leisure and Cultural Services Department	1 688	1 447
Marine Department	23	27
Office of the Communications Authority	131	123
Office of the Government Chief Information Officer	19	15
Official Receiver's Office	34	35
Planning Department	36	38
Radio Television Hong Kong	250	238
Rating and Valuation Department	52	39
Registration and Electoral Office	536	949
Security Bureau	18	21
Social Welfare Department	137	128
Trade and Industry Department	69	58
Transport and Housing Bureau	8	7
Transport Department	64	55
Treasury	15	21
University Grants Committee Secretariat	23	16
Water Supplies Department	96	89
Working Family and Student Financial Assistance Agency	389	554
Total	12 036	11 923

**Breakdown by Reasons of Employment of Full-time NCSC Staff
(as at 30 June 2016)**



- To meet service needs that are time-limited or seasonal in nature
- To meet service needs that are subject to market fluctuation
- To meet service needs that require staff to work less than the conditioned hours required of civil servants
- To tap the latest expertise in the market
- To meet service needs where the mode of delivery of the service is under review or likely to be changed

Employment of Full-time NCSC Staff

(Position as at 30 June 2016)

Length of Continuous Service ^(Note 1)

Length of continuous service	No. of NCSC staff (and percentage to total)	
Less than 3 years	6 795	(57%)
3 years to less than 5 years	1 244	(10.4%)
5 years or more	3 884 ^(Note 2)	(32.6%)
Total	11 923	(100%)

Note 1

"Continuous service", as used in this Annex, includes service in the same NCSC position, as well as service in different NCSC positions in the same department but without a break in service.

Note 2

1 167 out of 3 884 staff have been engaged in different NCSC positions within the same department.

Employment of Full-time NCSC Staff

(Position as at 30 June 2016)

Salary Range

Monthly salary	No. of NCSC staff (and percentage to total)	
\$30,000 or above	1 747	(14.7%)
\$16,000 - \$29,999	3 034	(25.4%)
\$8,000 - \$15,999	6 585	(55.2%)
Below \$8,000*	557	(4.7%)
Total	11 923	(100%)

* They were NCSC staff remunerated on hourly rate and hence their monthly salary varied according to the number of hours actually worked. Majority of them worked in Hongkong Post.