

For discussion  
on 15 December 2014

## **Legislative Council Panel on Public Service**

### **Employment Situation of Non-Civil Service Contract Staff**

#### **Purpose**

This paper updates Members on the employment of Non-Civil Service Contract (NCSC) staff as at end June 2014.

#### **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 (hereafter shortened as HoDs) with a flexible means of employment to respond more promptly to changing operational and service needs of Bureaux/Departments/Offices (hereafter shortened as B/Ds) –

- (a) which may be time-limited, seasonal, or subject to market fluctuations; or
- (b) which require staff to work less than the conditioned hours; or
- (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.

It is not appropriate to create civil service posts to cover these specific service needs as they are not of a permanent nature and in some cases, there are no comparable civil service grades performing the required tasks.

##### *Guiding Principles*

3. Civil service and NCSC appointments are two distinct types of employment. The purposes and circumstances of employment are entirely different, so are the 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 the terms and conditions of service for NCSC staff should be overall speaking 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. HoDs, when determining the terms and conditions of service for NCSC staff, will take into account a host of considerations, such as condition of the employment market, recruitment results and cost of living. Also, B/Ds will conduct periodic reviews on the pay of their NCSC staff to ensure that it remains competitive with the prevailing pay levels in the market, and enables them to recruit and retain NCSC staff. Reviews can be conducted at different times of a year as and when HoDs consider appropriate. Where justified, pay revisions are implemented on a prospective date after the conclusion of pay reviews and/or upon contract renewal of serving NCSC staff.

### ***Management of NCSC Staff***

4. Given the nature of the NCSC Staff Scheme, and in order to maintain flexibility of the Scheme, it is our policy not to micro manage B/Ds in the employment of NCSC staff. That said, the Civil Service Bureau (CSB) has issued guidelines on the scope, terms of employment, remuneration package, recruitment procedures etc. for HoDs to follow in the employment of NCSC staff. For the purpose of overall monitoring of the implementation of the Scheme, we collect statistics from B/Ds on the number of NCSC staff employed, contract duration and the range of salaries offered from time to time.

5. At the departmental level, the employment of NCSC staff must be approved by a directorate officer with delegated authority from HoDs and there should be a directorate officer not below the deputy head level or equivalent to control and monitor the implementation of the Scheme. It is incumbent upon HoDs to ensure that the use of NCSC staff fits the ambit of the Scheme and to review from time to time whether the service needs should better be met by other means.

### **Replacement of NCSC Positions by Civil Service Posts**

6. CSB, in conjunction with B/Ds, conducted a special review on the employment situation of NCSC staff in 2006. The number of full-time<sup>1</sup>

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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.

NCSC staff employed by B/Ds was 16 488 as at 31 March 2006 when the review was conducted. We advised Members in December 2006 that the review had identified some 4 000 NCSC positions which would gradually be replaced by civil service posts as the work involved should more appropriately be performed by civil servants. As at 30 June 2014, almost all such positions (3 995 positions) have been phased out. B/Ds will take into account the expiry of the employment contracts of the concerned NCSC staff and the recruitment of replacement civil servants in phasing out the remaining NCSC positions.

7. Between March 2006 and June 2014, B/Ds separately identified about 2 960 NCSC positions which involved work with permanent service needs that should more appropriately be carried out by civil servants. As at 30 June 2014, 2 335 positions have been phased out and replaced by civil service posts. The remaining 620 odd positions will be phased out as and when the corresponding civil service posts are created and filled. B/Ds will continue to keep their employment of NCSC staff under regular review and, where appropriate, seek necessary resources to replace NCSC positions with civil service posts.

8. As a general practice, when B/Ds identify specific NCSC positions for phasing out, the concerned staff are 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 where 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. Since 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 should generally enjoy a competitive edge over other applicants because of their working experience in the Government.

### **Position of NCSC Staff as at 30 June 2014**

9. The number of NCSC staff employed by B/Ds varies from time to time having regard to their changing service and operational requirements. The employment of NCSC staff has been under very stringent control to ensure that they are only engaged as appropriate in accordance with the prescribed ambit of the NCSC Staff Scheme as set out in paragraph 2. For NCSC positions with established long-term service needs, B/Ds will seek to replace them by civil service posts subject to the availability of resources.

Through the concerted efforts of the B/Ds, the number of staff has been reduced over the years. As at 30 June 2014, there were 12 147 full-time NCSC staff employed by B/Ds as compared with 12 900 one year before. While the overall size of NCSC staff has been reducing over the past couple of years upon the lapse of project-based or time-limited NCSC positions, individual B/Ds might have to engage new NCSC staff for meeting new ad hoc service needs.

10. A breakdown of the employment situation by B/Ds is at **Annex A**. The number is typically higher during the summer season when more NCSC staff are employed to enhance support at aquatic venues, or during peak seasons of work for certain departments such as those for processing tax assessment and returns, applications for student financial assistance, etc.

11. As shown in **Annex B**, similar to last year, almost two-third (some 63%) of the NCSC staff were employed for less than five years as at 30 June 2014. About 90% of the staff were employed on contracts of less than two years (please see **Annex C**). As set out in **Annex D**, about 59% received monthly pay between \$8,000 to \$15,999 and another 22% were remunerated between \$16,000 and \$29,999 while 14% received monthly pay of \$30,000 or over. A breakdown of the reasons for employing NCSC staff by the eight largest NCSC staff-user B/Ds is provided in **Annex E**. These eight B/Ds together employed about 65% (or 7 853) full-time NCSC staff as at 30 June 2014. A brief analysis of the situation in each of these B/Ds is provided in the ensuing paragraphs.

**(I) Hongkong Post (PO)**

12. PO employed 1 971 full-time NCSC staff. Half of them, who carried out sorting and loading/unloading of mails, worked less than the conditioned hours required of civil servants. The remaining half were mainly engaged to undertake mail processing and despatch, enquiry and over-the-counter service, which fluctuated according to changes in market demand from time to time or the required expertise is not readily available in the civil service, such as staff engaged in sales, marketing and IT staff engaged for the management of specialised computer systems. Having regard to PO operating as a trading fund, there is a practical need for PO to engage an NCSC workforce to augment the core complement of civil service staff in order 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. As an illustration, mail volume dropped by 8.2% in Q1 of 2014 over the same

period in 2013. The monthly traffic for local mail dropped by 21.6% in February over January 2014 but surged by 27.8% in March over February 2014 whereas that for outward air mail dropped by 16.7% in February over January 2014 but surged by 22% in March over February 2014.

**(II) *Leisure and Cultural Services Department (LCSD)***

13. LCSD employed 1 776 full-time NCSC staff. Around 69% were employed mainly to meet service needs which were time-limited or seasonal in nature, such as seasonal lifeguards and filtration plant room operators for aquatic venues. The remaining were employed mainly to provide various services where the mode of service delivery was, at the time when the employment contracts were entered into, under review or likely to be changed, such as the management of public libraries. LCSD decided in 2011 to adopt a mixed mode of service delivery at public libraries, i.e. deploying civil servants of both Clerical and Cultural Services Assistant grades in delivering frontline and support services in public libraries, augmented by more automation and self-service as well as engagement of part-time non-civil service staff at peak hours.

**(III) *Education Bureau (EDB)***

14. EDB employed 1 178 full-time NCSC staff. Around 52% were employed to meet service needs which were time-limited or seasonal in nature, such as the NCSC staff employed in government schools under various funds/grants to meet different short-term service needs having regard to changing educational needs of the students or foci of attention of the schools. Another 46% were employed to meet service needs where the mode of delivery of the service was under review or likely to be changed. Most of them were employed under the Funding Flexibility Scheme whereby government schools are given the flexibility to hire the right mix of supporting staff to meet their operational needs for clerical and janitor services at different times and hence the engagement of these staff is under constant review. The supporting staff complement and the staff mix vary from schools to schools depending on their operational needs having regard to their programme of activities, extent of IT and technical applications, extra-curriculum activities, etc. The remaining 2% were employed mainly to provide services where there is a need to tap market expertise, such as planning, implementation and evaluation of the Basic Competency Assessment Project.

**(IV) *Electrical and Mechanical Services Department (EMSD)***

15. EMSD employed 1 009 full-time NCSC staff. Around 95% were employed to deliver services in the Department's trading fund arm (e.g. ad hoc or time-limited consultancy work, project management, maintenance, etc.) which fluctuated according to changes in market demand. The remaining 5% were employed mainly to meet time-limited service needs (e.g. the Universal Accessibility Programme and a subsidy scheme for retrofitting refuse collection vehicles).

**(V) *Department of Health (DH)***

16. DH employed 581 full-time NCSC staff. Around 84% were employed mainly to deliver services which were under review, including health surveillance measures at immigration control points, and registration and enforcement work related to proprietary Chinese medicines and Chinese medicines traders. Around 15% were employed to meet ad hoc and time-limited service requirements (e.g. development of the Communicable Disease Information System and various healthcare projects). The remaining 1% were employed mainly to meet service needs which required staff to work less than the conditioned hours required of civil servants.

**(VI) *Home Affairs Department (HAD)***

17. HAD employed 499 full-time NCSC staff. About 40% of them were employed on behalf of District Councils to support the Councils in undertaking community involvement activities as well as promoting recreational and cultural activities within the districts concerned. Such duties are time-limited. The other staff were engaged for meeting the Department's operational needs, which includes providing services under review (13%) and meeting ad hoc or time-limited service requirements (38%), such as organising rural elections, implementing the Signature Project Scheme in the 18 districts, coordinating the planning and organisation of anniversary ceremonies and related celebrations and implementing support services for ethnic minorities. The remaining 9% were engaged to tap market expertise, such as IT staff engaged for supporting IT systems and launching new IT initiatives.

**(VII) *Efficiency Unit (EU)***

18. EU employed 436 full-time NCSC staff. About 97% were engaged 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 the Government (there is no comparable civil service rank performing this type of work). The remaining 3% were mainly employed to tap the latest market expertise in the field of IT.

***(VIII) Student Financial Assistance Agency (SFAA)***

19. SFAA employed 403 full-time NCSC staff. Some 58% were employed to undertake work which would undergo fundamental process re-engineering upon the implementation of a new integrated IT system. In parallel, the Government is examining ways to enhance the provision of financial assistance to students in need. SFAA will continue to review and determine the manpower requirement and preferred complement of staff that will best suit its operational needs. The remaining 42% NCSC staff were employed to cope with time-limited or seasonal peaks of work (e.g. the seasonal influx of applications under various student financial assistance schemes).

**Way Forward**

20. We will continue to work with B/Ds to replace the NCSC positions by civil service posts according to the established procedures if the work involved is of a permanent nature.

**Views Sought**

21. Members are invited to note the information in this paper.

**Employment of Full-time NCSC Staff  
by Bureau/Department/Office  
(Position as at 30.6.2014)**

<b>Bureau/Department/Office</b>	<b>Number of NCSC Staff</b>
Agriculture, Fisheries and Conservation Department	252
Architectural Services Department	46
Buildings Department	358
Census and Statistics Department	178
Chief Executive's Office	7
Chief Secretary and Financial Secretary's Office	42
Civil Aviation Department	20
Civil Engineering and Development Department	71
Commerce and Economic Development Bureau	33
Companies Registry	64
Constitutional and Mainland Affairs Bureau	8
Correctional Services Department	2
Customs and Excise Department	127
Department of Health	581
Department of Justice	60
Development Bureau	43
Drainage Services Department	63
Education Bureau	1 178
Efficiency Unit	436
Electrical and Mechanical Services Department	1 009
Environment Bureau	6
Environmental Protection Department	100
Financial Services and the Treasury Bureau	78
Fire Services Department	31
Food and Environmental Hygiene Department	273



<b>Bureau/Department/Office</b>	<b>Number of NCSC Staff</b>
Food and Health Bureau	18
Government Flying Service	10
Government Laboratory	26
Government Logistics Department	42
Government Property Agency	1
Highways Department	55
Home Affairs Bureau	52
Home Affairs Department	499
Hong Kong Observatory	15
Hong Kong Police Force	73
Hongkong Post	1 971
Immigration Department	36
Information Services Department	19
Inland Revenue Department	176
Innovation and Technology Commission	34
Intellectual Property Department	13
Invest Hong Kong	59
Judiciary	74
Labour and Welfare Bureau	30
Labour Department	179
Land Registry	127
Lands Department	243
Legal Aid Department	7
Leisure and Cultural Services Department	1 776
Marine Department	11
Office of the Communications Authority	131
Office of the Government Chief Information Officer	19
Official Receiver's Office	40
Planning Department	30
Radio Television Hong Kong	287

<b>Bureau/Department/Office</b>	<b>Number of NCSC Staff</b>
Rating and Valuation Department	62
Registration and Electoral Office	75
Security Bureau	17
Social Welfare Department	137
Student Financial Assistance Agency	403
Trade and Industry Department	91
Transport and Housing Bureau	3
Transport Department	73
Treasury	30
University Grants Committee Secretariat	26
Water Supplies Department	111
<b>Total</b>	<b>12 147</b>

**Employment of Full-time NCSC Staff**

**(Position as at 30.6.2014)**

**Length of Continuous Service\***

<b>Length of continuous service</b>	<b>No. of NCSC staff (and percentage to total)</b>	
Less than 3 years	6 338	(52.2%)
3 years to less than 5 years	1 276	(10.5%)
5 years or more	4 533	(37.3%)
<b>Total</b>	<b>12 147</b>	<b>(100%)</b>

- \* "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.

**Employment of Full-time NCSC Staff**

**(Position as at 30.6.2014)**

**Contract Duration**

<b>Length of current contract</b>	<b>No. of NCSC staff (and percentage to total)</b>	
< 1 year	2 651	(21.8%)
1 - < 2 years	8 313	(68.5%)
2 - $\leq$ 3 years	1 183	(9.7%)
<b>Total</b>	<b>12 147</b>	<b>(100%)</b>

**Employment of Full-time NCSC Staff**

**(Position as at 30.6.2014)**

**Salary Range**

<b>Monthly salary</b>	<b>No. of NCSC staff (and percentage to total)</b>	
\$30,000 or above	1 650	(13.6%)
\$16,000 - \$29,999	2 703	(22.2%)
\$8,000 - \$15,999	7 199	(59.3%)
Below \$8,000*	595	(4.9%)
<b>Total</b>	<b>12 147</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.

**Annex E (1)**

**Hongkong Post**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that require staff to work less than the conditioned hours required of civil servants	982
(2)	To meet service needs that are subject to market fluctuation	925
(3)	To tap the latest expertise in the market	64
<b>Total :</b>		<b>1 971</b>

**Annex E (2)**

**Leisure and Cultural Services Department**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that are time-limited or seasonal in nature	1 222
(2)	To meet service needs where the mode of delivery of the service is under review or likely to be changed	521
(3)	To tap the latest expertise in the market	33
<b>Total :</b>		<b>1 776</b>

**Education Bureau**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that are time-limited or seasonal in nature	609
(2)	To meet service needs that require staff to work less than the conditioned hours required of civil servants	6
(3)	To meet service needs where the mode of delivery of the service is under review or likely to be changed	542
(4)	To tap the latest expertise in the market	21
<b>Total :</b>		<b>1 178</b>



**Electrical and Mechanical Services Department**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that are time-limited or seasonal in nature	45
(2)	To meet service needs that are subject to market fluctuation	961
(3)	To tap the latest expertise in the market	3
<b>Total :</b>		<b>1 009</b>

**Department of Health**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that are time-limited or seasonal in nature	85
(2)	To meet service needs that require staff to work less than the conditioned hours required of civil servants	6
(3)	To meet service needs where the mode of delivery of the service is under review or likely to be changed	490
<b>Total :</b>		<b>581</b>

**Home Affairs Department**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that are time-limited or seasonal in nature*	392
(2)	To meet service needs where the mode of delivery of the service is under review or likely to be changed	63
(3)	To tap the latest expertise in the market	44
<b>Total :</b>		<b>499</b>

\* They were mainly NCSC staff employed on behalf of District Councils.

**Efficiency Unit**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that are time-limited or seasonal in nature	1
(2)	To tap the latest expertise in the market	435
<b>Total :</b>		<b>436</b>

**Student Financial Assistance Agency**

<b>Reasons of employment</b>		<b>No. of full-time NCSC staff as at 30.6.2014</b>
(1)	To meet service needs that are time-limited or seasonal in nature	169
(2)	To meet service needs where the mode of delivery of the service is under review or likely to be changed	234
<b>Total :</b>		<b>403</b>