

**Opening Remarks by Prof Paul CHU Ching-wu,
President, The Hong Kong University of
Science and Technology, and
Convenor, Heads of Universities Committee,
at the Public Hearing of the Public Accounts Committee
on Wednesday, 14 May 2003**

Honourable Members,

On behalf of the Heads of Universities Committee, I would like to thank you for inviting us to this meeting.

Thanks to the Government's far-sighted investment in universities, the tertiary education sector of Hong Kong has made great strides in the past decade. Many more young people have had the opportunity to receive the university education that previous generations could only dream of. A better-educated workforce has helped the economy to stay competitive. Institutions have developed remarkable strengths in different areas of research. In some areas, research capabilities and achievements have already reached international standards, such as nanotechnology, biotechnology and medical science, just to mention a few. Technologies developed in university laboratories have been transferred to industries and businesses, helping improve both their products and productivity. As early as 1993, HKUST launched the HK SuperNet, the first licensed Internet service provider in Hong Kong. HK SuperNet was once voted the best Internet service provider in Asia. It attracted strong interest from investors and was later sold to a private company. I'm sure other sister institutions also have similar successful stories to tell.

Tertiary institutions have indeed created great value for the Hong Kong society in many different ways. Value is not just the money cost. A Value-for-Money Audit can help review the cost-effectiveness of university operations. But the value of tertiary education cannot be measured simply in dollars and cents.

Nevertheless, the Audit Director's Report has reminded us of the trust the public puts in universities. All along, institutions take great care in managing the public resources entrusted with them. We manage these resources with due regard to the principles of transparency, accountability and productivity. During a period of economic difficulty, universities are fully prepared to share the burden with other members of the community. We have been examining every possible way of improving productivity and saving costs. And we welcome suggestions and discussions.

Of all elements essential to the success of university education, a quality teaching and research team is most important. Thanks to Hong Kong's ability to attract talents from the international academic community, and the tireless endeavors of staff and students, universities in Hong Kong have produced results that we can be all proud of.

Tertiary institutions in Hong Kong operate in a very different environment from those in other countries. To stay competitive internationally, universities in Hong Kong cannot rely only on local recruitment to satisfy their needs. But overseas academics have to overcome the difficulties in moving their families into a different environment. Therefore, we have to pay a premium to attract academics from overseas to accept positions in Hong Kong. This is particularly true in the building up stage that we are now in. For example, in Houston, the universities have to offer much more attractive packages of pay and research support than Harvard, Princeton or Berkeley to recruit and to retain prominent faculty. By doing so, Rice University succeeded in keeping, Professor Rick Smalley, the 1996 Nobel Laureate in Chemistry, in Houston.

Simple comparisons between the average pay of Hong Kong academics and their US counterparts may not be very useful in understanding the real picture. In the US, aside from the different remuneration conditions, there are big differences in pay between universities, depending on an academic's responsibilities and performance. For example, the remuneration package for a university president varies from more than a million US dollars to only US\$100k. For instance, in public universities, Professor Mark Yudof of UT is paid US\$800k and Professor Art Smith of UH is paid US\$550k, while some presidents in Utah are paid only \$105k. There also exists a wide spread in faculty salaries, which depends on merit and can mean some faculty are higher paid than the university president, the mayor, the governor, and until very recently the President of the US.

We should also be careful in comparing HK with the UK. The UK has lost many of its talents in the past decade because of its uncompetitive pay. Just in the last ten years, the once almighty Oxford and Cambridge tried to lure some of the most talented scholars from the US, especially their expatriates, back to the UK but failed. From personal experience, three of my good friends, one at UTA, one at Berkeley and one in Houston, finally decided to stay in the US because of the low salaries offered in the UK.

We all know that money is not everything. But money is necessary in the development of world-class status universities. One can easily find a simple yet rather reliable correlation between professors' pay and talent pool needed to develop a great society and economy, be it among countries, states or even within a university system. Our universities are the great assets of Hong Kong. As with all other assets, their value may appreciate but takes a long time; however, it may depreciate overnight. We hope that we can make use of this opportunity to further enhance the value of these great assets, and make them a beacon of tertiary education in our region.