

**For information
8 March 2004**

Legislative Council Panel on Health Services

**Adjustment of Monthly Allowance
For HA Staff Appointed on or after 1 April 1998**

Purpose

This paper briefs Members on the background behind the recent discussion on the possible adjustment of monthly allowance for staff of the Hospital Authority (HA) appointed on or after 1 April 1998.

Cash Allowance for HA Staff appointed before 1 April 1998

2. The remuneration package of most HA staff includes a cash allowance component, which is the cash equivalent of some of the civil service fringe benefits. For HA staff who were appointed between 1991 and March 1998, the Cash Allowance is calculated as a fixed percentage of the basic salary. When the Government adjusted downwards the civil service pay in October 2002 and January 2004 respectively, the HA made similar adjustments in the basic salary of these staff. The Cash Allowance of these HA staff who were appointed before 1 April 1998 were reduced accordingly.

Monthly Allowance for Staff appointed on or after 1 April 1998

3. In 1997, the Government reviewed the funding arrangements for HA to ensure adherence to the principle of overall cost comparability of the remuneration packages in subvented organisations with that of the civil service. As a result of the review, the Government decided to change the on-cost budget funding basis for HA staff to be appointed on or after 1 April 1998. Consequently, from April 1998 onwards, the HA offers all new recruits a Monthly Allowance of a fixed dollar amount for each pay point instead of a percentage of the basic salary. The amounts of the Monthly Allowance were determined on the basis of the 1997 on-cost rates of civil servants in comparable pay bands, and subject to review by the HA from time to time at its discretion.

4. In the first few years after 1998, there had not been major variations in the on-cost of civil servants and the remuneration package

for HA new appointees and Civil Servants remained broadly comparable in cost. Recently, the Treasury completed another updating of civil servant on-cost figures reflecting reductions in overall terms. The HA therefore has to consider ways and means in order to maintaining overall cost comparability with the civil service, such as adjusting the Monthly Allowance. In view of the change in the HA's staff structure over time, there is also the need to examine whether, and if so how, the overall cost comparability principle would be applied.

Staff Consultation

5. At the moment, HA is conducting a series of staff discussions on the subject through the HA's existing staff group meetings mechanism. The Chief Executive of HA has met with the various staff groups, including more recently the Front Line Doctors Union to explain the background of the staff package that was implemented for all new appointees after 1 April 1998, as well as the cost comparability principle. The HA will continue to work closely with staff groups to arrive at the most appropriate solution to suit the circumstances.

Health, Welfare and Food Bureau
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