

For discussion
on 15 January 2018

Legislative Council Panel on Public Service

Non-Civil Service Contract Staff

Purpose

This paper reports on the latest position of the employment of Non-Civil Service Contract (NCSC) staff by the Government and explains the Government's current measures and positions regarding matters of concerns to the Panel.

Non-Civil Service Contract Staff Scheme

Scope of Scheme

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

- (a) which are time-limited, seasonal, or subject to market fluctuations;
- (b) which require staff to work less than conditioned hours;
- (c) which require tapping the latest expertise in a particular area of the labour market; 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 is appropriate for the Government 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 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 of 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 a comparable level of responsibilities. In determining the terms and conditions of service of NCSC staff, HoDs will take into account a host of considerations, such as the state of the employment market, recruitment results and cost of living.

Management of NCSC Staff

4. Given the nature of the NCSC Staff Scheme, it is the Government's policy to allow Bureaux/Departments (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 from time to time on the number of NCSC staff employed, their contract duration, the range of salaries offered, etc.

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 the operational and service needs should better be met by other means.

Replacement of NCSC Positions with Civil Service Posts

6. B/Ds review 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 2017, about 8 520 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 2017, about 7 930 positions (or 93%) of them had already been replaced. The remaining 600 or so NCSC positions will be phased out as and when the corresponding civil service posts are created and filled.

¹ "Full-time" employment means employment under a "continuous contract" as defined by the EO. According to the Ordinance, an employee is regarded as being employed under a continuous contract if he or she 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, there are continued operational needs for B/Ds to engage NCSC staff to meet specific service needs, including those that are strictly time-limited or seasonal in nature; that are subject to market fluctuations; 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. 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 provide their serving NCSC staff with information relating to open civil service recruitment.

Employment situation as at 30 June 2017

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 continuously over the years. According to the latest annual statistics, there were 10 380 full-time NCSC staff as at 30 June 2017. Compared with the historic peak of 18 537 as at 30 June 2006, there had been a reduction of about 8 200 positions (or around 44%). The number of NCSC staff has been on a continuous downward trend in the past decade, as shown in **Annex A**. As compared with 2016, the number of NCSC staff had decreased by 1 543 (around 13%) in 2017, mainly following the completion of some large-scale time-limited projects. For example, upon completion of the 2016 Population By-census and other work, there had been a reduction of some 150 NCSC staff employed by the Census and Statistics Department.

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, during the period between July 2016 and June 2017, around 4 400 NCSC staff had left their positions while some 2 900 new NCSC staff had joined the Government.

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 10 380 full-time NCSC staff engaged by B/Ds as at 30 June 2017, about half of them (45% or about 4 650 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, about 780 NCSC staff were 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. Another example is that some 130 NCSC staff were employed by the Working Family and Student Financial Assistance Agency for coping with the seasonal influx of applications under various student financial assistance schemes, and the implementation of the new Integrated Student Financial Assistance System. These NCSC positions will no longer be required after completion of the relevant work.

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

13. Another 17% of the NCSC staff (1 720 in number) were engaged by the five trading fund departments to meet service needs that are **subject to market fluctuations**. It is not appropriate for such work to be taken up by civil servants who are to be employed on a long-term basis. The engagement of the NCSC staff, mostly by the Electrical and Mechanical Services Department (EMSD) and Hongkong Post (HKP), allows the trading fund departments the needed flexibility to adjust their staffing level and staff mix to dovetail with the peaks and troughs of business, while maintaining the level and quality of service. For example, EMSD employs about 700 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 also required for HKP 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 9% of the NCSC staff (about 970 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 HKP 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 tasks. HKP employed 1 818 NCSC staff as at 30 June 2017. 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 HKP 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 of the labour market

15. Another 8% of the NCSC staff (about 850 in number) were engaged for **tapping the latest expertise** in a particular area of the labour market. In the light of the nature of certain service needs, the Government has to engage from the market NCSC staff with specific professional knowledge and occupational skills to provide the required services, and this is also more appropriate and effective. For example, some B/Ds would engage manpower responsible for sales and marketing. These jobs require marketing sense and latest commercial knowledge, and should more appropriately be taken up by NCSC staff with the relevant knowledge.

² As an illustration, mail volume increased by 16.4% in Q3 of 2016 over the same period in 2015. The monthly traffic for local mail dropped by 14.1% in January 2017 over December 2016 but surged by 19.8% in March over February 2017, whereas that for outward air mail surged by 23.4% in November over October 2016 but dropped by 16.9% in April over March 2017.

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

16. The remaining 21% of the NCSC staff (about 2 190 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 the 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 2017, 310 NCSC staff in LCS D 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 LCS D has, after review, decided to replace most of them by civil servants, the NCSC positions concerned are being phased out at a suitable pace. In the past four years, the number of NCSC staff engaged by LCS D for services where the delivery mode is under review or likely to be changed has decreased by 47% upon completion of the review and arrangements made on the long-term manpower needs.

17. A breakdown of the employment situation of the 10 380 NCSC staff by B/Ds and by reasons of employment are at **Annexes B** and **C** respectively. As shown in **Annex D**, almost two-thirds (65%) of the NCSC staff had been employed for less than five years. As set out in **Annex E**, 51% received monthly pay between \$8,000 and \$15,999 and another 28% were remunerated between \$16,000 and \$29,999, while 17% received monthly pay of \$30,000 or over.

Matters 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 2017, about one third of the NCSC staff (about 3 670 in number) had continuous service of five years or more. This represented a 23% reduction (about 1 070 in number) as compared with the historic peak of 4 746 as at 30 June 2013. Some 28% of the 3 670 or so NCSC staff had 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 31% of the 3 670 NCSC staff were engaged to meet service needs that were subject to market fluctuations. In order to effectively respond to changes in business and maintain the level/quality of service, apart from the complement of civil servants, the B/Ds concerned had a genuine need to engage an NCSC workforce to ensure the necessary flexibility for manpower deployment. Besides, 29% 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 69% after review. Also, as a result of a gradual change in the mode of service delivery, there was a reduction of about 69% 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 HKP for sorting, loading and unloading of mails. They account for about 15% of the 3 670 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, and to arrange the affected NCSC staff to join the civil service. The Government's civil service recruitment policy has long been very clear and the most suitable persons should be selected 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 2017³, 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 14% and 2% respectively. More than 8 200 NCSC staff were recruited as civil servants during the period.

Terms and conditions of service and Pay adjustment for NCSC staff

22. Some Members have previously raised concerns 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 2017-18 civil service pay adjustments. Besides, many B/Ds are offering their NCSC staff with employment packages with terms and conditions of service better than the provisions of the EO, such as providing more annual leave than that prescribed under the EO, and offering end-of-contract gratuity.

Conclusion

23. The NCSC Staff Scheme provides 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 ascertain whether the NCSC positions are suitable for conversion to civil service posts.

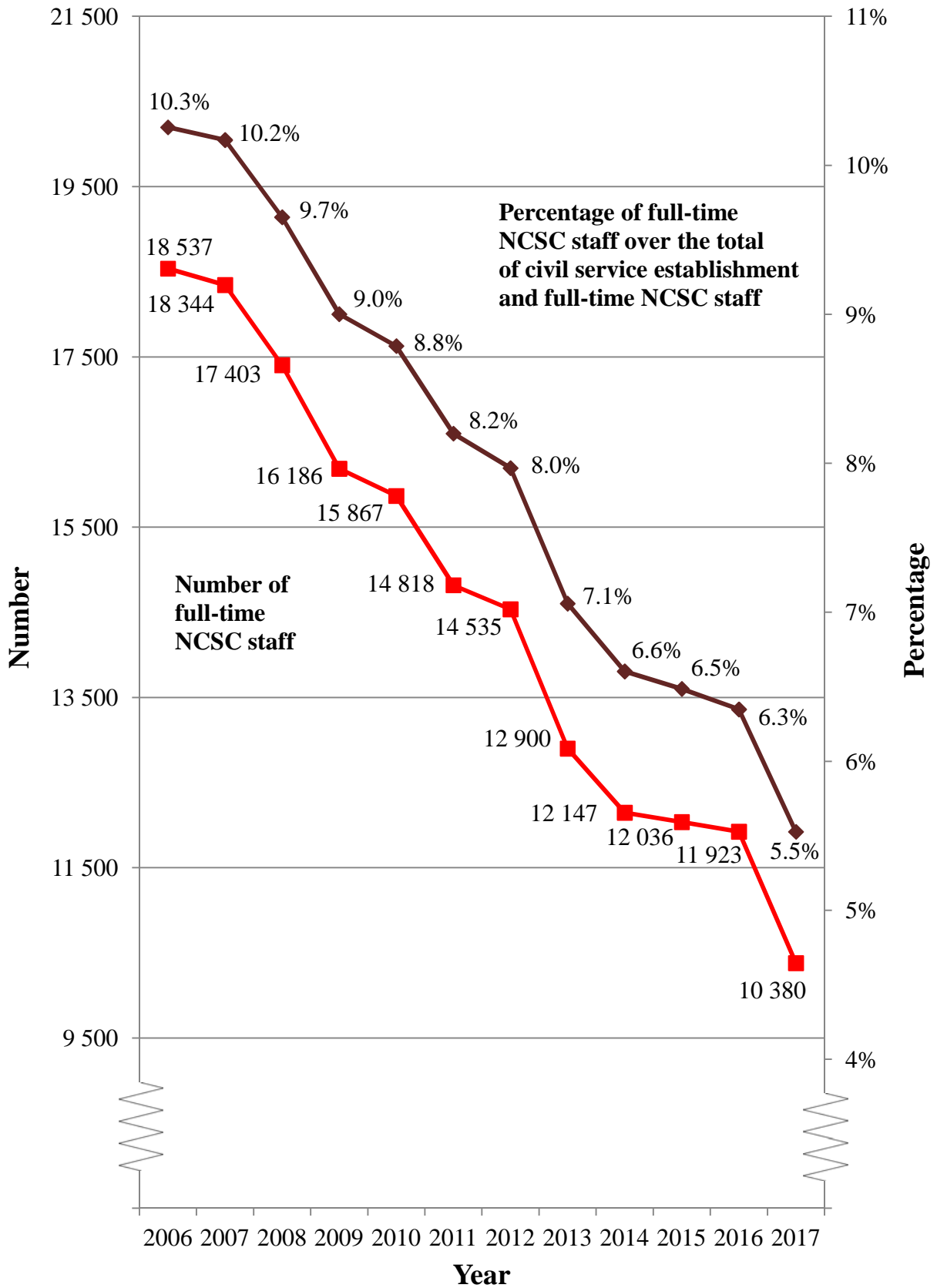
³ 1 301 civil service open recruitment exercises involving qualified applications from serving NCSC staff performing comparable duties to the rank under recruitment had been launched and completed during the period.

Views Sought

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

Civil Service Bureau
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**Employment Situation of NCSC Staff from 2006 to 2017
(Position as at 30 June)**

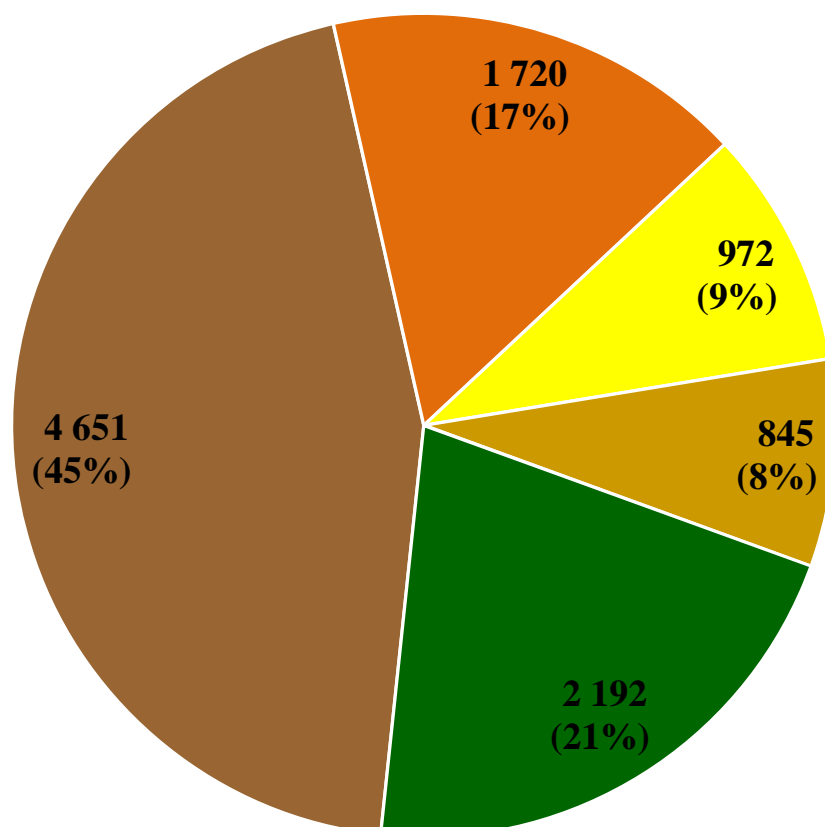







**Employment of Full-time NCSC Staff
by Bureau/Department/Office**

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2016	Position as at 30 June 2017
Agriculture, Fisheries and Conservation Department	211	202
Architectural Services Department	42	39
Buildings Department	222	147
Census and Statistics Department	312	160
Chief Executive's Office	6	7
Chief Secretary and Financial Secretary's Offices	36	35
Civil Aviation Department	16	14
Civil Engineering and Development Department	55	62
Civil Service Bureau	1	1
Commerce and Economic Development Bureau	33	34
Companies Registry	65	87
Constitutional and Mainland Affairs Bureau	3	1
Correctional Services Department	6	6
Customs and Excise Department	7	7
Department of Health	513	435
Department of Justice	57	61
Development Bureau	47	50
Drainage Services Department	94	90
Education Bureau	1 157	1 201
Efficiency Unit	428	461
Electrical and Mechanical Services Department	784	710
Environment Bureau	3	3
Environmental Protection Department	80	77
Financial Services and the Treasury Bureau	83	4
Fire Services Department	21	16
Food and Environmental Hygiene Department	241	200
Food and Health Bureau	13	11
Government Flying Service	9	9
Government Laboratory	14	12
Government Logistics Department	40	33
Government Property Agency	4	3

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2016	Position as at 30 June 2017
Highways Department	71	61
Home Affairs Bureau	59	53
Home Affairs Department	442	443
Hong Kong Observatory	19	19
Hong Kong Police Force	50	47
Hongkong Post	1 876	1 818
Immigration Department	32	37
Information Services Department	22	26
Inland Revenue Department	258	194
Innovation and Technology Commission	32	40
Intellectual Property Department	12	11
Invest Hong Kong	58	60
Judiciary	89	83
Labour and Welfare Bureau	26	24
Labour Department	119	88
Land Registry	98	94
Lands Department	190	178
Legal Aid Department	7	3
Leisure and Cultural Services Department	1 447	1 293
Marine Department	27	12
Office of the Communications Authority	123	127
Office of the Government Chief Information Officer	15	10
Official Receiver's Office	35	38
Planning Department	38	40
Radio Television Hong Kong	238	210
Rating and Valuation Department	39	30
Registration and Electoral Office	949	360
Security Bureau	21	34
Social Welfare Department	128	82
Trade and Industry Department	58	57
Transport and Housing Bureau	7	7
Transport Department	55	62
Treasury	21	10
University Grants Committee Secretariat	16	18
Water Supplies Department	89	71
Working Family and Student Financial Assistance Agency	554	462
Total	11 923	10 380

**Breakdown by Reasons of Employment of Full-time NCSC Staff
(as at 30 June 2017)**



-  To meet service needs that are time-limited or seasonal in nature
-  To meet service needs that are subject to market fluctuations
-  To meet service needs that require staff to work less than the conditioned hours required of civil servants
-  To tap the latest expertise in a particular area of the labour 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 2017)

Length of Continuous Service ^(Note 1)

Length of continuous service	No. of NCSC staff (and percentage to total)	
Less than 3 years	5 523	(53.2%)
3 years to less than 5 years	1 184	(11.4%)
5 years or more	3 673 ^(Note 2)	(35.4%)
Total	10 380	(100%)

Note 1

"Continuous service", as used in this Annex, refers to employment in the same NCSC position, as well as employment in different NCSC positions of the same department without a break in service.

Note 2

1 030 out of 3 673 staff have been engaged in different NCSC positions within the same department.

Employment of Full-time NCSC Staff

(Position as at 30 June 2017)

Salary Range

Monthly salary	No. of NCSC staff (and percentage to total)	
\$30,000 or above	1 706	(16.5%)
\$16,000 - \$29,999	2 889	(27.8%)
\$8,000 - \$15,999	5 262	(50.7%)
Below \$8,000*	523	(5%)
Total	10 380	(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.