

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 9th meeting
held at the Legislative Council Chamber
on Friday, 11 April 2003, at 2:30 pm

Members present:

Dr Hon Philip WONG Yu-hong (Chairman)
Hon NG Leung-sing, JP (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, GBS, JP
Dr Hon David CHU Yu-lin, JP
Hon Cyd HO Sau-lan
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon CHAN Kwok-keung
Hon Bernard CHAN, JP
Hon CHAN Kam-lam, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, GBS, JP

Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung, BBS
Hon LAU Kong-wah
Hon LAU Wong-fat, GBS, JP
Hon Miriam LAU Kin-yee, JP
Hon Ambrose LAU Hon-chuen, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Dr Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok
Hon WONG Sing-chi
Hon IP Kwok-him, JP
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP
Hon MA Fung-kwok, JP

Members absent:

Dr Hon David LI Kwok-po, GBS, JP
Hon CHAN Yuen-han, JP
Hon LAU Chin-shek, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon Frederick FUNG Kin-kee

Public officers attending:

Mr Alan LAI Nin, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Stanley YING, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr David WONG	Principal Assistant Secretary for Security

Mr C C LEE, JP	Chief Fire Officer of Fire Services Department
Mr S O LAU	Chief Ambulance Officer of Fire Services Department
Mr C H YUE, JP	Director of Architectural Services
Mr K K MOK, JP	Deputy Government Property Administrator
Mrs Fanny LAW, JP	Permanent Secretary for Education and Manpower
Mr Peter CHEUNG, JP	Secretary-General of University Grants Committee Secretariat
Mr Francis HO, JP	Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting)
Mr Brian LO	Assistant Commissioner for Innovation and Technology

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Polly YEUNG	Chief Assistant Secretary (1)3
Ms Rosalind MA	Senior Assistant Secretary (1)9
Ms Caris CHAN	Senior Legislative Assistant 1
Mr Frankie WOO	Legislative Assistant 2

Action

Item No. 1 - FCR(2003-04)1

RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 26 FEBRUARY 2003

Mr LAU Ping-cheung declared interest that the surveying firm he worked for might participate in the tendering of the consultancy for the capital works projects under FCR(2003-04)1.

2. Referring to PWSC(2002-03)89 - Kwai Chung ambulance depot with Fire Services Department offices and refuse collection point at Hing Shing Road, Area 10B, Kwai Chung, which was endorsed by the Public Works Subcommittee (PWSC) at its meeting on 26 February 2003, Mr LEUNG Yiu-chung requested to put on record the strong objection raised by the local

community. Mr LEUNG pointed out that in view of the proximity of the proposed refuse collection point (RCP) to nearby residential development and school, the Incorporated Owners of the Hibiscus Park and the principal of the Lions College were gravely concerned about the environmental nuisance generated from the operation of the RCP and raised strong objection to the proposal.

3. At members' request to consider and vote on PWSC(2002-03)90 separately, the Chairman put FCR(2003-04)1 except PWSC(2002-03)90 to the vote. The Committee approved the proposal.

PWSC(2002-03)90 36BA Mong Kok ambulance depot with Ambulance Command and Fire Safety Command Headquarters at Anchor Street, Mong Kok

4. Mr LAU Ping-cheung declared interest that the surveying firm he worked for might participate in the tendering of the consultancy for the project proposal.

5. Noting from the Administration's supplementary information that the total net operating floor area for the offices to be relocated would only increase slightly by 43 square metres after the proposed relocation, Ms Emily LAU considered the proposal acceptable. For relocation proposals, Ms LAU opined that the Administration should, as far as possible, include in future submissions to PWSC information on the existing and proposed space provision of government offices, as well as the number of staff in the offices.

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6. Ms Emily LAU expressed concern about the optimal utilization of Government sites, in particular for ambulance depots the operation of which might impose constraints in identifying compatible joint users. She asked whether the Administration had any measures to facilitate the optimal utilization of Government sites in future developments. In reply, the Deputy Government Property Administrator (DGPA) advised that there was no definite plot ratio set for government/institution/community (GIC) sites and the plot ratio of 10 applicable to commercial site was normally used for assessing the optimal use of GIC sites. While the plot ratio for commercial sites would be appropriate for most government offices and facilities, it might not be the case for special facilities such as the ambulance depot and other Fire Services Department (FSD) facilities due to their unique operational requirements. As a result, GIC sites used for the development of these special facilities usually could not meet the plot ratio for commercial sites and joint users had to be identified for optimal utilization of the site. DGPA advised that in response to members' comments on an earlier proposal on FSD facilities, GPA was exploring in consultation with the Planning Department the feasibility of providing an indicative plot ratio on a case-by-case basis for the development of GIC sites where special facilities like the ambulance depots were proposed

so that a more realistic plot ratio could be used to assess the utilization of the site.

7. Ms Emily LAU queried whether the provision of an indicative plot ratio for the development of FSD facilities would in effect relax the criteria for assessing optimal utilization of GIC sites, thus resulting in wastage of valuable land resources. Noting that in practice, the plot ratio for commercial sites was used for assessing the utilization of GIC sites, Mr Abraham SHEK expressed concern about whether optimal utilization could in fact be achieved.

8. In response, DGPA explained that as there was no definite plot ratio set for GIC sites, the effort of GPA in identifying joint users for FSD facilities might be abortive if the plot ratio for commercial sites was strictly applied for the purpose of assessing the utilization of each of these sites. The proposed arrangement of seeking an indicative plot ratio for individual developments on GIC sites would facilitate a more realistic assessment of optimal utilization of the site on a case-by-case basis. DGPA assured members that while the operational requirements of the proposed development would be taken into account in working out the indicative plot ratio, GPA would continue its efforts in seeking joint users for optimal utilization of the GIC site if the proposed development fell short of the indicative plot ratio.

9. Mr LAU Ping-cheung enquired whether the estimated project cost had included the cost for the installation of special traffic signals or road diversion arrangements necessary for the operation of the ambulance depot. In reply, the Chief Fire Officer of FSD advised that the cost for installing wig-wag signal at the entrance of the ambulance depot was included in the estimated construction cost for the project. The Director of Architectural Services supplemented that minor road widening at Tai Kok Tsui Road would be required in relation to the proposed depot. The cost for the road widening works would be met from another vote.

10. The Chairman put PWSC(2002-03)90 to the vote. The Committee approved the item.

Item No. 2 - FCR(2003-04)5

HEAD 190 – UNIVERSITY GRANTS COMMITTEE

◆ Subhead 000 Operational expenses

11. Members noted that the present proposal had been discussed at the Panel on Education on 17 February and 3 March 2003.

12. Dr YEUNG Sum declared his interest as a staff member of the University of Hong Kong (HKU). As Chairman of the Panel on Education, he

reported that the Panel had held a special meeting on 7 April 2003 which was attended by staff and student representatives of the eight University Grants Committee (UGC)-funded institutions. They all raised objection to the proposal to delink, with effect from 1 July 2003, the various salary scales of the UGC-funded institutions from the civil service pay scale before an agreement on the implementation and monitoring arrangements was reached with the staff side. The attending representatives also queried that the deregulation proposal was to pave the way for the 10% reduction in funding for the institutions. The Panel also received a letter from Professor NG Ching-fai, President and Vice Chancellor of the Hong Kong Baptist University and Convenor of the Heads of Universities Committee expressing grave concern about the impact of the cuts in funding. Professor NG also cautioned that the cumulative effect of the reduction in funding would affect the institutions' capacity to provide Hong Kong with the quality of higher education which the community desired.

13. Dr YEUNG Sum reported that he had been informed by Mr CHAN Chit-kwai who was Chairman of the Non-Academic Staff Association of HKU that the Vice Chancellor of HKU had no strong view over the delinking proposal if universities would only be subject to a 1.8% reduction in funding but would have grave reservation on the proposal if university funding would be cut by 10% in 2004-05. Dr YEUNG also recapped that the present proposal on deregulation of university salary was based on one of the recommendations of the Higher Education Review to provide greater flexibility to individual universities in determining a competitive remuneration package to facilitate the recruitment of high-calibre staff. Nevertheless, Dr YEUNG said that the existing remuneration package offered by UGC-funded institutions, coupled with Hong Kong's low taxation, was sufficiently attractive. Against the background of an impending 10% reduction in university funding, Dr YEUNG pointed out that the delinkage of university pay scale with that of the civil service would inevitably result in pay cuts and bring about uncertainty and instability over the employment of university staff. As such, Members of the Democratic Party objected to the present proposal, as well as to the future 10% reduction in university funding.

14. In response, the Permanent Secretary for Education and Manpower (PSEM) pointed out that the present proposal should be considered independently of the subject of funding for UGC-funded institutions. She confirmed that there would be no reduction in funding for 2003-04, being the last year of the current triennium. To facilitate the institutions in preparing their academic development programmes, the Administration had set 2004-05 as the "roll-over year" with the target of reducing cost by 10%. The Secretary for Education and Manpower had also consulted the Heads of Institutions (HoIs) on the feasibility of the said target. As regards funding for the next triennium starting in 2005-06, PSEM said that there was no concrete plan yet.

15. PSEM further advised that the deregulation of university pay was not a legislative proposal and was a cost-neutral exercise. The deregulation of pay scales with effect from 1 July 2003 would not affect the way in which the block grants were determined or adjusted for the triennium. Nevertheless, the approval of the Finance Committee (FC) had to be sought on the present proposal because the existing linkage between the various university salary scales and the civil service pay scale had been approved by FC and any subsequent variation would therefore require the approval of FC.

16. On consultation, PSEM said that public consultation had been carried out following the release of the Report on Higher Education Review. As she understood, the Heads of the eight UGC-funded institutions unanimously supported the deregulation proposal. The subject was also discussed at the Panel on Education twice during which views had been exchanged with staff representatives. The Secretary-General of University Grants Committee Secretariat (SG, UGC) supplemented that as he had ascertained, all HoIs were aware of a possible 10% reduction in funding in 2004-05. Nevertheless, they were still in support of the deregulation of university pay. The HoIs were keen to ensure that the deregulation exercise was cost neutral and that individual institutions should have the discretion to decide whether and when to implement the deregulation.

17. Dr YEUNG Sum did not subscribe to the Administration's explanation and pointed out that in the face of a 10% reduction in funding in 2004-05, HoIs had no alternative but to accept the deregulation proposal. This was because if individual institutions chose to maintain the existing link with the civil service pay scale, they might need to resort to massive lay-off in order to cope with the 10% reduction in funding in 2004-05.

18. Dr LAW Chi-kwong declared his interest as a staff member of HKU. While he had no objection to re-engineering initiatives, he said that re-engineering might eventually lead to reduction in staff. In this regard, PSEM opined that the 10% target saving might not necessarily be achieved by way of staff redundancy. Other options such as consolidation of academic programmes could result in an economy of scale and avoid duplication of resources.

19. Mr Albert HO remarked that the present proposal had financial implications. He pointed out that the deregulation of university salary, even if approved by FC, would not affect the remuneration of those university staff who already held a tenure. The category of staff who would be most hard hit would be contract staff or non-academic staff whose offices were not subject to any tenure. Mr HO shared some members' view that the present proposal should not be considered in isolation and should be examined as part and parcel of the overall funding arrangements.

20. In response, SG, UGC reiterated that the deregulation proposal would not affect the way in which the block grants to universities were adjusted for the triennium. As regards the arrangements for different categories of staff, SG, UGC advised that it would be for individual institutions to determine the pay and conditions of service for their staff. PSEM advised that following deregulation, universities would be free to work out with their staff the most suitable remuneration package. Hence, the possibility of variation to the terms and conditions of service of tenured staff could not be ruled out.

21. Miss Margaret NG agreed with the principles underlying the Report on Higher Education Review but she was concerned about the implementation of the recommendations. She enquired whether the existing linkage between university pay and civil service pay would cease to exist with effect from 1 July 2003; and whether the remuneration of those university staff who were on tenure could be varied after deregulation.

22. In reply, SG, UGC advised that if the present proposal was approved by FC, UGC-funded institutions would no longer be obliged to link their pay scale with that of the civil service starting from 1 July 2003. However, they might continue with the existing linkage if they so decided. On whether the remuneration terms of staff on tenure would be varied, SG, UGC said that under the overall spirit of institutional autonomy, it would be for the institutions to resolve the matter with the staff concerned.

23. Dr Raymond HO declared that he was the Chairman of the Council of the City University of Hong Kong 10 years ago. He said that based on his consultation with staff of three of the UGC-funded institutions, there was strong objection to the deregulation proposal. He agreed with Dr YEUNG Sum's view that the HoIs had no choice but to accept the deregulation proposal reluctantly. Dr HO pointed out that at present, some 35% of the study programmes run by the City University of Hong Kong and the Hong Kong Polytechnic University were sub-degree or higher diploma programmes which would no longer receive subsidies from the Government. This, coupled with the forthcoming 10% reduction in funding, would put pressure on the institutions to reduce their staff so as to lower costs. As a counter proposal, Dr HO asked whether the Administration would maintain the existing level of grant to the UGC-funded institutions for a certain period of time and allow individual institutions to implement its plan to convert the present three-year curriculum into a four-year one within existing resources. He also enquired whether the Administration could give an undertaking that there would be no further reduction in funding for a definite period.

24. PSEM reiterated that the future funding arrangements for UGC-funded institutions should not be considered in conjunction with the current proposal. To reduce the institutions' heavy reliance on government funding, the Administration had set up a \$1 billion matching fund to encourage the

universities to raise funds on their own. On the duration of the university curriculum, PSEM pointed out that in pursuing this issue, consideration must also be given to examining the interface with the secondary school curriculum.

25. Dr Raymond HO pointed out that the consequences of the deregulation proposal must not be overlooked. He considered that the Administration should re-submit its proposal after conducting more consultation with staff. He did not see the need to provide the institutions with the flexibility to decide their own remuneration systems as the existing package was sufficiently competitive for the purpose of global recruitment.

26. PSEM informed members that there had been ongoing consultation on the subject since March 2002 and the major concern raised by staff was the mechanism for devising an appropriate remuneration system. UGC would follow up with the respective Council of each institution on the progress of their work on this front. In this regard, Dr Raymond HO stated that in the absence of the Administration's undertaking not to impose further reduction in university funding and of any concrete plans to address the concerns of staff, he could not support the present proposal.

27. Mr LEE Cheuk-yan objected to the present proposal. He disagreed that the deregulation proposal should be considered separately from the reduction in funding and opined that FC should defer decision in the absence of information on future funding for the institutions. He considered that delinking the pay scale of university staff with that of the civil service was merely a management tool to pave the way for reduced funding. Mr LEE was gravely concerned that under the overall requirement to achieve savings, junior staff and newly recruited staff would become most vulnerable as they would likely be replaced by contract staff. The instability over employment might result in a decline in the quality of university education and affect Hong Kong's development into an information economy.

28. In response, PSEM advised that few countries now linked university pay with that of the civil service. Overseas experience had not indicated any problem arising from the deregulation of pay. As a further safeguard, each institution would also set up a committee to devise an appropriate remuneration system. Mr LEE Cheuk-yan doubted the success of overseas institutions in deregulating their pay scales and reiterated that the present proposal should be re-visited upon the availability of more information on overseas experience.

29. In this connection, SG, UGC stressed that the deregulation proposal was not meant to cut resources and had in fact been announced in March 2002, well before any announced plans to reduce public expenditure. Delinking university pay with civil service pay would enable individual institutions to devise their own remuneration packages and develop options to suit individual circumstances, e.g. encashment of housing benefits and consultancy services.

It could also provide the universities with a further option to adjust the pay of their staff instead of resorting to retrenchment to cope with resources constraints. He advised that the existing linkage was modelled on the system of the United Kingdom which had already been deregulated. In Singapore, for example, a performance-related pay system had been introduced. He assured members that the UGC had not lost sight of the international perspective in devising the current delinking proposal because over half of the members of UGC were from overseas.

30. Mr MA Fung-kwok had no objection in principle to the deregulation of university pay but expressed grave reservation on the present proposal which, in his view, was not cost-neutral. He considered that reform initiatives in the university sector were interrelated and questioned whether HoIs were still supportive of the deregulation proposal in the light of forthcoming changes such as the reduction in funding. Mr MA stressed that it was important for the Administration to consult HoIs and staff and reach a consensus with them over the matter. He said that he would be prepared to support the present proposal if there was clear support from the university sector. However, in the absence of such assurance, Mr MA queried whether a decision on the present proposal should be taken. Mr MA also urged the Administration to seriously consider positive suggestions put forth by HoIs such as converting the three-year university curriculum into a four-year one without any reduction in allocated funding.

31. On the stance of the HoIs, SG, UGC said that the HoIs were aware of the possible 10% reduction in university funding. While they had not indicated support for the said reduction, they were supportive of the present proposal on deregulation of university pay.

32. In reply to Ms Audrey EU's enquiry on how the level of funding would be determined, SG, UGC advised that if the present proposal was approved, the Government would continue to adjust the portion of pay-related expenditure in the recurrent grants to reflect any adjustment (upward or downward) in civil service salaries, making reference to the circumstances before deregulation. Specifically, the portion of pay-related expenditure to be adjusted would be determined based on a snapshot of the actual percentage of pay-related expenditure prior to the effective date of deregulation, i.e. 1 July 2003.

33. Ms Audrey EU supported in principle the deregulation of university pay. However, she disagreed that the deregulation proposal should be considered separately from the overall funding arrangements. She was gravely concerned about the uncertainty over future funding for UGC-funded institutions and stated that in the absence of any assurance from the Administration, she could not support the present proposal.

34. In this regard, PSEM reiterated that the present proposal was concerned with the pay system for UGC-funded institutions while the funding for 2004-05 and thereafter was an issue relating to resources allocation. She pointed out that under the existing policy, the Government was not in a position to provide any undertaking on future funding for universities. The 10% savings was only an indicative target for 2004-05 and represented the global allocation made by the Government to the UGC. How the global allocation would be distributed among individual institutions was yet to be worked out having regard to many different considerations. The actual level of funding for 2004-05 and for the next triennium had to be carefully worked out having regard to the institutions' academic development programmes and subject to the approval of FC.

35. Mr CHEUNG Man-kwong shared the view that the deregulation of university pay could not be considered outside the context of the reduction in university funding. He pointed out that given the forthcoming cut in funding, HoIs had no choice but to accept the deregulation proposal reluctantly. Where costs needed to be cut, relatively junior contract staff who might be potentially renowned scholars would likely be retrenched as it was much more difficult to terminate the tenure of long-serving academic staff. Mr CHEUNG was gravely concerned that this would lead to a succession gap in the academic sector. He also considered that the universities in Hong Kong should be given more time to develop the necessary capacity to raise funds on their own and that changes in the funding mode should take place gradually.

36. Mr Andrew WONG disagreed with the present proposal and considered that the Government should withdraw the paper. He took the view that if the existing linkage of university pay to civil service pay was inappropriate, the Administration should replace it with a more suitable linkage. Removal of the linkage altogether would lead to adverse competition among the eight institutions for resources and create rivalry among staff. He said that even under the existing system, flexibility was already available since some Professors could receive remuneration higher than the professorial range.

37. Mr James TIEN recapped the view of Members of the Liberal Party that the existing level of civil service pay was out of step with that of the private sector. Linking the university pay scale to that of the civil service would result in significant deviation from the market rates. He would not support reduction in staff but agreed with the reduction in pay. Mr TIEN considered that the remuneration package of university teaching staff in Hong Kong already compared much higher than that of their overseas counterparts. He sought the Administration's further comments in this regard, in particular the proportion of fringe benefits to basic salary.

38. In response, SG, UGC clarified that in putting up the present proposal, UGC was not taking the view that the pay of local university staff was on the

high side. He explained that the remuneration of local university staff was not strictly comparable to that of their overseas counterpart due to the difference in salary and ranking structure. At present, the salary scales of university staff were closely in line with those of the civil service, with the exception of the remuneration of the professorial rank for which only the minimum level was prescribed.

39. Ms Emily LAU did not see any serious problem with the deregulation of university pay per se. However, she was gravely concerned about the absence of any mutually agreed remuneration system and credible appeal mechanisms following deregulation and recapped that this was also a major concern raised by staff of the institutions. Ms LAU considered that members should not be asked to decide on the present proposal until after the new remuneration system and the necessary appeal channels were in place.

40. In response, SG, UGC considered that it would be more appropriate to remove the existing linkage in the first place so as to give the institutions a free hand to devise their remuneration systems. He also advised that in devising the remuneration systems, overseas institutions also observed the principles of transparency and external participation with the requirement that the ultimate decision should not be made by those on the line of command. SG, UGC added that in reviewing their governance structure, institutions were also required to look into the effectiveness of the existing appeal channels.

41. In reply to Ms Emily LAU, SG, UGC confirmed that HKU had completed a review of its governance and structure and released a report in February 2003 which recommended, inter alia, that two-thirds of the membership of the University Council should be external members and that a remuneration committee reporting directly to the University Council should be established. HKU was currently conducting the necessary consultation on the proposed arrangements. Meanwhile, the Hong Kong Institute of Education and the City University of Hong Kong were conducting similar reviews into their governance and management.

42. In this connection, Dr YEUNG Sum informed members that the relevant staff association and the Students' Union of HKU had raised objection to the recommendations of the review on governance and no agreement had yet been reached on the new mechanism.

43. As to Ms Emily LAU's concern about the arrangements to be adopted before any agreement was reached on a new remuneration system, SG, UGC said that the institution concerned might continue to link its pay scale to that of the civil service during the interim period. If the present proposal on deregulation was approved by FC, SG, UGC remarked that given the existing governance structure of various institutions, it was unlikely that the university management would impose the deregulation on its staff without due

consultation or in total disregard of the views from staff.

44. Ms Cyd HO supported in principle the deregulation of university pay. However, she shared some members' view that the Administration should withdraw the paper and re-submit the proposal after a mutually agreed and credible remuneration system and appeal mechanism had been established. She said that she could not support the proposal at the present stage.

45. Mr YEUNG Yiu-chung enquired whether individual institutions would need to abide by certain conditions such as obtaining the prior consent of staff and setting up the requisite appeal channels before deregulating their pay scales. In reply, PSEM recapped the recommendation of the Higher Education Review that the institutions should review their respective governance structure and formulate an appropriate remuneration system in consultation with staff. It would be up to individual institutions to work out how the necessary arrangements were to be implemented. At present, an appeal mechanism was in place in each of the UGC-funded institutions.

46. Mr LAU Ping-cheung declared his interest as a member of the Council of the City University of Hong Kong. He expressed support for the present proposal on account of the flexibility available to universities to determine their own remuneration systems. Nevertheless, he was concerned that in future, the UGC-funded institutions might become too market-oriented when offering study programmes. In response, PSEM said that this concern had been noted in the Higher Education Review. She assured members that UGC would monitor future development to ensure the diversity of academic programmes offered.

47. Mr LEUNG Yiu-chung remarked that the Administration had not informed members on how it would address the concerns raised by staff during consultation. He also cast doubt on the Administration's undertaking to follow up with the institutions if the programmes they offered were lopsided towards market needs and lacked diversity.

48. Mr Tommy CHEUNG declared that his wife was a lecturer on contract terms at the Hong Kong Polytechnic University. In reply to his enquiry on the implementation of the deregulation and whether it would have an effect on the salaries for 2003-04, PSEM confirmed that following approval of the present proposal by FC, individual institutions could decide on their own when to deregulate their pay scales after the effective date (i.e. 1 July 2003).

49. The Chairman put the proposal to vote. 23 members voted for the proposal, 20 members voted against and one member abstained. The individual votes were as follows :

For :

Mr Kenneth TING Woo-shou
Mrs Selina CHOW LIANG Shuk-ye
Mr Bernard CHAN
Mr WONG Yung-kan
Mr Howard YOUNG
Mr LAU Kong-wah
Ms Miriam LAU Kin-ye
Mr TAM Yiu-chung
Mr Abraham SHEK Lai-him
Mr Tommy CHEUNG Yu-yan
Dr LO Wing-lok
Mr LAU Ping-cheung
(23 members)

Mr James TIEN Pei-chun
Mr HUI Cheung-ching
Mr CHAN Kam-lam
Mr Jasper TSANG Yok-sing
Mr YEUNG Yiu-chung
Mr LAU Wong-fat
Miss CHOY So-yuk
Dr TANG Siu-tong
Mr Henry WU King-cheong
Mr LEUNG Fu-wah
Mr IP Kwok-him

Against :

Ms Cyd HO Sau-lan
Ir Dr Raymond HO Chung-tai
Mr Martin LEE Chu-ming
Miss Margaret NG
Mr CHEUNG Man-kwong
Mr SIN Chung-kai
Dr YEUNG Sum
Mr Andrew CHENG Kar-foo
Dr LAW Chi-kwong
Mr WONG Sing-chi
(20 members)

Mr Albert HO Chun-yan
Mr LEE Cheuk-yan
Mr Fred LI Wah-ming
Mr James TO Kun-sun
Mr LEUNG Yiu-chung
Mr Andrew WONG Wang-fat
Ms Emily LAU Wai-hing
Mr SZETO Wah
Mr Michael MAK Kwok-fung
Ms Audrey EU Yuet-mee

Abstention:

Mr MA Fung-kwok
(1 member)

50. The Committee approved the proposal.

Item No. 3 - FCR(2003-04)2

**INNOVATION AND TECHNOLOGY FUND
HEAD 111 – INNOVATION AND TECHNOLOGY**

♦ New Subhead “Development of functional nanomaterials and technologies by the Hong Kong University of Science and Technology”

51. Members noted that the present proposal had been discussed at the Panel on Commerce and Industry on 10 February 2003.

52. Mr SIN Chung-kai declared his interest as a member of the Council of the Hong Kong University of Science and Technology.

53. The Committee approved the proposal.

54. Due to insufficient time, the Chairman directed that the remaining items on the agenda (namely FCR(2003-04)3 and FCR(2003-03)4) be carried forward to the next meeting of the Committee.

55. The Committee was adjourned at 4:30 pm.

Council Business Division 1
Legislative Council Secretariat
12 July 2003