

For discussion
on 19 November 2018

Legislative Council Panel on Public Service

Non-Civil Service Contract Staff

Purpose

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

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 the work.

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 use of NCSC staff fits 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 continuously since the historical peak in 2006 when there were some 18 500 full-time¹ NCSC positions in the Government. As at 30 June 2018, about 8 280 full-time NCSC positions in total had been replaced by civil service posts, representing a 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

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.

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 advised 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 2018

8. As mentioned above, the number of NCSC staff employed by B/Ds varies from time to time due to their changing operational and service needs. The employment of NCSC staff is under stringent control to ensure that they are only engaged where appropriate in accordance with the prescribed ambit of the NCSC Staff Scheme as set out in paragraph 2 above. The number of NCSC staff has been decreasing since the peak in 2006. According to the latest annual statistics, there were 9 773 full-time NCSC staff as at 30 June 2018. Compared with the historical peak as at 30 June 2006, there had been a reduction of about 8 800 positions, i.e. almost by half. The number of NCSC staff has been on a continuous downward trend for more than a decade, as shown in **Annex A**. As compared with last year, the number of NCSC staff had further decreased by 607 (around 6%) in 2018. This was mainly a result of many B/Ds having completed the reviews of the related services and implemented the actions required. The number of NCSC staff engaged for coping with service needs where the mode of delivery of the service was under review or likely to be changed had thus reduced significantly by 420 as compared with last year. Furthermore, the number of NCSC staff had decreased following the completion of some large-scale time-limited projects. For example, the Home Affairs Bureau employed 31 NCSC staff for work

related to the Celebration of the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region. Those positions were deleted upon the completion of the celebration events.

9. On the other hand, as also mentioned above, although the number of NCSC staff will decrease upon the lapse of project-based or time-limited positions, some B/Ds still have a genuine need to create NCSC positions that fit the ambit of the NCSC Staff Scheme. For instance, during the period between July 2017 and June 2018, around 3 600 NCSC staff left their positions while some 3 000 new NCSC staff joined the Government.

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 9 773 full-time NCSC positions in B/Ds as at 30 June 2018, about half of them (46% or about 4 510 in number) were to meet operational and service needs that are time-limited or seasonal in nature. These NCSC positions will be deleted once the time-limited or seasonal operational and service needs end. For example, some 120 NCSC positions in the Working Family and Student Financial Assistance Agency were created to cope with the seasonal influx of applications under various student financial assistance schemes, and the implementation of the new Integrated Student Financial Assistance System. These NCSC positions will no longer be required upon completion of the relevant work.

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

12. Another 18% of the NCSC positions (about 1 750 in number) were created 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 the level and quality of service. 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 9% of the NCSC positions (about 910 in number) were created for meeting operational and service needs that only require staff to work less than the conditioned hours of civil servants. They were mainly created 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 2018, there were about 1 780 NCSC positions in HKP. About half of them 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 control².

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

14. Another 9% of the NCSC staff (about 840 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. Those jobs require marketing sense and latest commercial knowledge, and should more appropriately be taken up by NCSC staff with the relevant knowledge.

² As an illustration, mail volume decreased by 16.6% in Q3 of 2017 over the same period in 2016. The monthly traffic for local mail dropped by 14% in July over June 2017 but surged by 15.3% in March over February 2018, whereas that for outward air mail dropped by 11.1% in December over November 2017 but surged by 14.4% in July over June 2018.

(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 18% of the NCSC staff (about 1 770 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 2018, some 260 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. In the past five years, the number of NCSC staff engaged by LCSD for services where the delivery mode is under review or likely to be changed has decreased by 55% upon completion of the reviews and arrangements made on the long-term manpower needs.

16. A breakdown of the employment situation of the 9 773 NCSC staff by B/Ds and by reasons of employment are at **Annexes B** and **C** respectively. As shown in **Annex D**, almost two-thirds (65%) of the NCSC staff had been employed for less than five years. As set out in **Annex E**, 45% received monthly pay between \$8,000 and \$15,999 and another 33% were remunerated between \$16,000 and \$29,999, while 18% 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 21 below.

Long tenure of NCSC staff

18. 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.

19. As at 30 June 2018, about one third of the NCSC staff (about 3 400 in number) had continuous service of five years or more. That represented a 7% reduction (about 270 in number) as compared with 2017, and a 28% reduction (about 1 340 in number) as compared with the historical peak of 4 746 as at 30 June 2013. Some 30% of the 3 400 or so NCSC staff had served in different NCSC positions without a break in service, instead of taking the same positions all along. About 32% of the 3 400 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, 26% 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 70% after review. Also, because of a gradual change in the mode of service delivery, there was a reduction of about 75% 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 3 400 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

20. 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 2018³, the average success rates for NCSC staff and other applicants were around 15% and 2% respectively. More than 8 700 NCSC staff were recruited as civil servants during the period.

Terms and conditions of service and Pay adjustment for NCSC staff

21. Some Members have previously raised 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 to ensure that the employment package remains competitive with the prevailing employment market situation, and enables them to recruit and retain NCSC staff. Insofar as pay adjustment is concerned, we understand that the rate of pay adjustments of NCSC staff in the major NCSC user B/Ds is comparable to that of 2018-19 civil service pay adjustments. Moreover, 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.

Conclusion

22. 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 fits 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 whether the NCSC positions are suitable for conversion to civil service posts.

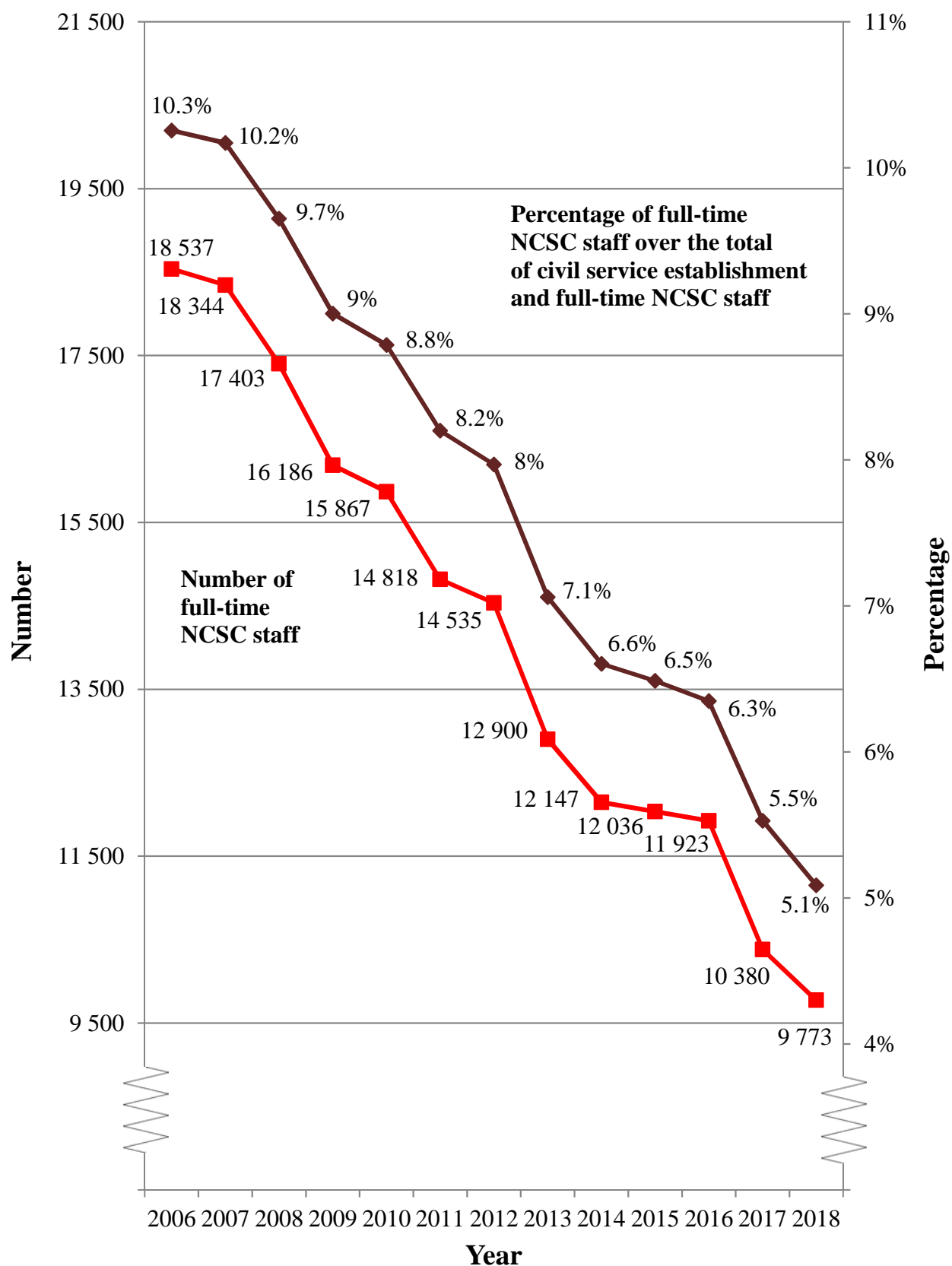
³ 1 419 civil service open recruitment exercises involving qualified applications from serving NCSC staff performing comparable duties to the rank under recruitment had been launched and completed during the period.

Views Sought

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

Civil Service Bureau
November 2018

**Employment Situation of NCSC Staff from 2006 to 2018
(Position as at 30 June)**

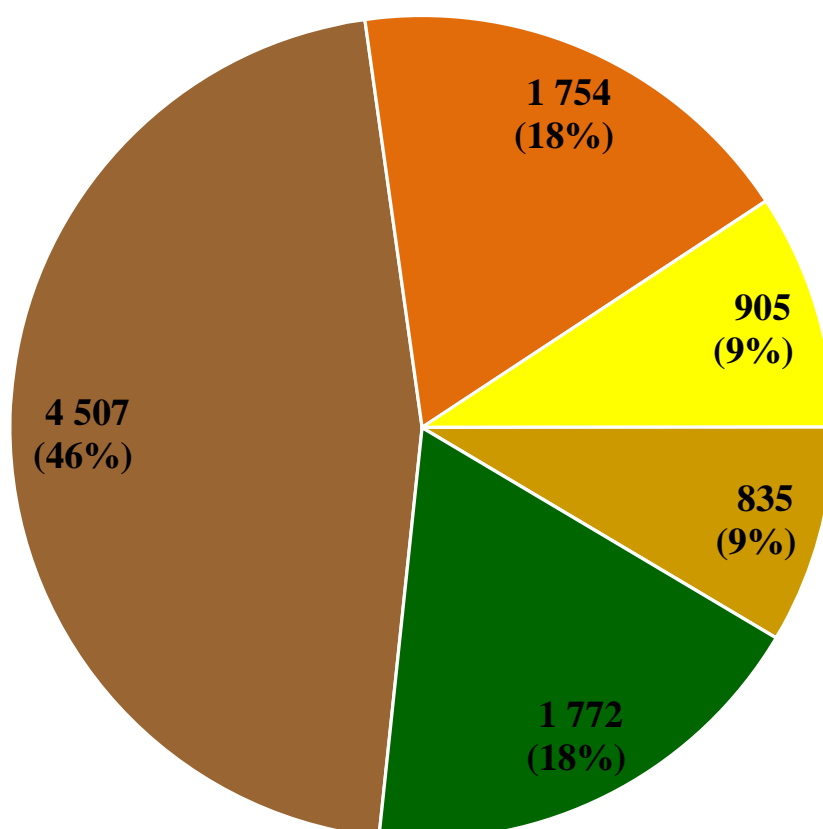







Annex B**Employment of Full-time NCSC Staff
by Bureau/Department/Office**

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2017	Position as at 30 June 2018
Agriculture, Fisheries and Conservation Department	202	144
Architectural Services Department	39	33
Buildings Department	147	95
Census and Statistics Department	160	132
Chief Executive's Office	7	6
Chief Secretary and Financial Secretary's Offices	35	31
Civil Aviation Department	14	6
Civil Engineering and Development Department	62	41
Civil Service Bureau	1	1
Commerce and Economic Development Bureau	34	34
Companies Registry	87	108
Constitutional and Mainland Affairs Bureau	1	5
Correctional Services Department	6	5
Customs and Excise Department	7	9
Department of Health	435	363
Department of Justice	61	59
Development Bureau	50	46
Drainage Services Department	90	82
Education Bureau	1 201	1 179
Efficiency Office	461	447
Electrical and Mechanical Services Department	710	712
Environment Bureau	3	4
Environmental Protection Department	77	68
Financial Services and the Treasury Bureau	4	6
Fire Services Department	16	34
Food and Environmental Hygiene Department	200	160
Food and Health Bureau	11	14
Government Flying Service	9	7
Government Laboratory	12	12
Government Logistics Department	33	33
Government Property Agency	3	1

Bureau/Department/Office	Number of NCSC Staff	
	Position as at 30 June 2017	Position as at 30 June 2018
Highways Department	61	66
Home Affairs Bureau	53	24
Home Affairs Department	443	580
Hong Kong Observatory	19	19
Hong Kong Police Force	47	27
Hongkong Post	1 818	1 780
Immigration Department	37	38
Information Services Department	26	25
Inland Revenue Department	194	168
Innovation and Technology Bureau	-	1
Innovation and Technology Commission	40	42
Intellectual Property Department	11	18
Invest Hong Kong	60	66
Judiciary	83	108
Labour and Welfare Bureau	24	24
Labour Department	88	68
Land Registry	94	87
Lands Department	178	144
Legal Aid Department	3	2
Leisure and Cultural Services Department	1 293	1 165
Marine Department	12	7
Office of the Communications Authority	127	128
Office of the Government Chief Information Officer	10	4
Official Receiver's Office	38	34
Planning Department	40	28
Radio Television Hong Kong	210	180
Rating and Valuation Department	30	25
Registration and Electoral Office	360	309
Security Bureau	34	45
Social Welfare Department	82	62
Trade and Industry Department	57	48
Transport and Housing Bureau	7	10
Transport Department	62	51
Treasury	10	8
University Grants Committee Secretariat	18	23
Water Supplies Department	71	61
Working Family and Student Financial Assistance Agency	462	421
Total	10 380	9 773

**Breakdown by Reasons of Employment of Full-time NCSC Staff
(as at 30 June 2018)**



-  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 2018)

Length of Continuous Service ^(Note 1)

Length of continuous service	No. of NCSC staff (and percentage to total)
Less than 3 years	5 140 (52.6%)
3 years to less than 5 years	1 229 (12.6%)
5 years or more	3 404 ^(Note 2) (34.8%)
Total	9 773 (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

1 010 out of 3 404 staff have been engaged in different NCSC positions within the same department.

Employment of Full-time NCSC Staff

(Position as at 30 June 2018)

Salary Range

Monthly salary	No. of NCSC staff (and percentage to total)	
\$30,000 or above	1 777	(18.2%)
\$16,000 - \$29,999	3 217	(32.9%)
\$8,000 - \$15,999	4 407	(45.1%)
Below \$8,000*	372	(3.8%)
Total	9 773	(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.