

For discussion
on 16 December 2019

Legislative Council Panel on Public Service

Non-Civil Service Contract Staff

Purpose

This paper reports to members on the latest situation concerning the employment of Non-Civil Service Contract (NCSC) staff by the Government, and explains the position of the matters of concern previously raised by members and the corresponding measures taken by the Government.

Non-Civil Service Contract Staff Scheme

Scope of Scheme

2. Introduced in 1999, the NCSC Staff Scheme aims at providing Heads of Departments (HoDs) with a flexible means of employment for coping with the changing operational and service needs of Bureaux/Departments (B/Ds). The NCSC positions should be ones that –

- (a) are time-limited, seasonal, or subject to market fluctuations;
- (b) require staff to work less than the conditioned hours of civil servants;
- (c) need to tap the latest expertise in a particular area of the labour market; or
- (d) involve service the mode of delivery of which is under review or is 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 the concerned 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 established 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 responsibility. 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 B/Ds due flexibility in the employment of 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. 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 employment of NCSC staff complies with 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 for replacing those NCSC positions with established long-term operational and service needs by civil service posts. The number of NCSC positions has been decreasing gradually since the historical peak in 2006 when there were some 18 500 full-time¹ NCSC positions in the Government. As at 30 June 2019, about 8 520 full-time NCSC positions in total had been replaced by civil service posts, representing an accumulated reduction by nearly half. In determining whether an NCSC position should be replaced by a civil service post, B/Ds have to ascertain

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.

whether the work involved is of sufficiently long-term operational and service needs, and whether the concerned tasks should more appropriately be handled by a civil servant. B/Ds will keep their NCSC positions under review from time to time and, where appropriate, consider replacing them with civil service posts. Nonetheless, individual B/Ds, having regard to their operational and service needs, would need to continue to engage their existing NCSC staff, or employ new ones to meet their operational and service needs or cope with work of the natures specified in paragraph 2 above. The engagement of NCSC staff allows B/Ds, in particular the trading fund departments, the necessary flexibility to meet their specific operational and service needs. The total number of NCSC staff would thus vary from time to time.

7. As a general practice, when B/Ds identify specific NCSC positions for phasing out, the concerned NCSC staff will be informed well in advance so that they may plan and prepare to apply for civil service posts or seek alternative employments 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. B/Ds have put in place arrangements towards this end to provide their serving NCSC staff with information relating to open civil service recruitment.

Employment situation as at 30 June 2019

8. According to the latest annual statistics, there were 10 444 full-time NCSC staff as at 30 June 2019. Compared with the historical peak as at 30 June 2006, there had been a reduction of about 8 100 positions, i.e. almost by 44%. Nevertheless, since certain B/Ds require a substantial number of NCSC staff in 2019 to take forward some time-limited or one-off large-scale tasks, such as the Caring and Sharing Scheme, Territory-wide Identity Card Replacement Exercise and election-related work, the number of full-time NCSC staff had increased by about 670 (by around 7%), as compared with the same period in 2018. Upon the conclusion of the aforementioned time-limited or one-off large-scale tasks, the concerned NCSC positions will no longer be required. In fact, if the additional 980 full-time NCSC staff² so engaged by the three aforementioned large-scale tasks were excluded, the number of full-time NCSC staff as at 30 June 2019 should only be some 9 470, which would have been a reduction by about 310 (about 3%). The number of NCSC staff over the past decade is shown at **Annex A**.

² About 1 300 full-time NCSC staff were employed for the three large-scale tasks in 2019. It represented an increase of 980 in number when compared with the number of full-time NCSC staff employed for these three large-scale tasks in 2018.

9. On the whole, some B/Ds do have a genuine need to create NCSC positions that comply with the ambit of the NCSC Staff Scheme, while at the same time some NCSC staff complete their tenure upon conclusion of different tasks and lapse of time-limited positions. During the period between July 2018 and June 2019, some 4 000 new NCSC staff joined the Government whilst around 3 300 NCSC staff left their positions.

10. A brief analysis of the employment situation of NCSC staff is set out in paragraphs 11 to 16 below.

(a) Meeting time-limited or seasonal operational and service needs

11. Among the 10 444 full-time NCSC positions in B/Ds as at 30 June 2019, about half of them (51% or about 5 360 in number) were to meet operational and service needs that were time-limited or seasonal in nature. These NCSC positions would be deleted once the time-limited or seasonal operational and service needs end. For example, as mentioned above, some 440 NCSC positions were created in the Immigration Department for the Territory-wide Identity Card Replacement Exercise; some 530 NCSC positions were created in the Working Family and Student Financial Assistance Agency (WFSFAA) to cope with the seasonal influx of applications under various student financial assistance schemes, and the processing of the applications for the Caring and Sharing Scheme. Moreover, the Registration and Electoral Office also had about 560 NCSC positions for supporting election-related work. These NCSC positions would no longer be required and would be deleted upon completion of the relevant tasks.

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

12. Another 17% of the NCSC positions (1 750 in number) were established in the five trading fund departments to meet operational and service needs that are subject to market fluctuations. It is not appropriate for such work to be discharged by civil service posts that are created 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 service level and quality. For example, EMSD has about 700 NCSC positions 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 establishment, 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 13 below.

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

13. Another 8% of the NCSC positions (about 830 in number) were for meeting operational and service needs requiring staff to work less than the conditioned hours of civil servants. They were mainly in HKP for sorting, loading/unloading of mails, the workload of which tends to peak at only certain hours of a day. Hence, it is not appropriate for full-time civil servants to carry out those tasks. As at 30 June 2019, there were about 1 700 NCSC positions in HKP. About half of them only required the staff to work less than the conditioned hours required of civil servants and the remaining half were mainly for coping with operational and service needs which fluctuated according to changes in market demand from time to time. As such, 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 control³.

(d) Tapping expertise in a particular area of the labour market

14. Another 8% of the NCSC staff (about 800 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 operational and 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.

³ As an illustration, mail volume increased by 11% in Q3 of 2018 over the same period in 2017. The monthly traffic for local mail surged by 18.4% in August over July 2018 but dropped drastically by 18% in June over May 2019, whereas that for outward airmail surged by 14.4% in July over June 2018 but dropped by 7.7% in June over May 2019.

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

15. The remaining 16% of the NCSC staff (about 1 710 in number) were engaged to cope with operational and 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 timely manner. For the reviews that have already been completed and for which NCSC positions for replacement by civil service posts have been identified, the concerned B/Ds will phase out the NCSC positions in a progressive manner. For example, as at 30 June 2019, some 210 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 NCSC positions concerned are being phased out at a suitable pace. Moreover, the Student Finance Office (SFO) under WFSFAA engaged about 80 NCSC staff to provide executive and clerical support to process the applications under various student financial assistance schemes before full commissioning of the Integrated Student Financial Assistance System (ISFAST). SFO will proceed on re-engineering and re-organisation upon full implementation of the ISFAST, and then replace those NCSC positions with duties that should more appropriately be performed by civil servants by civil service posts in a progressive manner. In the past five years, the number of NCSC staff engaged by LCSD and SFO for services where the delivery mode is under review or likely to be changed has decreased by 60% and 66% respectively upon completion of the reviews and arrangements made on the long-term manpower needs.

16. A breakdown of the employment situation of the 10 444 NCSC staff by B/Ds and by reasons of employment are at **Annexes B** and **C** respectively. As shown in **Annex D**, about two-thirds (68%) of the NCSC staff had been employed for less than five years. As set out in **Annex E**, 43% received monthly pay between \$8,000 and \$15,999 and another 35% were remunerated between \$16,000 and \$29,999, while 19% received monthly pay of \$30,000 or above.

Matters of Concern

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

Terms and conditions of service for NCSC staff

18. Some Members have previously expressed concern over the terms and conditions of service of NCSC staff. Apart from following those guiding principles set out in paragraph 3 above, as a good employer, B/Ds also conduct periodic reviews. Many B/Ds are offering their NCSC staff with employment packages with terms and conditions of service better than the provisions in the EO, such as providing more annual leave than that prescribed under the EO, and offering end-of-contract gratuity. With a view to further enhancing the employment terms of NCSC staff, B/Ds will be required to provide their NCSC staff 17 days of General Holidays with pay⁴ starting from the next financial year, i.e. 1 April 2020.

Long tenure of NCSC staff

19. Some Members have previously expressed concern over the long tenure of certain NCSC staff. For those NCSC positions created to meet operational and service needs which are under review or likely to be changed, CSB will continue to urge the B/Ds concerned 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 those positions and, if so, seek necessary resources to convert them to civil service posts.

20. As at 30 June 2019, about one third of the NCSC staff (about 3 310 in number) had continuous service of five years or more. That represented a 3% reduction (about 90 in number) as compared with 2018, and a 30% reduction (about 1 430 in number) as compared with the historical peak of 4 746 as at 30 June 2013. Some 30% of the 3 310 or so NCSC staff had served in different NCSC positions without a break in service, instead of taking the same positions all along. About 33% of the 3 310 NCSC staff were engaged to meet operational and 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. Moreover, 25% were engaged to meet operational and service needs which were under review or likely to be changed, the positions of which are being

⁴ That is, in addition to 12 Statutory Holidays, the remaining five General Holidays, namely the Good Friday, the day following Good Friday, Easter Monday, the Birthday of the Buddha and the first weekday after Christmas Day, will also be granted with pay.

progressively replaced by civil service posts. For example, LCSD has reduced the number of NCSC staff engaged for public libraries by 74% after review. In addition, because of a gradual change in the mode of service delivery, there was a reduction of about 76% 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. Moreover, some operational and 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 accounted for about 15% of the 3 310 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 B/Ds 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 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 2019⁵, the average success rates for NCSC staff and other applicants were around 15% and 3% respectively. About 9 300 NCSC staff were recruited as civil servants during the period.

Pay adjustment for NCSC staff

22. B/Ds conduct periodic reviews on the salary of their NCSC staff to ensure that the employment package remains competitive with the prevailing employment market situation, and enables them to recruit and retain NCSC staff. We understand that the rates of pay adjustment of NCSC staff in the major NCSC user B/Ds are comparable to those of the 2019-20 civil service pay adjustment proposal.

⁵ 1 524 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.

Conclusion

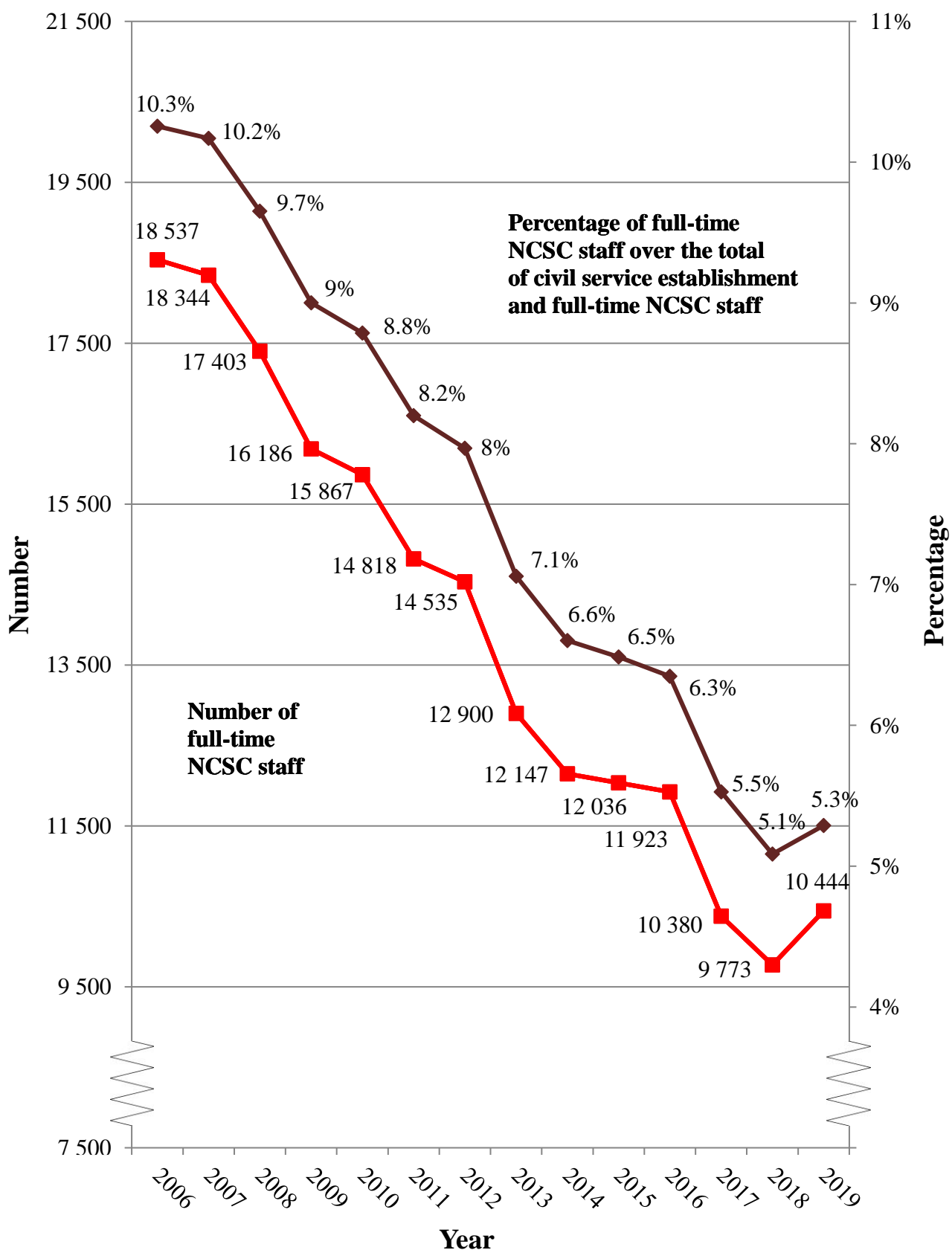
23. The NCSC Staff Scheme provides B/Ds with an effective means to employ adequate staff to meet specific operational and service needs that could not or should not be met by civil servants. There is a continued need for B/Ds to employ NCSC staff to complement the civil service workforce in providing service to the public. On the other hand, we will continue to liaise with B/Ds to ensure that the engagement of NCSC staff complies with the prescribed ambit of the Scheme and that B/Ds will continue to review at appropriate time the operational and service needs to engage NCSC staff for various purposes. The objective is to ascertain which NCSC positions are suitable for conversion to civil service posts.

Views Sought

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

Civil Service Bureau
December 2019

**Employment Situation of NCSC Staff from 2006 to 2019
(Position as at 30 June)**

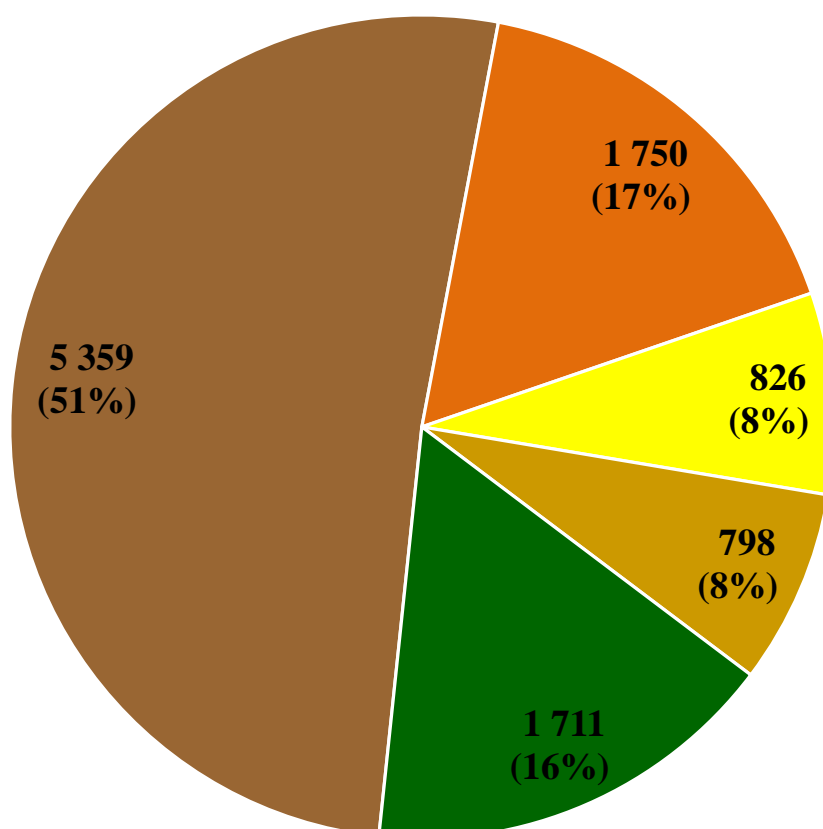







**Employment of Full-time NCSC Staff
by Bureau/Department/Office**

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2018	Position as at 30 June 2019
Agriculture, Fisheries and Conservation Department	144	140
Architectural Services Department	33	23
Auxiliary Medical Service	-	1
Buildings Department	95	114
Census and Statistics Department	132	185
Chief Executive's Office	6	5
Chief Secretary and Financial Secretary's Offices	31	43
Civil Aviation Department	6	4
Civil Engineering and Development Department	41	27
Civil Service Bureau	1	1
Commerce and Economic Development Bureau	34	32
Companies Registry	108	119
Constitutional and Mainland Affairs Bureau	5	5
Correctional Services Department	5	6
Customs and Excise Department	9	9
Department of Health	363	386
Department of Justice	59	55
Development Bureau	46	65
Drainage Services Department	82	82
Education Bureau	1 179	1 210
Efficiency Office	447	446
Electrical and Mechanical Services Department	712	707
Environment Bureau	4	4
Environmental Protection Department	68	74
Financial Services and the Treasury Bureau	6	4
Fire Services Department	34	27
Food and Environmental Hygiene Department	160	168
Food and Health Bureau	14	20
Government Flying Service	7	7
Government Laboratory	12	13
Government Logistics Department	33	29
Government Property Agency	1	4

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2018	Position as at 30 June 2019
Highways Department	66	58
Home Affairs Bureau	24	51
Home Affairs Department	580	473
Hong Kong Observatory	19	18
Hong Kong Police Force	27	21
Hongkong Post	1 780	1 697
Immigration Department	38	474
Information Services Department	25	24
Inland Revenue Department	168	149
Innovation and Technology Bureau	1	1
Innovation and Technology Commission	42	38
Intellectual Property Department	18	15
Invest Hong Kong	66	83
Judiciary	108	122
Labour and Welfare Bureau	24	21
Labour Department	68	38
Land Registry	87	82
Lands Department	144	105
Legal Aid Department	2	3
Leisure and Cultural Services Department	1 165	915
Marine Department	7	5
Office of the Communications Authority	128	127
Office of the Government Chief Information Officer	4	3
Official Receiver's Office	34	30
Planning Department	28	26
Radio Television Hong Kong	180	171
Rating and Valuation Department	25	25
Registration and Electoral Office	309	558
Security Bureau	45	39
Social Welfare Department	62	57
Trade and Industry Department	48	44
Transport and Housing Bureau	10	10
Transport Department	51	69
Treasury	8	14
University Grants Committee Secretariat	23	24
Water Supplies Department	61	66
Working Family and Student Financial Assistance Agency	421	773
Total	9 773	10 444

**Breakdown by Reasons of Employment of Full-time NCSC Staff
(as at 30 June 2019)**



-  To meet operational and service needs that are time-limited or seasonal in nature
-  To meet operational and service needs that are subject to market fluctuations
-  To meet operational and 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 operational and 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 2019)

Length of Continuous Service ^(Note 1)

Length of continuous service	No. of NCSC staff (and percentage to total)	
Less than 3 years	5 885	(56.3%)
3 years to less than 5 years	1 245	(12.0%)
5 years or more	3 314 ^(Note 2)	(31.7%)
Total	10 444	(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

1 003 out of 3 314 staff have been engaged in different NCSC positions within the same department.

Employment of Full-time NCSC Staff

(Position as at 30 June 2019)

Salary Range

Monthly salary	No. of NCSC staff (and percentage to total)	
\$30,000 or above	1 977	(18.9%)
\$16,000 - \$29,999	3 682	(35.3%)
\$8,000 - \$15,999	4 435	(42.5%)
Below \$8,000*	350	(3.3%)
Total	10 444	(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.