

**For Information on
25 June 2007**

Legislative Council Panel on Health Services

**Implications of the 2006 Starting Salaries Survey Findings
and the 2007-08 Civil Service Pay Adjustment
on the Hospital Authority**

PURPOSE

This paper sets out the implications of the 2006 Starting Salaries Survey (SSS) findings and the 2007-08 Civil Service Pay Adjustment on the Hospital Authority (HA).

BACKGROUND

HA's power to determine remuneration for its employees

2. The HA has the authority to determine the remuneration of its employees. Section 10 of Schedule 3 to the Hospital Authority Ordinance (Cap. 113) stipulates that the HA shall determine, amongst others, the remuneration, and the terms and conditions of employment, of its employees.

3. Although historically the HA pay scales resemble closely those of the civil services, the HA has over the years implemented various reforms on staff's remuneration structures, amongst which the 2000 Medical Grade Reform has put in place a new Resident pay scale to cater for the arrangement of specialist training for Residents.

Starting Salaries Surveys

4. In 2000, the Government adjusted downwards the starting salaries for entry ranks of certain civil service grades in accordance with the Chief Executive(CE)-in-Council's decision as to how the findings of the 1999 SSS should be applied to the civil service. The HA lowered the starting salaries for its entry ranks in 2000 due to a reduction in Government subvention to the HA as a result of the 1999 SSS.

5. The Government has recently completed a SSS using 1 April 2006 as the reference date. Subject to the approval of the Finance Committee, the Government will -

- (a) adjust upwards, with effect from 1 August 2007, the starting salaries of certain civil service grades in accordance with the CE-in-Council's decision as to how the findings of the 2006 SSS should be applied to the civil service; and
- (b) adjust the pay of serving civil servants who are appointed on or after 1 April 2000 to those grades with upward adjustment in starting salaries, and who are still serving on entry ranks (hereafter referred to as affected serving civil servants) in accordance with the normal conversion arrangement as set out in the Establishment Subcommittee paper EC(2007-08)7.

2007-08 Civil Service Pay Adjustment

6. Subject to the approval of the Finance Committee, civil service pay will be increased by 4.96% for the directorate and civil servants in the upper salary band, and 4.62% for civil servants in the middle and the lower salary bands with retrospective effect from 1 April 2007.

IMPLICATIONS OF THE CIVIL SERVICE PAY ADJUSTMENTS ON THE HA

2006 SSS

7. The salary structures of staff in the HA have been delinked from the pay scales of the civil service for some time. Therefore, the recommended revised starting salaries and the normal conversion arrangement for affected serving civil servants would have no direct impact on the HA staff concerned. However, noting that the subventions to some organisations, including the HA, had been reduced in connection with the downward revision of starting salaries for the civil service with effect from April 2000, the Government will adjust the subvention to the HA in the context of the present exercise, having regard to factors including the terms of subvention agreements and the amount of reductions made in the 2000 exercise. The Health, Welfare and Food Bureau is now discussing with departments concerned and the HA on the subvention, with a view to determining the detailed arrangements on the adjustment of subvention to the HA.

2007-08 Civil Service Pay Adjustment

8. Generally speaking, **remuneration for subvented staff** is a separate matter from funding for subvented organizations. As stated in paragraph 2 above, the HA has the statutory power to determine the pay or pay adjustment of its staff. The pay and other appointment matters of staff working in the HA are matters between the HA as the employer and its employees. The Government will not impose the civil service pay adjustment, upward or otherwise, on the HA.

9. In terms of **funding to subvented organizations**, it has been the established practice that following a civil service pay adjustment, the Government would adjust the subventions for those organizations with funding price-adjusted on the basis of formulae including a factor of civil service pay adjustment. In line with this established practice and subject to the approval of the Finance Committee of the proposed civil service pay adjustment, the Government will increase the personal emolument portion of recurrent subventions to these organizations, including the HA, on the basis of the weighted average of the 2007-08 civil service pay increase (i.e. 4.72%). The Government has adopted the same approach and used the civil service weighted average in reducing the subventions of most subvented organizations following the civil service pay reductions in October 2002, January 2004 and January 2005.

Advice Sought

10. Members are invited to note the content of this paper.

Health, Welfare and Food Bureau
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