

For discussion
on 16 December 2022

Legislative Council Panel on Public Service

Non-Civil Service Contract Staff

Purpose

This paper reports the latest situation concerning the employment of Non-Civil Service Contract (NCSC) staff by the Government, and explains the work and management measures of 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 employing staff to cope with the changing operational and service needs of Bureaux/Departments (B/Ds). Creation of NCSC positions is subject to one of the following conditions –

- (a) the operational and service needs concerned 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) there is a need to tap from the labour market the latest expertise in a particular area; or
- (d) the mode of delivery of the service involved 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 ranks or with comparable level of responsibility (if any). In determining the terms and conditions of service of NCSC staff, HoDs shall take into account an array of factors, 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 every year 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. Implementation of the scheme shall be overseen by a directorate officer not below the deputy head level or equivalent. It is incumbent upon the HoD to ensure that the employment of NCSC staff is in compliance 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 by civil service posts, where long-term operational and service needs can be

established. The number of full-time¹ NCSC positions in the Government reached a historical peak of 18 500 in 2006, but has been decreasing gradually since then. As at 30 June 2022, about 9 000 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 there are sufficient grounds to regard the operational and service needs as long-term, whether the relevant duties could be absorbed by existing civil servant(s), and whether the concerned duties should more appropriately be handled by civil servant(s). 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 in a department 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 shall 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 corresponding arrangements to provide their serving NCSC staff with information on civil service recruitment exercises.

Employment situation as at 30 June 2022

9. According to the annual statistics, there were 9 903 full-time NCSC staff as at 30 June 2022. Compared with the historical peak as at 30 June 2006, the number had been reduced by about 8 600, i.e. almost by 47%. As compared with the same period last year, the number of NCSC staff had decreased by about 2 100 (around 18 %) in 2022. This was mainly due to a reduction in staff requirements upon completion of some one-off large-scale projects. For example, Census and Statistics Department had reduced the number of NCSC staff by around 1 200 upon completion of the 2021 Population Census; and the Registration and Electoral Office had also reduced the number of NCSC staff by around 300 upon completion of the 2021 Legislative Council General Election. 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 completion of tasks. During the period between July 2021 and June 2022, some 2 800 newly-recruited NCSC staff joined the Government whilst around 4 900

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.

NCSC staff left their positions in the same period. The number of NCSC staff over the past decade is shown at **Annex A**.

10. In accordance with the prevailing practice, the number of NCSC staff reported in paragraph 9 above does not include the number of NCSC staff employed under the Job Creation Scheme (JCS) of the Anti-epidemic Fund (AEF). To relieve the unemployment situation caused by the epidemic and the anti-epidemic measures, the Government has earmarked a total of \$19.8 billion under the AEF to implement the JCS in three phases to create around 90 000 time-limited jobs. Under the JCS, apart from subsidising organisations outside the Government for employment of additional staff, the Government would also bearing the salary of staff employed by various B/Ds for time-limited jobs. For staff employed directly by the Government for time-limited jobs, some of them are employed on NCSC terms. As at 30 June 2022, around 6 800 NCSC staff² were employed by B/Ds under the JCS, with employment period ranging from one month to 12 months, for various time-limited jobs, such as assisting in the implementation of anti-epidemic measures in Government premises, or providing executive and clerical support in offices, etc³. Since JCS has its specific aims and funding source, and each time-limited job created normally lasts up to 12 months only, the number of NCSC staff employed under JCS has all along been excluded from the statistics of NCSC staff employed in the usual ordinary way.

11. For the 9 903 NCSC staff as stated in paragraph 9 above, an analysis of the employment situation as at 30 June 2022, by the reasons of their employment, is set out in paragraphs 12 to 17 below.

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

12. Among the 9 903 full-time NCSC positions in B/Ds as at 30 June 2022, about half of them (54% or about 5 320 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 Registration and Electoral Office employed about 780 NCSC staff to support the 2022 Legislative Council Election Committee Constituency By-election to be held in December 2022 and to prepare for the 2023 District Council Election to be held in November 2023; and the Immigration Department had about 570 NCSC staff to support the Territory-wide Identity Card Replacement Exercise. Upon completion of the tasks, the departments

² The number of NCSC staff employed by B/Ds under the JCS was around 500 and around 3 500 on 30 June 2020 and 30 June 2021 respectively.

³ Including 178 Support Service Assistants, 139 Executive Service Assistants and 69 Assistant Executive Managers centrally recruited by the CSB.

concerned will delete these positions.

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

13. Another 17% of the NCSC positions (about 1 650 in number) were established in the five trading fund departments to meet operational and service needs which 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 (mainly by the Electrical and Mechanical Services Department (EMSD) and Hongkong Post (HKP)) allows the trading fund departments to have the flexibility required 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 710 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 team 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. Civil servants of all grades have prescribed working hours per week, and all civil service posts are full-time jobs. At present, 6% of the NCSC positions (about 630 in number) were for meeting operational and service needs requiring staff to work less than the conditioned hours of civil servants. These positions 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 such work to be taken up by civil service posts. As at 30 June 2022, there were about 1 400 NCSC positions in HKP. Around 40% of the incumbents of these positions 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. Given the prevailing volatile and price-sensitive market conditions and the wide application of electronic mail, it would be difficult to predict or control changes in the mail volume. Under such circumstances, 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.

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

15. Another 9% of the NCSC staff (about 870 in number) were engaged for tapping from the labour market the latest expertise in a particular area. In the light of the nature of certain operational and service needs, it is not only necessary, but also proper and effective, for the Government to engage from the market NCSC staff with specific professional knowledge and occupational skills to deliver the required services. For instance, some B/Ds would engage NCSC staff 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 expertise.

(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 14% of the NCSC staff (about 1 440 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. As for completed reviews with NCSC positions identified to be replaced by civil service posts, the concerned B/Ds shall phase out the NCSC positions in a progressive manner. For example, as at 30 June 2022, 140 NCSC staff were employed by the Leisure and Cultural Services Department (LCSD) to provide various services the mode of delivery of which was under review or likely to be changed, including frontline and support service in public libraries. As LCSD has, after review, decided to replace most of them by civil service posts, 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 64% upon completion of the reviews and arrangements made on the long-term manpower needs.

17. A breakdown of the employment situation of the 9 903 NCSC staff by B/Ds and by the reasons of their 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**, 32% received monthly pay between \$8,000 and \$15,999, 44% were remunerated between \$16,000 and \$29,999, while 22% received monthly pay of \$30,000 or above.

Matters of Concern

18. Members have previously raised concerns on certain issues pertaining to the NCSC Staff Scheme. Our views on these issues 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 concerns over the terms and conditions of service of NCSC staff. Apart from following those guiding principles set out in paragraph 3 above, B/Ds also conduct periodic reviews as a good employer. Many B/Ds are offering their NCSC staff with employment packages with terms and conditions of service more favourable than what are required by 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. They also provide their NCSC staff 17 days of General Holidays with pay⁴.

Long tenure of NCSC staff

20. Some Members had previously expressed concerns 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 a long term operational and service need can be established for those positions and, if so, seek necessary resources to convert them to civil service posts.

21. As at 30 June 2022, about 30% of the NCSC staff (about 3 240 in number) had continuous service of five years or more. That represented a decrease of 4% (about 140 in number) as compared with 2021, and a 32% reduction (about 1 500 in number) as compared with the historical peak of 4 746 as at 30 June 2013. About 29% of the 3 240 NCSC staff had served in different NCSC positions without a break in service, instead of working in the same positions all along. About 21% were engaged to meet operational and service needs which were under review or likely to be changed, the positions

⁴ That is, in addition to 13 Statutory Holidays, the remaining four General Holidays, namely the Good Friday, the day following Good Friday, Easter Monday and the first weekday after Christmas Day, will also be granted with pay.

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 79% after review. With a gradual change in the mode of service delivery, the Department of Health had also reduced by about 80% the number of NCSC staff engaged for provision of health surveillance services at immigration control points when compared with the peak. About 16% are engaged to cope with long-term operational and service needs but are only required 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.

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. It has all along been the Government's clear policy for civil service recruitment that the most suitable persons should be selected to fill civil service vacancies through an open, fair and competitive process. NCSC staff interested in civil service openings are welcome to take part in 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 the relevant civil service ranks do generally enjoy a competitive edge in terms of working experience over the other applicants. For illustration, during the period from January 2007 to August 2022, the average success rate for NCSC staff was around 15%, whereas that for other applicants was around 3%. About 10 800 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 rates of pay adjustment of NCSC staff in the major NCSC user B/Ds are comparable to that of the 2022-23 civil service pay adjustment.

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 creation of civil service posts. There is an ongoing need for B/Ds to employ NCSC staff to complement the civil service

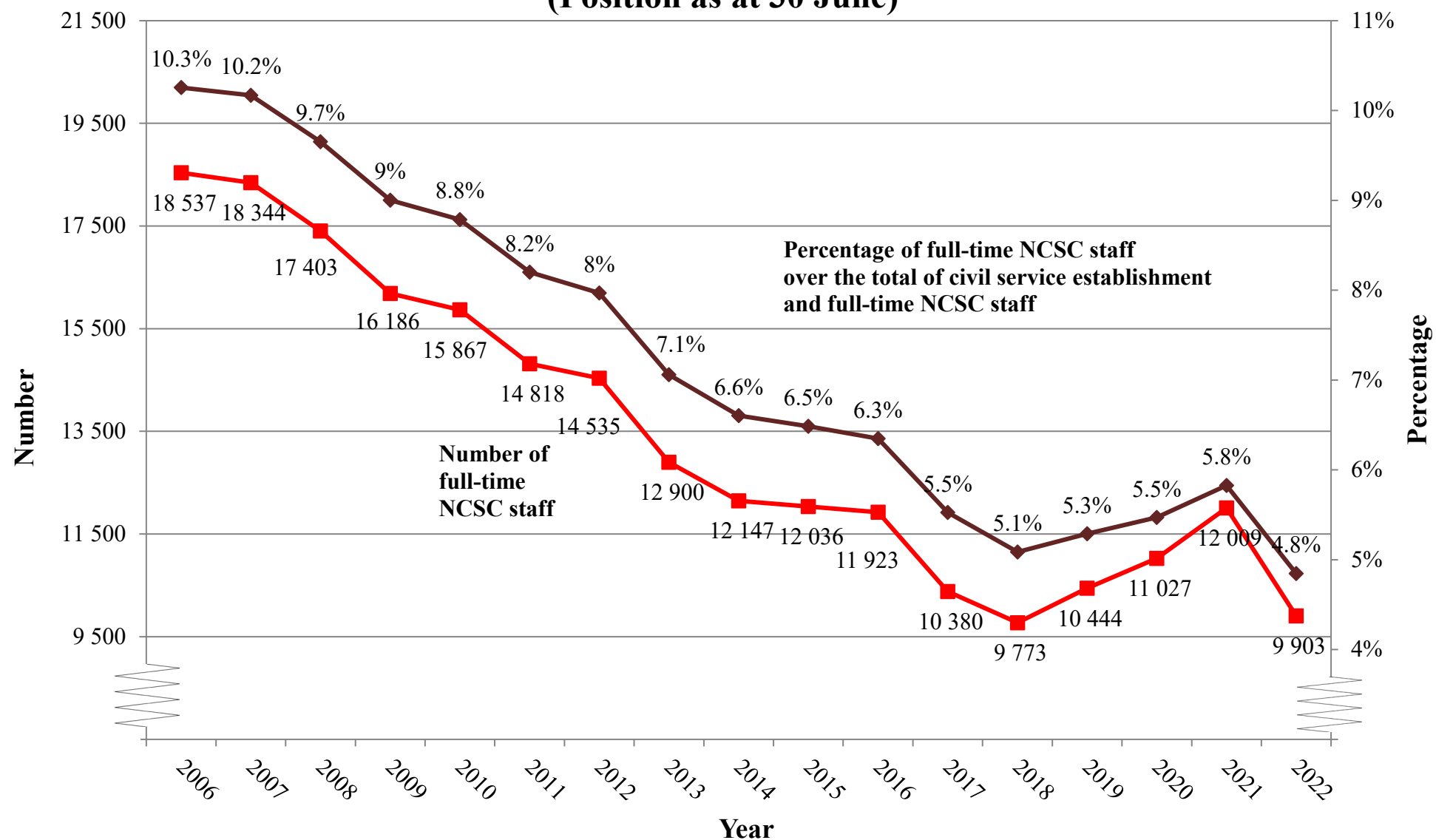
workforce in providing service to the public. On the other hand, we will continue to get in touch with B/Ds to ensure that the engagement of NCSC staff stays in compliance with the prescribed ambit of the Scheme and that B/Ds will continue to review timely the operational and service needs to engage NCSC staff for the respective purposes. This is to ascertain whether it is proper to convert any of these NCSC positions to civil service posts.

Views Sought

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

Civil Service Bureau
December 2022

Employment Situation of NCSC Staff from 2006 to 2022 (Position as at 30 June)



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

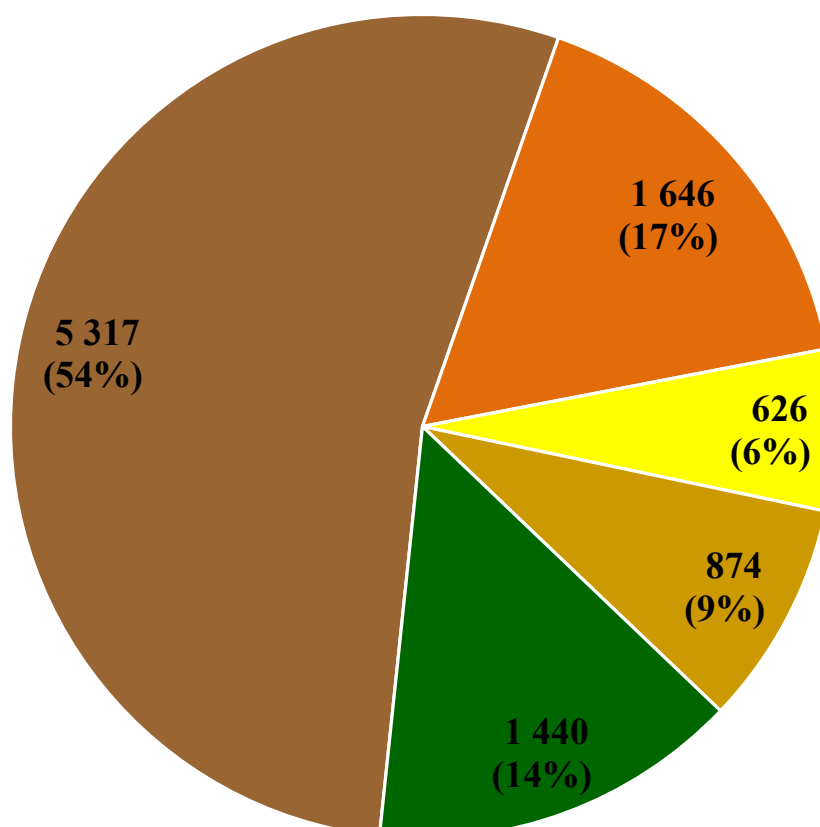
(Since the table below shows the situation as of 30 June 2022, the names of the relevant bureaux shown are the previous names before the government reorganisation on 1 July 2022.)






Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2021	Position as at 30 June 2022
Agriculture, Fisheries and Conservation Department	104	120
Architectural Services Department	30	42
Auxiliary Medical Service	-	-
Buildings Department	83	70
Census and Statistics Department	1 420	166
Chief Executive's Office	4	5
Chief Secretary and Financial Secretary's Offices	63	31
Civil Aid Service	3	2
Civil Aviation Department	6	7
Civil Engineering and Development Department	33	50
Civil Service Bureau	9	2
Commerce and Economic Development Bureau	35	35
Companies Registry	125	135
Constitutional and Mainland Affairs Bureau	7	7
Correctional Services Department	4	5
Customs and Excise Department	5	8
Department of Health	494	311
Department of Justice	37	44
Development Bureau	70	56
Drainage Services Department	75	48
Education Bureau	1 293	1 295
Efficiency Office	529	486
Electrical and Mechanical Services Department	743	714
Environment Bureau	5	5
Environmental Protection Department	220	181
Financial Services and the Treasury Bureau	5	4
Fire Services Department	26	16
Food and Environmental Hygiene Department	157	134
Food and Health Bureau	53	89
Government Flying Service	6	6

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2021	Position as at 30 June 2022
Government Laboratory	12	11
Government Logistics Department	26	27
Government Property Agency	3	3
Highways Department	33	27
Home Affairs Bureau	163	90
Home Affairs Department	453	462
Hong Kong Observatory	19	15
Hong Kong Police Force	17	19
Hongkong Post	1 523	1 397
Immigration Department	574	571
Information Services Department	21	21
Inland Revenue Department	165	202
Innovation and Technology Bureau	3	4
Innovation and Technology Commission	28	27
Intellectual Property Department	9	9
Invest Hong Kong	91	86
Judiciary	129	173
Labour and Welfare Bureau	25	24
Labour Department	31	31
Land Registry	71	48
Lands Department	99	91
Legal Aid Department	7	4
Leisure and Cultural Services Department	664	602
Marine Department	4	5
Office of the Communications Authority	132	133
Office of the Government Chief Information Officer	2	4
Official Receiver's Office	17	13
Planning Department	25	21
Radio Television Hong Kong	143	138
Rating and Valuation Department	40	74
Registration and Electoral Office	1 112	776
Security Bureau	37	28
Social Welfare Department	84	71
Trade and Industry Department	53	49
Transport and Housing Bureau	10	17
Transport Department	49	45

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2021	Position as at 30 June 2022
Treasury	43	32
University Grants Committee Secretariat	29	22
Water Supplies Department	58	51
Working Family and Student Financial Assistance Agency	361	406
Total	12 009	9 903

**Breakdown by Reasons of Employment of Full-time NCSC Staff
(as at 30 June 2022)**



-  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 2022)

Length of Continuous Service ^(Note 1)

Length of continuous service	No. of NCSC staff (and percentage to total)	
Less than 3 years	5 098	(51.5%)
3 years to less than 5 years	1 561	(15.8%)
5 years or more	3 244 ^(Note 2)	(32.7%)
Total	9 903	(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

955 out of 3 244 staff have been engaged in different NCSC positions within the same department.

Employment of Full-time NCSC Staff
(Position as at 30 June 2022)

Salary Range

Monthly salary	No. of NCSC staff (and percentage to total)	
\$30,000 or above	2 212	(22.3%)
\$16,000 - \$29,999	4 336	(43.8%)
\$8,000 - \$15,999	3 125	(31.6%)
Below \$8,000*	230	(2.3%)
Total	9 903	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.