



中華人民共和國香港特別行政區政府總部教育局
Education Bureau
Government Secretariat, The Government of the Hong Kong Special Administrative Region
The People's Republic of China

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11 December 2012

Clerk to Panel
Legislative Council Panel on Education
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Miss Polly Yeung)

Dear Miss Yeung,

Panel on Education

**Remuneration system for staff employed by
University Grants Committee-funded institutions**

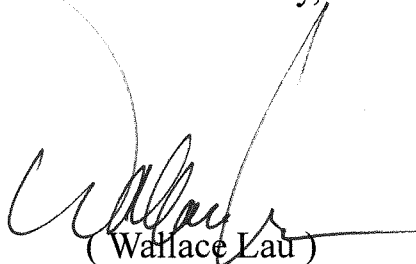
I refer to your letter of 26 November to the Secretary for Education.

As independent statutory bodies governed by their respective ordinances and councils, the eight University Grants Committee (UGC)-funded institutions enjoy a high degree of autonomy in the management of their internal affairs and the internal deployment of resources. As stated in the UGC Notes on Procedures, the bulk of UGC recurrent grants to institutions is in the form of a block grant, which provides for a one-line allocation of resources to institutions without specific requirements attached as to how it should be spent. The responsibility for day-to-day decisions, and the detailed workings for almost all use of the block grant, is placed on the institutions. The Notes on Procedures also provide that there should be no cross-subsidisation of UGC resources to non-UGC-funded activities (including, but not limited to, self-financing activities).

To enable institutions to compete globally for talents, and to provide them with more flexibility to adapt their remuneration packages to pursue different roles and missions and to respond to changing local and international conditions, the Finance Committee of the Legislative Council has approved the deregulation of salaries for the staff of the UGC-funded institutions with effect from 1 July 2003. They are henceforth free to decide on the remuneration systems that best suit their needs and circumstances, and are accountable for such decisions. Neither the Government nor the UGC is in a position to interfere with human resource matters between institutions as employers and their employees.

It has been an established practice for the Government to continue to adjust the pay-related portion of the UGC recurrent grants for the institutions to reflect any adjustment in civil service salaries, making reference to the circumstances before deregulation. Where the civil service pay adjustment involves a pay rise, the corresponding supplementary grants for the institutions will be calculated in accordance with the weighted average of the pay rise decided for the civil service. In the 2012-13 financial year, an additional sum of \$667 million was allocated to the UGC-funded institutions to reflect the civil service pay adjustment. Once the supplementary grants are allocated to the institutions, they have flexibility in deciding whether and how adjustments to the remuneration for their own staff should be effected.

Yours sincerely,



(Wallace Lau)

for Secretary for Education

cc Secretary-General, University Grants Committee Fax : 2845 1596
(Attn: Ms Eva Yam)