

For discussion
on 9 February 2022

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 meet at least one of the following conditions –

- (a) are time-limited, seasonal, or subject to market fluctuations;
- (b) the working hours of the manpower required for the work are 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 because there are no comparable civil service grades that are responsible for performing the required tasks. It is therefore appropriate to employ NCSC staff to perform the tasks.

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 (if any). 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, etc.

4. The Civil Service Bureau (CSB) introduced the declaration requirement in May last year that all NCSC staff appointed or with their contracts renewed on or after 1 July 2020 must declare that they will uphold the Basic Law, bear allegiance to the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China, be dedicated to their duties and be responsible to the HKSAR Government. Since then, the signing of the declaration has become one of the conditions of employment as NCSC staff. Prospective appointees must sign the declaration before being appointed as NCSC staff.

Management of NCSC Staff

5. In view of 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 monitoring the implementation of the Scheme, CSB collects statistics from B/Ds from time to time on the number of NCSC staff employed, contract duration and the range of salaries offered, etc.

6. 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

7. 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 full-time¹ NCSC positions in the Government reached a historical peak of 18 500 in 2006. Since then, the number has been decreasing gradually. As at 30 June 2021, about 8 900 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 whether the work involved is of sufficiently long-term operational and service needs, whether the relevant duties could be absorbed by an existing civil servant, and whether the concerned duties should more appropriately be handled by a civil servant. Since the engagement of NCSC staff allows B/Ds the necessary flexibility to meet their specific operational and service needs, the total number of NCSC staff of individual departments would vary from time to time.

8. 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 seek alternative employments (including civil service jobs) 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 2021

9. According to the annual statistics, there were 12 009 full-time NCSC staff as at 30 June 2021. Compared with the historical peak as at 30 June 2006, there had been a reduction of about 6 500 positions, i.e. almost by 35%. Nevertheless, given that some B/Ds required a substantial number of NCSC staff in 2021 to implement some time-limited or one-off large-scale tasks, such as the 2021 Population Census, allowance programmes newly introduced under the Community Care Fund for the low-income persons, as well as the COVID-19 Vaccination Programme, the number of full-time NCSC staff had increased by about 980 (by around 9%), as compared with the same period in 2020. Upon the conclusion of the aforementioned time-limited or one-off large-scale tasks, the NCSC positions will no longer be required by the B/Ds concerned. In fact, if the additional 1 300 full-time NCSC staff² so engaged

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.

² About 1 500 full-time NCSC staff were employed for the three large-scale tasks in 2021. It represented

by the three aforementioned large-scale tasks were excluded, the number of full-time NCSC staff as at 30 June 2021 should only be about 10 700, which would have been a reduction by about 330 (about 3%) as compared with the figure in 2020. The number of NCSC staff over the past decade is shown at **Annex A**.

10. On the whole, B/Ds may employ additional NCSC staff having regard to their operational needs, while at the same time some NCSC staff may leave their positions upon conclusion of tasks. During the period between July 2020 and June 2021, some 3 800 new NCSC staff joined the Government whilst around 2 900 NCSC staff left their positions.

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 operational and service needs

12. Among the 12 009 full-time NCSC positions in B/Ds as at 30 June 2021, about 60% of them (or about 7 110 in number) were deployed 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, the Census and Statistics Department created about 1 250 NCSC positions for the 2021 Population Census; and the Immigration Department had about 550 NCSC staff to support the Territory-wide Identity Card Replacement Exercise. Moreover, there were about 160 NCSC positions in the Department of Health responsible for the COVID-19 Vaccination Programme. Upon completion of the tasks, the departments concerned will delete these positions.

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

13. Another 14% of the NCSC positions (about 1 720 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 duties 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 740

an increase of 1 300 in number when compared with the number of full-time NCSC staff employed for these four large-scale tasks in 2020.

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 14 below.

(c) The working hours of the manpower required for the work are less than the conditioned hours of civil servants

14. Another 6% of the NCSC positions (about 710 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 2021, there were about 1 500 NCSC positions in HKP. Nearly half of them were only required to work less than the conditioned hours required of civil servants and the remaining staff 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 control.

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

15. Another 8% of the NCSC staff (about 960 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.

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

16. The remaining 13% of the NCSC staff (about 1 510 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 2021, 170 NCSC staff in the Leisure and Cultural Services Department (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. In the past five years, the number of NCSC staff in LCSD, whose service of which the mode of delivery was under review or was likely to be changed, has decreased by 55% upon completion of the reviews and arrangements made on the long-term manpower needs.

17. A breakdown of the employment situation of the 12 009 NCSC staff by B/Ds and by reasons of employment are at **Annexes B** and **C** respectively. As shown in **Annex D**, about 70% of the NCSC staff had been employed for less than five years. As set out in **Annex E**, 39% received monthly pay between \$8,000 and \$15,999 and another 41% were remunerated between \$16,000 and \$29,999, while 19% received monthly pay of \$30,000 or above.

Matters of Concern

18. 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 19 to 23 below.

Terms and conditions of service for NCSC staff

19. 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, offering end-of-contract gratuity, and providing full-paid maternity leave and five days of paternity leave. With a view to further enhancing the employment terms of NCSC staff, B/Ds have been required to provide their NCSC staff 17 days of General Holidays with pay³ since 1 April 2020.

Long tenure of NCSC staff

20. 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.

21. As at 30 June 2021, about 30% of the NCSC staff (about 3 380 in number) had continuous service of five years or more. That represented a slight increase of 1% (about 40 in number) as compared with 2020, and a 29% reduction (about 1 370 in number) as compared with the historical peak of 4 746 as at 30 June 2013. About 29% of the 3 380 or so NCSC staff had served in different NCSC positions without a break in service, instead of working in the same positions all along. About 31% of the 3 380 NCSC staff were engaged to meet operational and service needs that were subject to market fluctuations. Because of the ever changing operational and service needs, 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, 22% were engaged to meet operational and 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 77% after review. In addition, because of a gradual change in the mode of service delivery, there was a reduction of about 79% 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 NCSC staff are engaged to cope with long-term operational and service needs but are only required to work less than the

³ 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.

conditioned hours of civil servants, such as the NCSC staff engaged by HKP for sorting, loading and unloading of mails. They accounted for about 16% of the 3 380 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

22. 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 2021, the average success rate for NCSC staff was around 15%, whereas that for other applicants was around 3%. About 10 400 NCSC staff were recruited as civil servants during the period.

Pay adjustment for NCSC staff

23. 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 major NCSC user B/Ds, with reference to the civil service pay adjustment, have decided to freeze the pay level of NCSC staff in 2021-22.

Conclusion

24. 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

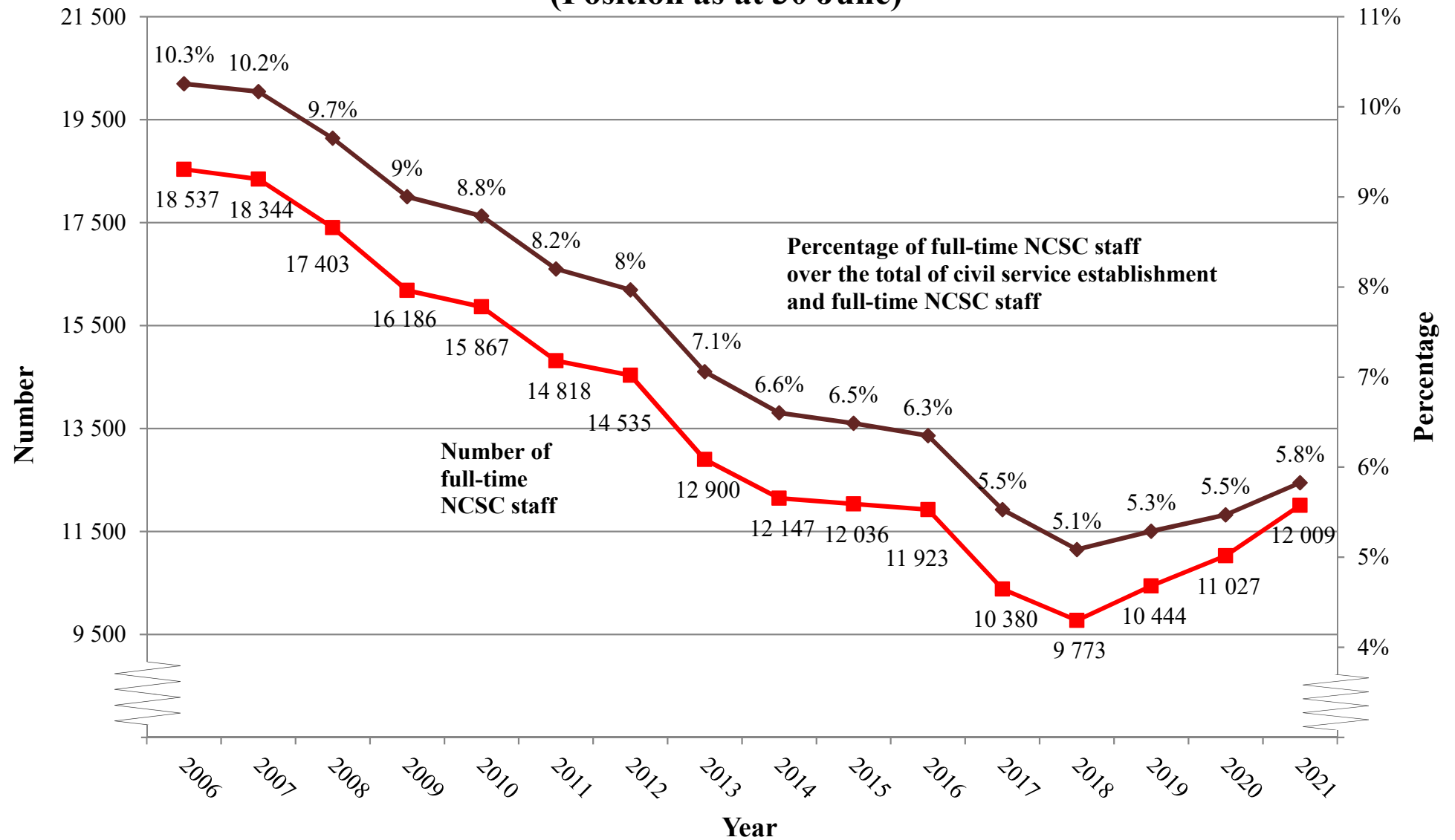
various purposes. The objective is to ascertain which NCSC positions are suitable for conversion to civil service posts.

Views Sought

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

Civil Service Bureau
February 2022

Employment Situation of NCSC Staff from 2006 to 2021 (Position as at 30 June)

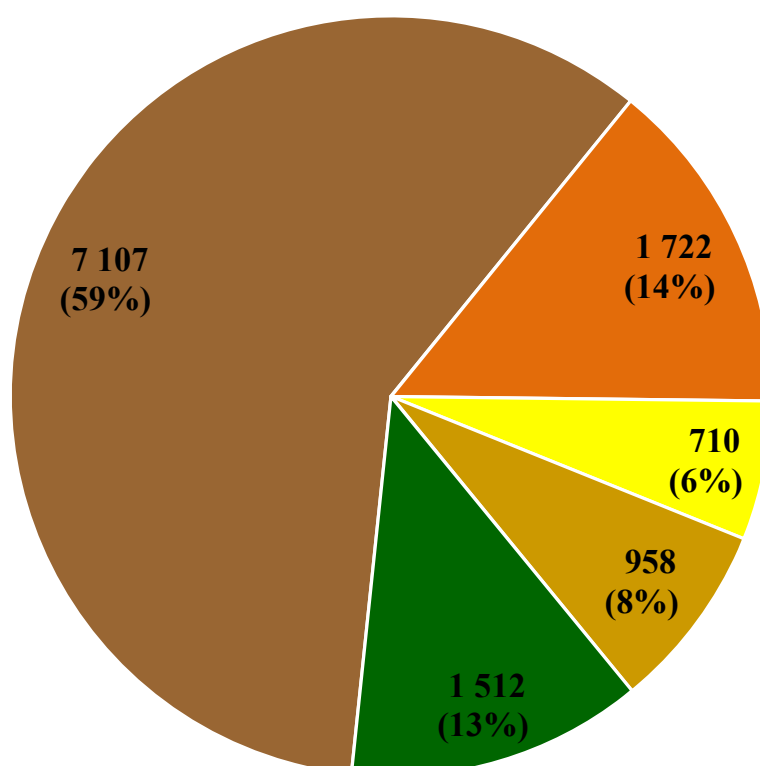







**Employment of Full-time NCSC Staff
by Bureau/Department/Office**

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2020	Position as at 30 June 2021
Agriculture, Fisheries and Conservation Department	178	104
Architectural Services Department	30	30
Auxiliary Medical Service	1	-
Buildings Department	126	83
Census and Statistics Department	368	1 420
Chief Executive's Office	5	4
Chief Secretary and Financial Secretary's Offices	34	63
Civil Aid Service	27	3
Civil Aviation Department	3	6
Civil Engineering and Development Department	15	33
Civil Service Bureau	1	9
Commerce and Economic Development Bureau	37	35
Companies Registry	126	125
Constitutional and Mainland Affairs Bureau	8	7
Correctional Services Department	5	4
Customs and Excise Department	10	5
Department of Health	373	494
Department of Justice	40	37
Development Bureau	71	70
Drainage Services Department	73	75
Education Bureau	1 292	1 293
Efficiency Office	473	529
Electrical and Mechanical Services Department	738	743
Environment Bureau	5	5
Environmental Protection Department	101	220
Financial Services and the Treasury Bureau	5	5
Fire Services Department	27	26
Food and Environmental Hygiene Department	158	157
Food and Health Bureau	30	53
Government Flying Service	4	6
Government Laboratory	14	12
Government Logistics Department	26	26
Government Property Agency	5	3
Highways Department	51	33
Home Affairs Bureau	128	163

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2020	Position as at 30 June 2021
Home Affairs Department	540	453
Hong Kong Observatory	21	19
Hong Kong Police Force	14	17
Hongkong Post	1 590	1 523
Immigration Department	567	574
Information Services Department	23	21
Inland Revenue Department	163	165
Innovation and Technology Bureau	2	3
Innovation and Technology Commission	38	28
Intellectual Property Department	13	9
Invest Hong Kong	89	91
Judiciary	113	129
Labour and Welfare Bureau	27	25
Labour Department	38	31
Land Registry	75	71
Lands Department	88	99
Legal Aid Department	8	7
Leisure and Cultural Services Department	680	664
Marine Department	4	4
Office of the Communications Authority	153	132
Office of the Government Chief Information Officer	3	2
Official Receiver's Office	19	17
Planning Department	22	25
Radio Television Hong Kong	162	143
Rating and Valuation Department	36	40
Registration and Electoral Office	1 125	1 112
Security Bureau	37	37
Social Welfare Department	74	84
Trade and Industry Department	48	53
Transport and Housing Bureau	8	10
Transport Department	53	49
Treasury	56	43
University Grants Committee Secretariat	28	29
Water Supplies Department	57	58
Working Family and Student Financial Assistance Agency	465	361
Total	11 027	12 009

**Breakdown by Reasons of Employment of Full-time NCSC Staff
(as at 30 June 2021)**



-  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

Annex D

Employment of Full-time NCSC Staff

(Position as at 30 June 2021)

Length of Continuous Service ^(Note 1)

Length of continuous service	No. of NCSC staff (and percentage to total)
Less than 3 years	7 470 (62.2%)
3 years to less than 5 years	1 157 (9.6%)
5 years or more	3 382 ^(Note 2) (28.2%)
Total	12 009 (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

967 out of 3 382 staff have been engaged in different NCSC positions within the same department.

Employment of Full-time NCSC Staff
(Position as at 30 June 2021)

Salary Range

Monthly salary	No. of NCSC staff (and percentage to total)	
\$30,000 or above	2 240	(18.7%)
\$16,000 - \$29,999	4 869	(40.5%)
\$8,000 - \$15,999	4 651	(38.7%)
Below \$8,000*	249	(2.1%)
Total	12 009	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.