

For discussion  
on 16 November 2015

## **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 previously raised.

#### **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 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. The number of full-time<sup>1</sup> NCSC staff employed by B/Ds at the time of the review was about 16 490. As we informed Members in December 2006, the review identified some 4 000 full-time NCSC positions that should gradually be replaced by civil service posts as the work involved should more appropriately be performed by civil servants. As at September 2015, almost all those 4 000 NCSC positions had been phased out.

7. Since the 2006 special review and up to June 2015, B/Ds had separately identified about 3 560 full-time NCSC positions which involved work with permanent service needs that should more appropriately be

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<sup>1</sup> "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.

carried out by civil servants. As at 30 June 2015, 2 930 positions (or 82%) of them had been phased out and replaced by civil service posts. The remaining 630 odd positions will be phased out as and when the corresponding civil service posts are created and filled.

8. 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.

9. 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.

### **Position of NCSC Staff as at 30 June 2015**

10. 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. For NCSC positions with established long-term operational or service needs, B/Ds will replace them with civil service posts subject to availability of resources. Through the concerted efforts of B/Ds, the number of NCSC staff has been reduced considerably over the years. As at 30 June 2015, there were 12 036 full-time NCSC staff. Compared with the historic peak of 18 537 as at 30 June 2006, there had been a reduction of some 6 500 positions, or some 35%. **Annex A** shows the continuous downward trend in the number of NCSC positions since mid-2006. While the overall size

of NCSC staff has been reducing over the years upon the lapse of project-based or time-limited NCSC 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, between July 2014 and June 2015, around 4 200 NCSC staff had left their positions while some 4 100 new NCSC staff had joined the Government.

11. Despite the notable reduction in the overall number of NCSC staff since the 2006 special review, there is still a need to maintain an NCSC workforce to augment the core complement of civil service staff. 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.

12. A brief analysis of the employment situation of NCSC staff is set out in paragraphs 13 to 18 below.

*(a) Meeting time-limited or seasonal service needs*

13. Among the 12 036 full-time NCSC staff engaged by B/Ds as at 30 June 2015, about half of them (47% or 5 630 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, the Leisure and Cultural Services Department (LCSD) employed about 1 000 NCSC staff to enhance support at aquatic venues and deal 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 the 500 or so NCSC staff employed by the Registration and Electoral Office (REO) to meet the time-limited service needs arising from the 2015 District Council ordinary election scheduled for 22 November 2015 and the preparation for the 2016 Legislative Council (LC) general election. Those NCSC positions will no longer be required after completion of the tasks for the election cycle.

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

14. Another 15% NCSC staff (about 1 870 in number) were engaged by the five trading fund departments to meet service needs that are **subject to market fluctuation**. 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 880 NCSC staff in its trading fund arm, mainly Technicians in different fields providing consultancy, project management and maintenance services in electrical and mechanical engineering, air-conditioning, building services systems, electronics and vehicle engineering to various client government departments and organisations. EMSD considers it necessary to maintain in its trading fund arm a certain portion of NCSC staff over 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 15 below.

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

15. Another 9% of NCSC staff (about 1 040 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. PO employed 1 906 NCSC staff as at 30 June 2015. 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 under the prevailing volatile and price-sensitive market conditions as well as wide application of electronic mail, whereby changes in the mail volume are difficult to predict and are beyond its control<sup>2</sup>.

*(d) Tapping expertise in a particular area*

16. Another 7% of NCSC staff (about 800 in number) were engaged for **tapping the latest expertise** in a particular area. For example, as at 30 June 2015, 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.

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<sup>2</sup> As an illustration, mail volume dropped by 3.6% in Q2 of 2015 over the same period in 2014. The monthly traffic for local mail dropped by 21.3% in February over January 2015 but surged by 39.8% in March over February 2015 whereas that for outward air mail dropped by 20.4% in February over January 2015 but surged by 30.3% in March over February 2015.

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

17. The remaining 22% of NCSC staff (about 2 700 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 2015, 480 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, stage support services for performance venues, and the box office outlets. As LCSD has, after review, decided to replace most of them by civil servants, the concerned NCSC positions would be phased out at a suitable pace.

18. A breakdown of the employment situation of the 12 036 NCSC staff by B/Ds and by reasons of employment are at **Annexes B** and **C** respectively. As shown in **Annex D**, two-thirds (66%) of the NCSC staff had been employed for less than five years. As set out in **Annex E**, 58% received monthly pay between \$8,000 to \$15,999 and another 24% were remunerated between \$16,000 and \$29,999, while 14% received monthly pay of \$30,000 or over.

**Issues of Concern**

19. 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 20 to 23 below.

***Long tenure of NCSC staff***

20. 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.

21. As at 30 June 2015, about one third of the NCSC staff (about 4 060 in number) have continuous service of five years or more. This represented a 11% reduction (about 480 in number) as compared with the situation last year. Some 30% of the 4 060 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. Separately, about 32% of the 4 060 or so NCSC staff were engaged to meet service needs which were under review or likely to be changed, such as frontline and support service in public libraries, stage support services for LCSD's performance venues and the box office outlets. As the review on the mode of service delivery is underway, NCSC staff need to be retained in the interim pending the completion of the review. 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. Owing to the above, some NCSC staff have a continuous service of more than five years.

### ***Recruiting NCSC staff as civil servants***

22. Members have also previously urged the Government to be more proactive in phasing out suitable NCSC positions and replace them with 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 2015<sup>3</sup>, 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 15% and 2% respectively.

### ***Terms and conditions of service and Pay adjustment for NCSC staff***

23. We have also duly noted the concern that some Members have previously raised over the terms and conditions of service of NCSC staff.

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<sup>3</sup> 1 096 civil service open recruitment exercises involving qualified applications from serving NCSC staff performing comparable duties to the rank under recruitment have been launched and completed during the period.

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 2015-16 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, allowing the taking of paid statutory holidays immediately after the appointment and offering end-of-contract gratuity.

### **Conclusion**

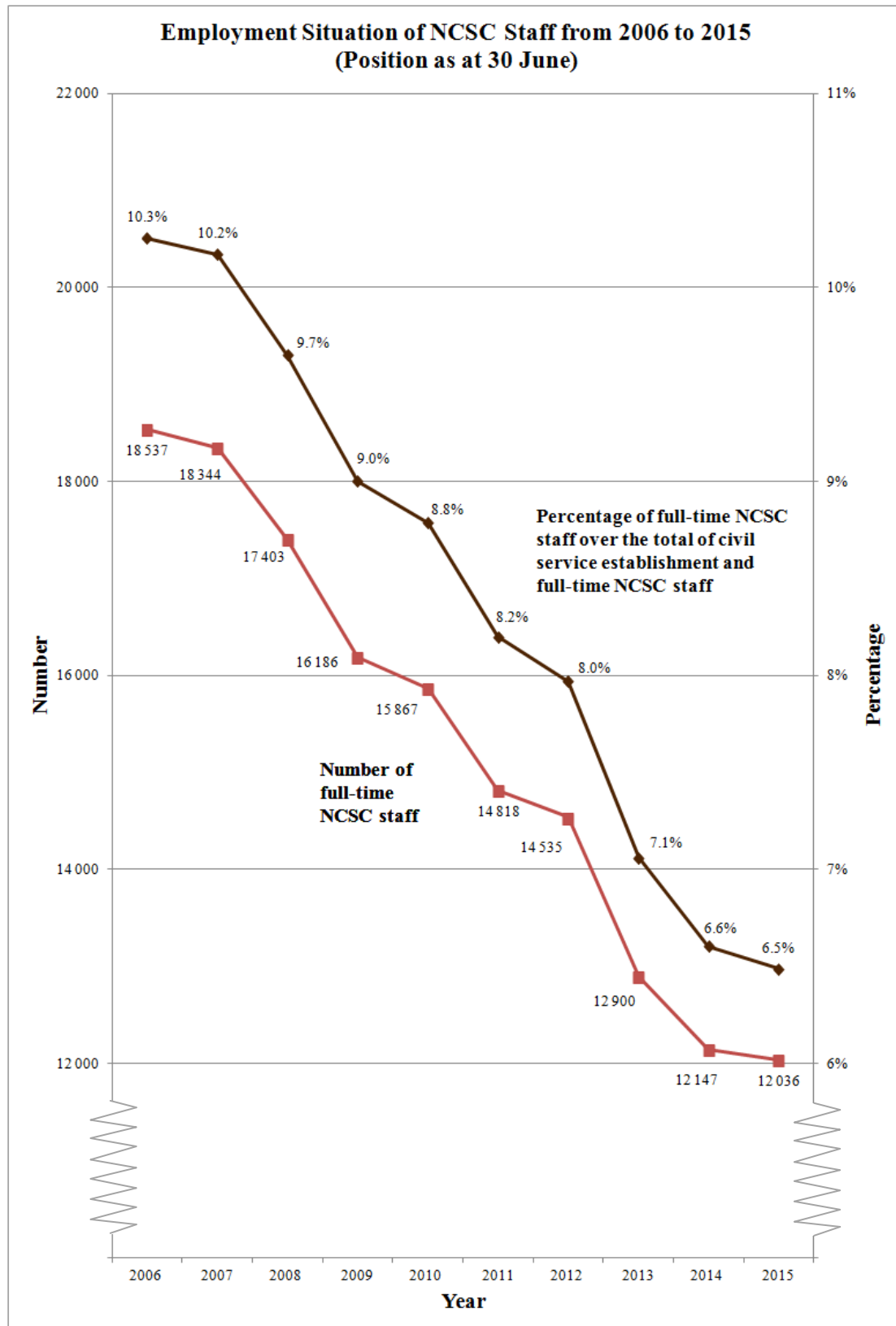
24. The NCSC Staff Scheme has provided B/Ds with an effective means to engage additional staff to meet specific operational and service needs that could not be catered for by civil servants. There is a continued need for B/Ds to employ NCSC staff to complement the civil service workforce in providing 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 the operational need to engage NCSC staff for various purposes. The objective is to identify NCSC positions that are suitable for conversion to civil service posts.

### **Views Sought**

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

Civil Service Bureau  
November 2015





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

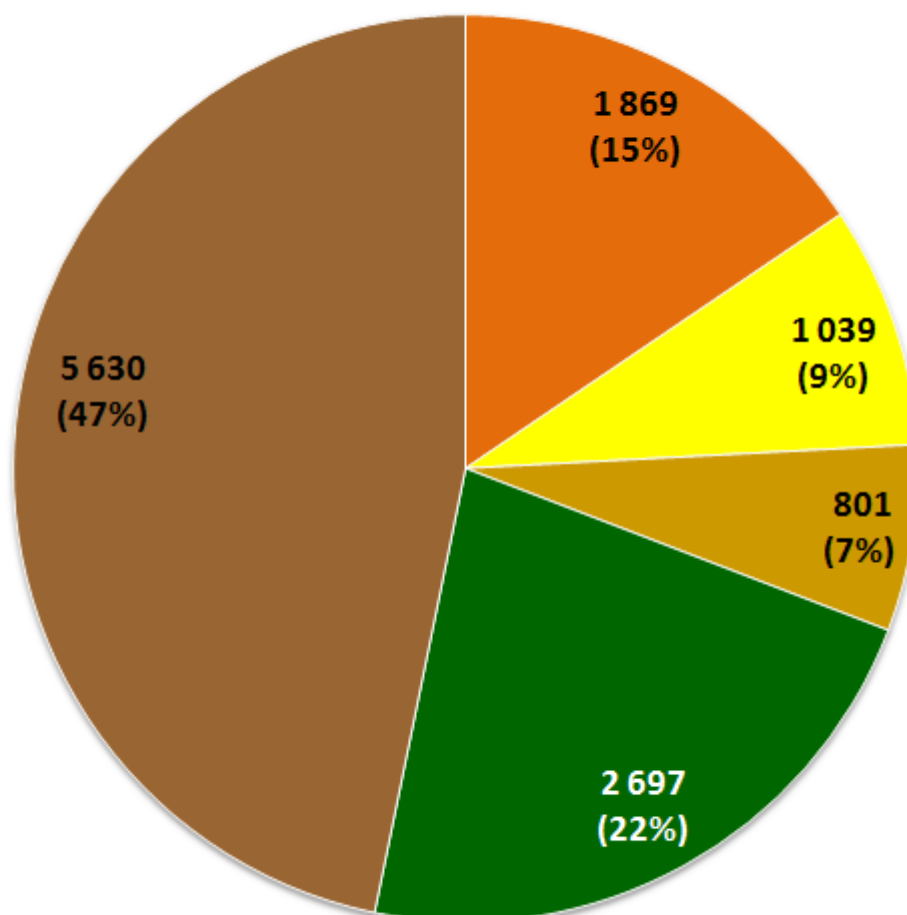
<b>Bureau/Department/Office</b>	<b>Number of NCSC Staff</b>	
	<b>Position as at 30 June 2014</b>	<b>Position as at 30 June 2015</b>
Agriculture, Fisheries and Conservation Department	252	269
Architectural Services Department	46	45
Buildings Department	358	236
Census and Statistics Department	178	306
Chief Executive's Office	7	6
Chief Secretary and Financial Secretary's Offices	42	38
Civil Aviation Department	20	18
Civil Engineering and Development Department	71	62
Commerce and Economic Development Bureau	33	32
Companies Registry	64	75
Constitutional and Mainland Affairs Bureau	8	6
Correctional Services Department	2	21
Customs and Excise Department	127	114
Department of Health	581	508
Department of Justice	60	69
Development Bureau	43	48
Drainage Services Department	63	87
Education Bureau	1 178	1 137
Efficiency Unit	436	431
Electrical and Mechanical Services Department	1 009	889
Environment Bureau	6	5
Environmental Protection Department	100	73
Financial Services and the Treasury Bureau	78	83
Fire Services Department	31	41
Food and Environmental Hygiene Department	273	229
Food and Health Bureau	18	14
Government Flying Service	10	8
Government Laboratory	26	22
Government Logistics Department	42	39
Government Property Agency	1	2
Highways Department	55	55
Home Affairs Bureau	52	50
Home Affairs Department	499	439
Hong Kong Observatory	15	17
Hong Kong Police Force	73	46






Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2014	Position as at 30 June 2015
Hongkong Post	1 971	1 906
Immigration Department	36	52
Information Services Department	19	22
Inland Revenue Department	176	259
Innovation and Technology Commission	34	33
Intellectual Property Department	13	13
Invest Hong Kong	59	57
Judiciary	74	86
Labour and Welfare Bureau	30	24
Labour Department	179	170
Land Registry	127	111
Lands Department	243	188
Legal Aid Department	7	7
Leisure and Cultural Services Department	1 776	1 688
Marine Department	11	23
Office of the Communications Authority	131	131
Office of the Government Chief Information Officer	19	19
Official Receiver's Office	40	34
Planning Department	30	36
Radio Television Hong Kong	287	250
Rating and Valuation Department	62	52
Registration and Electoral Office	75	536
Security Bureau	17	18
Social Welfare Department	137	137
Trade and Industry Department	91	69
Transport and Housing Bureau	3	8
Transport Department	73	64
Treasury	30	15
University Grants Committee Secretariat	26	23
Water Supplies Department	111	96
Working Family and Student Financial Assistance Agency <sup>Note</sup>	403	389
<b>Total</b>	<b>12 147</b>	<b>12 036</b>

Note :

The figure as at 30 June 2014 refers to the then Student Financial Assistance Agency. Working Family and Student Financial Assistance Agency was established on 1 March 2015. It comprises the original Student Financial Assistance Agency (renamed as the Student Finance Office) and the new Working Family Allowance Office.

**Breakdown by Reasons of Employment of Full-time  
NCSC Staff (as at 30 June 2015)**



-  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 2015)**

**Length of Continuous Service**<sup>(Note 1)</sup>

<b>Length of continuous service</b>	<b>No. of NCSC staff (and percentage to total)</b>	
Less than 3 years	6 532	(54.3%)
3 years to less than 5 years	1 448	(12%)
5 years or more	4 056 <sup>(Note 2)</sup>	(33.7%)
<b>Total</b>	<b>12 036</b>	<b>(100%)</b>

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

1 236 out of 4 056 staff have been engaged in different NCSC positions within the same department.

**Employment of Full-time NCSC Staff**

**(Position as at 30 June 2015)**

**Salary Range**

<b>Monthly salary</b>	<b>No. of NCSC staff (and percentage to total)</b>	
\$30,000 or above	1 657	(13.8%)
\$16,000 - \$29,999	2 836	(23.5%)
\$8,000 - \$15,999	6 966	(57.9%)
Below \$8,000*	577	(4.8%)
<b>Total</b>	<b>12 036</b>	<b>(100%)</b>

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