

Heads of Universities Committee (HUCOM)

*City University of Hong Kong Hong Kong Baptist University
Lingnan University The Chinese University of Hong Kong
The Hong Kong Institute of Education The Hong Kong Polytechnic University
The Hong Kong University of Science & Technology The University of Hong Kong*

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A Joint Statement on the Financing of Higher Education

The heads of Hong Kong's publicly financed universities wish to reiterate the concerns they expressed in their joint statement of 12 November 2003 (please refer to *Appendix*). As we noted at that time, Hong Kong has delivered on its commitment to build a system of tertiary education that is of the highest international standard, and has every reason to be proud of its achievement. Its universities have achieved international distinction in recent years, and are one of the areas for which Hong Kong can already stake a claim to the status of being a "world city" in Asia.

In our earlier statement, we also recognized the serious financial problems being faced by Hong Kong's Government, and indicated our willingness to shoulder our share of the burden of dealing with them. However, we were disappointed then, and remain disheartened, by what appears to be a backing off of the commitment to provide the people of Hong Kong with higher education of the highest standard. Our universities have been the envy of many in the region and the opportunities higher education has given our people can provide the fuel that will drive the engine of Hong Kong's future economic success. To lose the edge they currently provide us would be a tragic and shortsighted mistake.

Our commitment to doing our share to address Hong Kong's fiscal problems is not mere lip service. In fact, since 1998, during a period when overall public spending increased substantially, the university sector absorbed a net reduction in support of about 10%. We have also, in our discussions with the University Grants Committee of funding for the "rollover year" of 2004/05, agreed we could absorb a further cut of around 10%. This is a reduction in a single year nearly as large as proposed for all Government departments for the five-year period 2004-09.

In addition, we have been informed that further reductions will be made from 2004-2008 through the phasing out of public financing for taught postgraduate and sub-degree programs. And yet, the expectation is that we may be asked to take still further budget cuts within that period, perhaps of comparable size to the cut in 2004/05. It is, in fact, misleading to focus on the "less than 11%" envelope for education, if nearly all of this reduction is going to be passed on to the tertiary sector. Representing only about 1/3 of the education budget, the university sector in such a case will have to be reduced proportionately by three times as much as other Government funded activities. And this will be on top of the 10% reduction already taken in 1998-2004, and another 10% reduction in 2004/05.

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This is not to say that the 10% reduction in 2004/05 will be easy for the universities to absorb. A cut of this magnitude in a single year will require more than the usual belt-tightening, but the breathing space from the past years of budget reductions that would be provided by a respite in the 2005-08 triennium would make it possible to repair the short term dislocations caused by this sudden decline in resources. If the reductions continue at the same pace, however, the cumulative effect will be severe, and higher education in Hong Kong will experience a serious decline in both reputation and value. The response of the universities could include more drastic measures of salary reduction, layoffs, and the merging and closing down of programmes and departments.

Some have pointed to the increased support from the private sector, and the Government's encouragement of this through matching grants, as the solution. However, it takes a long time to build a reliable network of donors, and fund-raising is a long-term strategy. As welcome as the matching grant program is, in the short term a one-off grant is no real substitute for the sustained support of recurrent funding. Indeed, the quickest way to dry up donor enthusiasm is to ask them to replace recurrent funds that have been taken away by the Government. In fund-raising, strength begets strength. Our success in attracting private support is due, in large part, to the perception that we are doing well and can do even better with enhanced support from our benefactors. A massive reduction in Government support will send the message, however unintended, that higher education is no longer a priority. In those circumstances, potential donors will also re-evaluate their own priorities.

In recent weeks, the turmoil caused by the concerns and fears of students and staff over budget cuts has become more public. That this has boiled over into the public arena is due, in no small part, to the lack of transparency in the development of a budget strategy and its implementation. An open discussion of the alternatives, with objective facts substituted for anecdotal remarks about the basic costs, would not only lead to better decisions but would avoid the kind of uncertainty and apprehension that now pervades the universities.

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12 November 2003

HUCOM: Joint Statement

We are greatly saddened by the Government's decision to further reduce spending on education notwithstanding the fact that it has recognized that support for this sector is vital for Hong Kong's future. We are particularly dismayed by the fact that only two years ago in his 2001 Policy Address, the Chief Executive affirmed that "despite the pressure of economic downturn on public finances, our resolve to invest in education is unshaken. Regardless of Hong Kong's economic situation, you can rest assured that in the next five to ten years spending on education will continue to increase year after year" (Policy Address, 10 October 2001, p. 15). At present, the Government spends a relatively low proportion of GDP on education as a whole in terms of Hong Kong's level of economic development and provides restricted access to higher education. Hong Kong will never achieve its goal of becoming a world-class international city if it continues to reduce investment in education since, in the final analysis, it is educated people who are our greatest asset.

Over the last twenty years, the higher education sector in particular has made a significant and important contribution to Hong Kong's development and stability. One of the key features of our society that distinguishes it from others in Asia is that we possess a system of higher education that is of international standard. Nevertheless, it is becoming clear that the scale of the existing and planned cutbacks, through a wide variety of means, will result in approximately 50% reduction of the spending on the sector over a period of less than a decade if indeed there is a further deep cut in the forthcoming triennium. No organizations let alone universities can cope with such a magnitude and pace of budget cuts without compromising quality seriously.

We fully appreciate that the universities, along with other publicly funded organizations whose remuneration packages have been historically linked to those of the civil service, require restructuring to match the changing economic environment. However, we are distressed by the fact that while the Chief Executive committed to increase spending in education, the Government should impose such a deep cut in funding for the universities. The current strategy of isolating higher education and using it as the major target to achieve savings is not only short-sighted and politically expedient, but will also result in Hong Kong losing its place as one of the leading providers of higher education in East Asia and its future as a knowledge economy. If the Government continues to cut its higher education funding, then, in the long term, it is the whole Hong Kong community and its development that will suffer.

We have learnt that some of our colleagues and students are planning protest activities of one form or another. We understand their worries and concerns and will continue to seek discussion with the Government. We would also like to urge students and colleagues to minimize the impact of their protests on teaching and learning activities, and hope that universities and their members will continue to engage in a rational dialogue with the Government on higher education development and its funding needs.

We call on the Government to sustain its long term commitment to the development of higher education in Hong Kong.

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