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Panel on Education

**Minutes of special meeting
held on Monday, 3 March 2003 at 2:30 pm
in the Chamber of the Legislative Council Building**

- Members Present** : Dr Hon YEUNG Sum (Chairman)
Hon YEUNG Yiu-chung, BBS (Deputy Chairman)
Hon Cyd HO Sau-lan
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon SZETO Wah
Hon Tommy CHEUNG Yu-yan, JP
Dr Hon LO Wing-lok
Hon WONG Sing-chi
Hon Audrey EU Yuet-mee, SC, JP
- Members Attending** : Hon LEE Cheuk-yan
Hon Andrew WONG Wang-fat, JP
- Members Absent** : Dr Hon David CHU Yu-lin, JP
Hon Eric LI Ka-cheung, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon MA Fung-kwok, JP

**Public Officers
Attending** : Item I

Mr Andrew POON
Principal Assistant Secretary for Education and
Manpower (Quality Assurance)

Mr FUNG Pak-yan
Assistant Director of Social Welfare (Family and Child
Welfare)

Item II

Mr Peter CHEUNG, JP
Secretary-General
University Grants Committee

Mr Clement LEUNG
Principal Assistant Secretary for Education and
Manpower (Higher Education)

**Attendance by
Invitation** : Item II

Federation of Hong Kong Higher Education Staff
Associations

Professor SHUM Kar-ping
Chairman

Academic Staff Association, The University of Hong
Kong

Mr CHAN Che-wai
Chairman

Mr SZE Wing-Suen
Vice-Chairman

Non-Academic Staff Association, The University of
Hong Kong

Mr Stephen CHAN Chit-kwai, JP
President

Mr Stephen CHEUNG Pok-yin
Executive Committee Member

The Teachers' Association, The Chinese University of
Hong Kong

Professor KWAN Hoi-shan
President

Staff Association of The Chinese University of Hong
Kong

Mr Aaron LI
President

Dr Memie KWOK
Vice-President

Hong Kong University of Science and Technology
Staff Association

Professor Raymond WONG Sze-chung
Chairman

Mr K L LAM
Executive Committee Member

City University of Hong Kong Staff Association

Mr Nicholas TAM
Chairman

Professor Rudolf WU
Convenor of Concern Group on Salary Deregulation

Staff representatives of Lingnan University

Dr LI Pang-kwong
Associate Professor

Mr NG Kwai-wah
Senior Research Administration Officer

The Academic Staff Association of the Hong Kong
Institute of Education

Mr LEUNG Yan-wing

Mr WONG Ping-ho

Hong Kong Polytechnic University Staff Association

Dr Terence LO
Secretary

Hong Kong Professional Teachers' Union

Mr NG Shun-wing
Member of the Executive Committee

City University of Hong Kong Students' Union

Mr Kenny TSANG Ka-yin

Mr CHENG Cheuk-him

Clerk in Attendance : Miss Flora TAI
Chief Assistant Secretary (2)2

Staff in Attendance : Mr Stanley MA
Senior Assistant Secretary (2)6

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I. Progress on the harmonisation of pre-primary services

At the invitation of the Chairman, Principal Assistant Secretary for Education and Manpower (Quality Assurance) (PAS(EM)QA) briefed members on the main points of the Administration's paper entitled "Way forward for harmonisation of kindergartens (KGs) and child care centres (CCCs) [LC Paper No.CB(2)1125/02-03(01)].

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Subsidies to service providers

2. The Chairman asked whether the recommendations of the Working Party on Harmonisation of Pre-primary Services (the Working Party) as outlined in the Administration's paper had addressed all the concerns of the service providers in the pre-primary sector.

3. Assistant Director of Social Welfare (Family and Child Welfare) (AD(FCW)) responded that the Working Party had proposed some modifications to the original recommendations to address the concerns of the pre-primary sector and the public. He pointed out that aided day nurseries (DNs) and day creches (DCs) received a direct subsidy equivalent to 5% of the fee approved on the basis of the approved capacity (the 5% Subsidy Scheme), whereas non-profit-making KGs were eligible to join the Kindergarten Subsidy Scheme (KSS) and receive grants under the Scheme. Since the two Schemes operated on a different basis, some service providers in the CCC sector might receive a smaller level of subsidies after the expansion of KSS to cover the CCC sector. However, non-profit-making DN and DC operators with reasonable enrolment would receive a higher level of grant under the expanded KSS than that under the existing 5% Subsidy Scheme.

Financial assistance to parents

4. Responding to the Chairman, AD(FCW) explained that the Kindergarten Fee Remission Scheme (KGFRS) was enhanced by adding a new tier of 75% to benefit more families. Under the enhanced KGFRS, the level of fee remission granted would be, taking the four-person families or three-person single-parent families as example, 100% for those with a household income up to \$8,500, 75% for those with an income between \$8,501 and \$12,356, and 50% for those between \$12,357 and \$22,700. The levels of assistance should therefore be reasonable. Besides, having considered the views of the sector and parents, the Working Party had also recommended to include meal charge (not exceeding \$400 per month for children aged 2-6 and \$500 for children aged 0-2) and expenses on air-conditioning fees in the calculation of inclusive fees and subject to fee remission under KGFRS. After harmonisation, existing beneficiaries would be given the option to continue receiving subsidies under the Child Care Centre Fee Assistance Scheme (CCCFAS) upon transfer between institutions or from DCs to DNs/KG-cum-DNs.

Qualification of KG teachers and Child Care Workers

5. Mr YEUNG Yiu-chung asked whether Child Care Workers (CCWs) would be allowed to be registered as Qualified Kindergarten Teachers (QKTs) in order that they could serve in KGs or CCC-cum-KGs before and after harmonisation.

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6. AD(FCW) responded that currently there were around 2 800 CCWs and some 1 000 QKTs registered before 1997 who might not meet the new registration requirements for QKTs and CCWs respectively. CCWs and QKTs registered after 1997 should have undergone similar training and could serve in either post. The Working Party considered that although the training courses attended by CCWs and QKTs registered before 1997 differed in programme structure, they had common modules on education and child care. When the harmonisation was implemented in 2004-05, these CCWs and QKTs should have some seven years of experience in KG education or child care. The Working Party therefore recommended that all serving and trained CCWs and KG teachers should be mutually recognised by the Education and Manpower Bureau (EMB) and Social Welfare Department (SWD) as Registered Teachers/QKTs and CCWs upon harmonisation without further qualification assessment or requirement of attending conversion courses.

7. Ms Cyd HO considered that the quality of pre-primary service was pivotal to the development of the interest to learn among young children between the age of 0 to 6. She suggested that the Administration should provide QKTs and CCWs with some education resource centres or websites such as the Hong Kong Education City Net to exchange views and disseminate successful teaching and learning experiences in order to enhance the quality of early childhood education in the long run.

8. PAS(EM)QA responded that as a long term goal, the Administration was working towards providing a professional and life-long learning ladder for pre-primary practitioners. At present, the basic qualification for appointment of a KG teacher or a child care worker had been raised to QKT or equivalent. The Administration would continue to promote the quality of the pre-primary workforce by way of raising the qualifications required and encouraging KG and CCC operators to facilitate their staff to acquire higher qualifications. In particular, the Administration was collaborating with tertiary institutions with a view to enhancing the training and development programmes for the pre-primary workforce. As regards the provision of an electronic forum, the Hong Kong Education City Net on the Internet incorporated a component on early childhood education through which QKTs and CCWs could share their successful experiences in delivery of pre-primary services. In addition, the Administration would continue to co-ordinate the provision of experience-sharing sessions, seminars and meetings for interested QKTs and CCWs to exchange views and experiences in early childhood education and child care.

9. Referring to the submission of the Early Childhood Education Administrators Association [LC Paper No.CB(2)1125/02-03(02)], Ms Emily LAU asked why university graduates were not exempted from the one-year pre-service training for QKTs and allowed to teach in KGs and CCCs before completing the QKT training. Ms LAU was of the view that the higher the qualifications of KG teachers, the better the quality of early childhood

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education. She expressed reservations that a three-year degree programme could not be accepted as an equivalent of a one-year QKT training.

10. PAS(EM)QA explained that QKT training was a one-year full time professional training on early childhood education specifically designed for teaching young children between the ages of 0 to 6. University graduates without a major in early childhood education would unlikely possess the necessary knowledge and skills in early childhood education. Those who had completed an education-related degree programme would be granted partial exemption from the requirements for registration as a QKT. The Administration would carefully consider the subject relevance of individual degree programmes in deciding whether exemption should be given. He added that the Hong Kong Institute of Education offered an in-service QKT training for serving KG teachers/CCWs, including degree holders, who were interested to pursue a career in early childhood education.

11. Miss CHOY So-yuk asked whether degree holders working in Special Child Care Centres (SCCCs) operated by non-profit-making non-Government Organisations (NGOs) could be exempted from the QKT requirement. In view of the rehabilitation nature of their duties, she asked whether supervisors working in these SCCC who were degree holders and possessed recognized basic child care training should be exempted from the training requirement of completing the relevant Certificate of Education (Early Childhood Education) (CE(ECE)) before 2005.

12. AD(FCW) responded that SCCC would remain under the supervision of SWD in accordance with the Child Care Services Ordinance after harmonisation. The current staffing arrangements and requirements for SCCC workers and supervisors would continue and whether a serving supervisor could be granted an exemption from the requirement of a CE(ECE) would depend on the relevance of his/her degree studies and other qualifications in early childhood education. In view of the smaller size of the SCCC workforce, the Administration would liaise with the NGOs and institutions concerned on appropriate transitional arrangements for serving SCCC supervisors after harmonisation. In response to Miss CHOY So-yuk's further enquiry, AD(FCW) clarified that some serving SCCC supervisors in possession of a degree were appointed on temporary terms, pending completion of the required training (i.e. currently the basic child care training) within a specified period before they could be registered as Child Care Supervisors.

Pre-primary services for children of ethnic minorities

13. Ms Cyd HO suggested that a full-day rate of fee remission should be payable to a non-Cantonese speaking Southeast Asian family even when the female parent was a housewife. She pointed out that in order to integrate with

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the mainstream culture, children of the ethnic minorities should attend full-day ordinary schools and practise speaking Cantonese as often as possible.

14. AD(FCW) responded that eligible children of ethnic minorities enjoyed an equal right to enrol in KGs, DNs and DCs and needy families of the ethnic minorities could, like other local families, apply for assistance under KGFRS, and receive full-day rates of fee remission if meeting also the set of criteria for assessment of their social needs apart from a means test. He pointed out that the Administration considered it fair to assess the social needs of families of different ethnic origins based on the same set of criteria, which included, among others, the recommendations of social workers. Similar to their local counterparts not meeting the criteria for social need assessment, ethnic minorities aged 3-6 might attend half-day KGs and receive half-day rates of fee remission subject to a means test. He added that from an educational point of view, a half-day KG programme would suffice for children aged 3 to 6.

15. Ms Cyd HO was not satisfied with the Administration's response. She stressed that the need of the young ethnic minorities to interact with their local peers in schools was essential for enhancing their integration into the local communities. She urged the Administration to consider incorporating the need to integrate into the mainstream education system as a qualified social need for provision of full fee remission to needy families of the ethnic minorities.

16. Ms Cyd HO further requested the Administration to publish leaflets in the languages of the ethnic minorities to promote their awareness of the availability of the pre-primary services and the fee remission schemes. She pointed out that not all non-Cantonese-speaking Asians were aware of the provision of subsidised pre-primary services offered by CCCs and KGs which would facilitate their children to integrate into the mainstream education system. She considered that enabling young ethnic minorities to interact with local children at KGs or CCCs at their early ages would reduce their learning difficulties due to language problem and save the costs which would otherwise be used to assist them to integrate into the local education system at primary schools. She opined that providing these children with special treatment would not constitute reverse discrimination against local children. She added that the requirement of the recommendations of social workers for award of full-day rates of fee remission to ethnic minorities would incur additional administrative expenses.

17. Ms Emily LAU shared Ms Cyd HO's view. She urged the Administration to make every effort to remove any obstacles or discriminatory elements in the provision of KG and CCC places for children of the ethnic minorities. She stressed that these children should enjoy an equal right to education as local children.

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18. AD(FCW) stressed that all children of the ethnic minorities enjoyed the same rights as their local counterparts in entitlement to the pre-primary services offered by DCs, DNs and KGs and fee remissions under CCCFAS and KGFRS. PAS(EM)QA supplemented that publicity leaflets in Southeast Asian languages such as Hindi, Bengali and Nepali were published and distributed to the respective ethnic minorities through their local communities and related NGOs.

19. Ms Cyd HO remarked that children of ethnic minorities should be given special arrangements in education so as to enhance their integration into the local society. She pointed out that equity should not be superficially interpreted as ensuring equal treatment to different parties, regardless of their individual circumstances and needs. She stressed that special arrangements and remedial measures should be provided for children of ethnic minorities as a kind of affirmative action to facilitate their integration into the local education system.

20. AD(FCW) reiterated that from an educational point of view, a half-day KG programme would suffice for children aged 3 to 6, and would serve the purpose of integration. The purpose of a full-day programme was to add care elements in response to social needs or parental choice. He considered that the existing criteria for assessing social need were reasonable, and it would not be difficult for families including those of ethnic minorities to satisfy the criteria for assessing social need. AD(FCW) added that those exceptional cases could also be considered upon recommendation by social workers.

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21. The Chairman said that members were very concerned about the right and access of children of ethnic minorities to pre-primary education. He requested that the Administration should provide supplementary information on the provision of relevant services to children of the ethnic minorities for members' reference.

Staff to children ratio

22. Mr CHEUNG Man-kwong expressed support for keeping the existing statutory staff to children ratio of 1:8 for children aged 0 to 2; and adopting the ratio of 1:15 for children aged 3 to 6. He, however, suggested that a lower ratio, say 1:10 or 12, should be considered for children aged between 2 to 3, having regard to the characteristics of children between the ages 2 to 3. He asked about the staffing and cost implications for implementation of his suggestion.

23. AD(FCW) explained that the current staff to children ratios in DCs, DNs and KGs were 1:8, 1:14 and 1:15 respectively. The Working Group recommended adopting the ratio of 1:15 for all children aged 2 to 6 as the minimum standard. Operators might choose to adopt a more generous staffing ratio to give children more individual attention. He pointed out that improving the ratio for children aged between 2 to 3 to 1:10 or 12 would incur additional

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staff costs and lead to increase in fees which might not be favoured by parents at this stage. He added that the Administration might review the ratio from a long term perspective.

24. Mr CHEUNG Man-kwong remarked that young children aged 2 to 3 still required intensive care and more direct supervision. He considered it sensible to adopt a gradual approach in increasing the ratio according to the age. He suggested that the Administration should consider the views of the trade and make use of the harmonisation exercise to rationalise the staff to pupil ratios for appropriate age groups of children in DCs, DNs and KGs.

25. The Chairman urged the Administration to consider the views of the trade on the appropriate staff to children ratio for children between the age of 2 to 3.

Kindergarten subsidy scheme and quality assurance mechanism

26. Mr CHEUNG Man-kwong pointed out that there was an inherent contradiction between the policy principles of fee remission and quality assurance. He explained that under the enhanced KGFRS, a KG would receive subsidies in proportion to its enrolment of pupils. In other words, KGs might have to design their curriculum over-emphasizing academic studies to meet the preference of parents in order to promote enrolment. On the other hand, inspectors of the Quality Assurance Teams would advise KG operators that KG curriculum should be appropriate to the development needs of young children and pre-mature drilling or excessive training should be avoided. He asked how the Administration would resolve such a contradiction.

27. PAS(EM)QA responded that the policy on education subvention and quality assurance policy on KG operation should be considered as complementary in enhancing the quality of early childhood education in KGs. He pointed out that KGs were now encouraged to develop their performance indicators for self-evaluation and keep parents informed of their self-evaluation findings. The Administration would continue to publicise the education principles and concepts in delivery of pre-primary education and make available information related to the characteristics and performance of KGs on the Internet. He added that EMB would continue to monitor the performance of KGs by way of quality assurance inspections and would withdraw from giving subsidies to KGs which failed to deliver quality pre-primary education. He stressed that the Administration would strive towards improving the transparency of KG operations and promoting parent education on early childhood education.

28. Mr CHEUNG Man-kwong asked whether EMB had stopped subsidising a KG on the ground that its curriculum was too over-emphasizing on academic studies or inappropriate for KG children. PAS(EM)QA responded that EMB

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had withdrawn from giving subsidies to some KGs which had failed to provide an appropriate curriculum and deliver a satisfactory level of pre-primary education in the past.

29. Mr CHEUNG Man-kwong reiterated that in the face of a declining pupil population, some KGs would have to change their curriculum according to parents' preference in order to increase enrolment. He considered that the Administration should work out measures to maintain an appropriate balance between the differing demand arising from the operation of KSS and the quality assurance mechanism on KG curriculum after harmonisation. The Chairman added that the Administration should reinforce its monitoring role on KG curriculum by way of quality assurance inspections.

30. PAS(EM)QA undertook to consider members' views and suggestions expressed at the meeting.

II. Deregulation of university salaries

31. The Chairman declared interest as a staff member of the University of Hong Kong (HKU). He also informed the meeting that in response to members' request raised at the meeting on 17 February 2003, the Administration had agreed to defer the submission of the financial proposal for the deregulation of the various salary scales of the University Grants Committee (UGC)-funded institutions and housing benefits of new staff as set out in its paper [LC Paper No. CB(2)1125/02-03(05)] to the Finance Committee (FC) from 7 March to April 2003.

32. The Chairman welcomed representatives of the Administration and the 12 deputations to the meeting.

Meeting with deputations

33. At the invitation of the Chairman, representatives of the 12 deputations presented their views as summarised in paragraphs 34 to 45.

Federation of Hong Kong Higher Education Staff Associations (the Federation)
[LC Paper No. CB(2)1356/02-03(03)]

34. Professor SHUM Kar-ping presented the views of the Federation as detailed in the submission which was tabled at the meeting. He highlighted that the Federation was very dissatisfied with the Administration's intention to seek the approval of the FC for the deregulation of the various salary scales of the UGC-funded institutions and housing benefits of new staff with effect from 1 July 2003 without prior consultation. He pointed out that according to a survey conducted by the Federation, around 97% of the respondents considered

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that the Administration should first consult the academic and the non-academic staff of the eight UGC-funded institutions on the deregulation proposal. He said that the Chief Executive, in his reply to the Federation's enquiry, had assured that all reforms in education should start after a consensus with the staff associations concerned was reached. He stressed that staff of the higher education sector was willing to accept salary adjustments in line with their civil service counterparts, and that deregulation should only be considered when fair and transparent mechanisms were put in place for handling staff grievances and complaints on employment-related issues. Professor SHUM concluded that the Federation suggested that the Administration should collaborate with the Federation to set up a working group to review university salaries and benefits including housing benefits, and to establish an independent and transparent mechanism to monitor university administration matters. He requested Legislative Council (LegCo) Members to assist in the matter.

Academic Staff Association, The University of Hong Kong (ASA(HKU))
[LC Paper No. CB(2)1329/02-03(01)]

35. Mr CHAN Che-wai briefed members on the views of ASA(HKU) as detailed in the submission. He pointed out that UGC-funded institutions already enjoyed flexibility in recruitment of senior academics and deregulating university housing benefits would lead to reduction in higher education resources. He concluded that ASA(HKU) strongly supported the Federation's suggestion that the Administration should collaborate with the Federation to establish a working group to review university salaries and benefits including housing benefits, and to establish an independent and transparent mechanism to monitor university administration matters.

Non-Academic Staff Association, The University of Hong Kong (NASA(HKU))
[LC Paper No. CB(2)1329/02-03(02)]

36. Mr Stephen CHAN Chit-kwai presented the views of the NASA(HKU) as detailed in the submission. He stressed that the existing link between university salaries and civil service pay system had been effectual in ensuring fair and consistent staff salaries and benefits in UGC-funded institutions, and should not be removed in the absence of a replacement mechanism accepted by staff. He concluded that NASA(HKU) requested LegCo Members to vote down the Administration's proposal to deregulate university salaries and housing benefits.

The Teachers' Association, The Chinese University of Hong Kong (TA(CUHK))

37. Professor KWAN Hoi-shan said that TA(CUHK) was of the view that the arguments for deregulation were groundless, the proposed implementation plan was inconsiderate and hasty, the impact on staff morale and team work in universities would be traumatic, the consultation was superficial and

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insufficient, and the requirement for individual universities to design their own remuneration systems was not cost-effective and would result in unhealthy competition. He concluded that TA(CUHK) supported the Federation's suggestion that the Administration should collaborate with the Federation to set up a working group to review university salaries and benefits including housing benefits, and to establish an independent and transparent mechanism to monitor university administration matters.

Staff Association of The Chinese University of Hong Kong (SA(CUHK))

38. Mr Aaron LI said that SA(CUHK) supported the Federation's suggestion that the Administration should collaborate with the Federation to set up a working group to review university salaries and benefits including housing benefits, and to establish an independent and transparent mechanism to monitor university administration matters. He stressed that deregulation as a means to facilitate recruitment of a few world-class academics should not be considered during a period of economic downturn. He considered that in the face of a fiscal deficit, deregulation would inevitably result in substantial cut in staff salaries. He suggested that the Administration should consult the Federation and the management of the eight UGC-funded institutions with a view to establishing a consensus on whether and when deregulation should be implemented, as well as working out a new remuneration system and timetable for implementing the deregulation proposal in due course.

Hong Kong University of Science and Technology Staff Association (HKUSTSA)

39. Professor Raymond WONG said that HKUSTSA considered it a waste of resources to require individual UGC-funded institutions to design their own remuneration systems after deregulation. HKUSTSA suggested that the Administration or the UGC should coordinate the design of a new remuneration system for the purpose of implementing the deregulation proposal. Mr K L LAM supplemented that deregulation would lead to different remuneration packages for similar jobs in UGC-funded institutions which would be undesirable. HKUSTSA suggested that the Administration should set up a working group to consult the institutions and their staff associations on the necessary mechanisms for implementation of the deregulation proposal.

City University of Hong Kong Staff Association (CityUSA)

[LC Paper No. CB(2)1356/02-03(01)]

40. Mr Nicholas TAM presented the views of CityUSA as detailed in the submission. He stressed that members of CityUSA were deadly against deregulation, and deregulation should only be considered when concrete ideas of a replacement mechanism which would be clearly beneficial to staff were available. He urged the Administration to consult the Federation and the staff associations of UGC-funded institutions on the need to establish a new

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remuneration system for local universities. Professor Rudolf WU pointed out that flexibility in staff recruitment and salary adjustments had already been exercised in institutions, and academics were more concerned about the presence of a stable environment for their teaching and research work. Professor WU highlighted the adverse consequences of deregulation such as unhealthy competition among institutions and their departments. He also queried the need to implement deregulation on 1 July 2003 if the deregulation proposal was not a cost reduction exercise.

Staff representatives of Lingnan University

41. Dr LI Pang-kwong said that according to a staff opinion survey in the Lingnan University, 98% of the 138 respondents had indicated objection to the deregulation proposal. He stressed that staff simply could not support the proposal in the absence of a new remuneration system. He doubted whether deregulation of university salaries and housing benefits could really enable UGC-funded institutions to attract world-class academics and whether deregulation was a cost-neutral exercise. He also expressed concern that the role of UGC might change if deregulation was to be implemented.

The Academic Staff Association of the Hong Kong Institute of Education (ASA/HKIEd)

LC Paper No. CB(2)1329/02-03(03)

42. Mr WONG Ping-ho said that ASA/HKIEd opposed the deregulation proposal mainly because the Government had not consulted staff on the proposal and a new remuneration system had yet be introduced. According to a staff survey, the majority of respondents had expressed disagreement that deregulation would facilitate development of UGC-funded institutions. Instead, they had expressed worries about the adverse effects of deregulation such as abuse of authorities by the management, unhealthy competition among staff members and impact on staff morale. He concluded that ASA/HKIEd supported that the Administration should establish a working group to consult the institutions and their staff associations on the establishment of monitoring and appeal mechanisms for implementing the deregulation proposal. Mr LEUNG Yan-wing expressed doubt about the cost-effectiveness of recruiting world-class academics to upgrade the quality of higher education. He cited the HKIEd as an example to illustrate that local academics who had a better understanding of the local situation were more effective than academics recruited from overseas in communication with local school principals and teachers.

Hong Kong Polytechnic University Staff Association (PolyUSA)

43. Dr Terence LO said that PolyUSA opposed the deregulation proposal and supported that the Administration should establish a working group to

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consult the institutions and their staff associations on the establishment of necessary monitoring and appeal mechanisms in case deregulation was to be implemented.

Hong Kong Professional Teachers' Union (the Union)
[LC Paper No. CB(2)1356/02-03(02)]

44. Mr NG Shun-wing presented the views of the Union as detailed in the submission. He highlighted that the Union opposed the deregulation proposal as it would inevitably lead to reduction in resources allocated to higher education. He concluded that deregulation of university salaries and housing benefits should be thoroughly discussed and decided by staff on a one-person-one-vote basis; and should not be implemented in the absence of a new remuneration system which was accepted by staff.

City University of Hong Kong Students' Union (CityUSU)

45. Mr Kenny TSANG said that CityUSU opposed deregulation of university salaries and housing benefits because the Administration had not set out the proposals in detail and consulted staff and students in a comprehensive manner. He also queried the cost-effectiveness of the deregulation proposal. Mr TSANG further expressed concern about the likely adverse effects of deregulation on scholarly work, academic freedom, staff morale and resource competition within institutions. He stressed that students should be allowed to participate on matters relating to the development of universities.

Members' enquiries

46. Ms Emily LAU asked whether staff and their associations would consider accepting the deregulation proposal if an extensive consultation was to be conducted, and how long would it take for staff and university management to reach an agreement on deregulation. She considered that if deregulation was definitely unacceptable to staff associations, it would be a waste of time and resources for the Administration to arrange and conduct the necessary consultations in UGC-funded institutions.

47. Professor SHUM Kar-ping of the Federation responded that the Federation was willing to discuss with the Administration on the deregulation proposal, but whether and when agreement could be reached on deregulation would depend on the attitude and sincerity of the Administration and the university management. He pointed out that the Administration had only discussed with the university management and UGC, and had not approached the Federation for a discussion so far. He added that staff accepted that future adjustments of university salaries should follow the adjustments of civil service pay, and would consider accepting other cost-saving measures which were implemented in the civil service.

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48. Mr Stephen CHAN of NASA(HKU) responded that deregulating university salaries was an issue of great significance which had substantial impact on the working environment of university staff and the development of the higher education in the future. He considered that representatives of staff associations would be in a better position than staff representatives serving on University Council on personal basis to discuss with university management on the issue.

49. Mr Aaron LI of SA(CUHK) responded that it would be difficult for staff representatives to discuss with the university management on a fair and equal basis if the staff side had already indicated that it would accept the deregulation proposal before the start of the consultation. He considered that institutions should work out a fair and transparent remuneration system for consultation with their staff in an extensive manner.

50. Professor Rudolf WU of CityUSA responded that although very few universities linked their staff salaries with the civil service pay system, universities in New Zealand, Australia, the United Kingdom and European countries had their own staff salary structure applicable to all of their staff. However, according to the deregulation proposal, it seemed that institutions could offer different salaries for similar jobs in the same institution.

51. Mr CHEUNG Pok-yin of NASA(HKU) responded that he was not convinced that deregulation would facilitate recruitment of world-class academics. He also expressed concern that deregulation would mean higher salaries for overseas recruits but lower salaries for local recruits.

Views of the Heads of UGC-funded institutions on deregulation

52. The Chairman advised the meeting that Heads of the eight UGC-funded institutions had advised that Secretary-General, UGC (SG(UGC)) would speak on their behalf on their views and concerns about the deregulation proposal.

53. At the invitation of the Chairman, SG(UGC) informed the meeting that the Heads of UGC-funded institutions had expressed that institutions were capable of re-deploying resources for staff salaries and housing benefits in a cost-effective manner after deregulation. They had expressed agreement with the principles for deregulation, i.e. the deregulation exercise would be cost neutral and institutions would not be worse off as a result of the exercise in terms of the public funding they received. They stressed that -

- (a) Government should continue to adjust the portion of pay-related expenditure in the recurrent grants to UGC sector annually to reflect any adjustment in civil service salaries, the size of which should be based on a snapshot of the percentage applicable before

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deregulation and that the snapshot percentage should also be adjusted after each civil service salary movement; and

- (b) Institutions should continue to receive sufficient resources for provision of housing benefits to new staff after deregulation. They should be allowed to determine the housing benefits of new staff from the provisions in their block grant and the use of their existing stock of staff quarters. In general, the return of surplus quarters should be recognised as savings achieved as soon as it occurred and that there should be measures to ensure equitable treatment of institutions which had returned their surplus quarters to the government, in terms of their ability to provide housing benefits to new staff.

Meeting with the Administration and Members' discussion

Administration's response to the views and concerns of deputations

54. Principal Assistant Secretary for Education and Manpower (Higher Education) (PAS(EM)HE) expressed understanding of the concerns of staff and students in respect of the deregulation proposal. He assured the meeting that the Administration would consider the views and concerns of the deputations expressed. PAS(EM)HE also made the following points -

- (a) Institutions were free to decide whether and when they should implement deregulation after 1 July 2003 and the extent of implementation, if the proposal to deregulate university salaries and housing benefits after 1 July 2003 was endorsed by the FC in due course;
- (b) Deregulation of university pay was a cost neutral exercise and whether an institution would adopt a new remuneration system or not would not affect the way in which its recurrent block grant was adjusted each year. The Government would continue to adjust the pay-related expenditure to institutions annually to reflect the percentage of adjustment (upward, downward or freeze) in civil service salaries;
- (c) The Report of UGC on Higher Education in Hong Kong (the Report) which incorporated a recommendation on deregulation of university pay had been discussed by the Panel at its meetings on 26 March, 7 May and 13 May 2002 and the LegCo Members at the Council meeting on 26 June 2002. The consultation period of the Report had also been extended for a further period of two months in response to the request of members and deputations at the meeting on 13 May 2002;

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- (d) The existing HFS was approved by the FC in September 1998 and took effect on 1 October 1998. The Administration considered it necessary to seek the consent of the FC to remove the requirement for the institutions to offer HFS as the only form of housing benefit available to staff appointed on or after a specified date, i.e. 1 July 2003. The eligibility to HFS for all serving staff appointed before 1 July 2003 would be maintained;
- (e) No staff salaries in other subvented sectors were approved by the FC and very few places in the world were currently linking their university salaries with the civil service pay system. Moreover, Japan, a major jurisdiction adopting a linked system, was also considering the deregulation of university pay. In order for institutions to compete at the international level, institutions must have the freedom and flexibility to determine the appropriate terms and conditions of service to recruit and retain quality local and overseas staff;
- (f) Institutions had their unique history of development. They should consult their staff and students in their design of a remuneration system appropriate to their own circumstances before implementing deregulation. The Administration did not consider it appropriate to establish a working group in collaboration with the Federation and staff associations concerned to work out a common remuneration system for all UGC-funded institutions and to require them to strictly follow the same mechanisms; and
- (g) In UGC's monitoring, it would ensure that the institutions would put in place a transparent process in handling pay matters and in dealing with staff grievances. The institutions were also reviewing their governance structure to enhance accountability.

Establishment of a working group to review university salaries and benefits

55. The Chairman invited members' views on the Federation's suggestion of establishing a working group to review university salaries and benefits including housing benefits with a view to ascertaining whether the deregulation proposals should be adopted.

56. Mr Tommy CHEUNG declared interest that his spouse was a staff member of a UGC-funded institution. He said that he did not hold a strong view on the Federation's suggestion. He, however, considered it more appropriate for Heads of UGC-funded institutions to initiate the necessary consultation and design a new remuneration system for implementation.

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57. Mr CHEUNG Man-kwong said that he welcomed institutions to consult their staff associations and staff before deciding on the deregulation proposal. He pointed out that deputations strongly objected to implementing deregulation in the absence of a new remuneration system, a reliable governance structure, and a fair and transparent appeal mechanism in each UGC-funded institution. He therefore held a strong view that implementation of deregulation in a hasty manner would cause instability in UGC-funded institutions. Mr CHEUNG expressed concern that LegCo Members would get the blame for causing such instability if they endorsed the deregulation proposal. Mr CHEUNG considered that the Panel should thoroughly discuss the deregulation proposal in the context of whether the Government should first review the existing university salary structure and examine the need to establish a new remuneration package which would be accepted by institutions and their staff.

58. SG(UGC) responded that abolishing the existing linking of university salaries to civil service pay system and replacing it with a common remuneration system for all UGC-funded institutions would not be in line with the recommendations of the Report and the spirit of a block grant which was to allow institutions maximum freedom in the use of available resources. He informed members that after a management review, HKU had decided to improve the transparency of its governance structure and establish a remuneration committee comprising a majority of external members. He considered that other institutions should consider the HKU model and establish a more transparent and reliable governance structure as well as a new remuneration system. SG(UGC) stressed that the primary issue was whether institutions should be given the freedom to design and implement a remuneration system which best suited their individual needs in consultation with their stakeholders. It would defeat the purpose of deregulation if the link to civil service pay was to be replaced by another remuneration system applicable across the board in higher education sector.

59. Mr CHEUNG Man-kwong remarked that unless there were mechanisms within the institution's governance structure for staff and students to express their views on a regular basis, the concerns of staff about the effects of deregulation would remain unresolved.

Adjustment of pay-related expenditure in the recurrent grants

60. Mr Tommy CHEUNG pointed out that as protected by the Basic Law, the pay and conditions of service of civil servants would be maintained at the level before reunification. Given such a constraint, he questioned why adjustments on pay-related expenditure in the recurrent grants after deregulation should follow the adjustment in civil service salaries but not the prevailing inflation or deflation rate.

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61. PAS(EM)HE explained that to assure institutions that deregulation was not a cost reduction exercise, the Government would continue to follow the adjustments in civil service salaries in adjusting the recurrent pay-related grants for UGC-funded institutions annually on the basis of a snapshot of the percentage applicable before deregulation. However, after deregulation, institutions would not be mandated to adjust the salaries of individual staff members accordingly.

62. SG(UGC) supplemented that staff costs comprised three basic elements, namely, staff salaries, provident fund contributions and gratuity payment upon expiry of contracts. Future adjustments in the pay-related provision of this block grant would follow the adjustments of civil service salaries.

63. Mr Tommy CHEUNG asked whether a serving staff member, upon promotion to a higher rank or renewal of contract, would be considered as a new staff member and affected by deregulation.

64. PAS(EM)HE responded that promotion and renewal of an existing contract would not affect the eligibility for HFS of serving staff who were appointed before 1 July 2003 when they became eligible. He pointed out that recurrent grant for UGC-funded institutions were calculated on the basis of the overall student unit cost which already incorporated an element of housing benefits. In accordance with present practice, the portion of the block grant used for housing benefits (currently around \$700 million) would be adjusted in accordance with the consumer price index on a triennial basis.

65. Mr Tommy CHEUNG noted that HFS was devised with a view to achieving long-term savings in terms of reducing the expenditure on private tenancy allowance over time and in the disposal of surplus quarters that would otherwise be made available to HFS recipients. He also noted that the Government would continue to provide additional funding for institutions to meet the additional costs required for implementing the HFS. He asked how these additional funding would be recovered after deregulation.

66. SG(UGC) responded that the Administration would review with UGC the amount of savings realisable from HFS and how these should be recovered by the Government. The Administration would expect the recovery to start in or after 2008-09 when notional savings in housing expenditure should start to accrue after the first batch of HFS recipients had received their full 10-year entitlement.

Justification for delinking

67. Mr Andrew WONG declared interest that his spouse was working in CUHK. He pointed out that the linking of university salaries with civil service salaries was approved by the LegCo in 1969 to ensure consistency and fairness

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of university salaries in HKU and CUHK, and delinking would affect the interests of staff in the UGC-funded sector. He requested the Administration to provide substantial justifications in the context of public policy for implementation of the deregulation proposal because delinking would adversely affect the stable working environment of the higher education sector. He asked whether the Administration had decided to implement deregulation regardless of whether staff would support or object the proposal. The Chairman also asked whether funding for the UGC-funded sector would be affected if the proposal was voted down by the FC.

68. PAS(EM)HE responded that since the proposal to link university salaries with civil service salaries was originally approved by the FC, the Administration considered it necessary to seek the approval of the FC on the deregulation proposal. The existing link between university salaries and civil service pay system would remain unchanged if the FC did not approve the proposal.

69. SG(UGC) supplemented that the need to deregulate should be considered in the light of the future development of higher education as well as a matter of public policy. He pointed out that deregulation of university salaries would enhance institutional autonomy and help institutions to achieve international excellence as it would enable them to design the remuneration packages which best served their strategic objectives.

70. Mr LEUNG Yiu-chung expressed support for the Federation's suggestion to establish a working group to review university staff salaries. He stressed that the Administration should defer submission of the deregulation proposal to the FC until the UGC-funded institutions had reached a consensus with their staff on implementation of deregulation. He stressed that before casting their votes at the FC meeting, LegCo Members would need to know whether deregulation was widely supported in the higher education sector and whether the necessary arrangements and mechanisms for implementation of deregulation were put in place. He pointed out that the availability of a new remuneration system and the establishment of open and transparent appeal mechanisms in each institution was essential for deregulation.

71. PAS(EM)HE responded that the aim of seeking the approval of the FC to deregulate university salaries was to pave the way for UGC-funded institutions to consider and start the necessary consultation and preparation works for implementing deregulation. He stressed that the process of deregulation in individual institutions would involve extensive staff consultation and the design of a widely-accepted remuneration system would take considerable time to complete.

72. SG(UGC) said that the deregulation proposal aimed to activate the mechanism for UGC-funded institutions to start the deregulation process. He

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pointed out that individual institutions had different attitudes towards deregulation and should be given sufficient time to design their new remuneration systems and prepare necessary implementation plans. Given the size of the workforce in the UGC-funded sector, it might not be practicable to start the preparation work after institutions had completed consultation and reached a consensus with staff on deregulation. He reiterated that the Report had recommended that institutions should review their governance structure with a view to enhancing transparency and public accountability. He believed that after the establishment of a more transparent and accountable governance structure, university management should be able to implement deregulation of university salaries without causing a lot of staff disputes over salaries and benefits administration, and move towards achieving international standing.

73. Mr LEUNG Yiu-chung remarked that the statement made by SG(UGC) was contradictory. He said that SG(UGC) on the one hand said that deregulation was needed to achieve international excellence but on the other hand stressed that institutions had the freedom to decide whether to deregulate or not. Mr LEUNG also expressed dissatisfaction that SG(UGC) had said that staff consultation was necessary but also implied that it was time-consuming. He urged the Administration to consider deferring the effective date of deregulation to a suitable time in the future.

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74. Mr SZETO Wah considered that the Administration should provide detailed information on the principles, systems and methods for calculation of pay-related and non-pay-related expenditure to facilitate discussion on whether the deregulation proposal should be supported. He also urged the Administration to provide detailed information on the operation of the existing and the new remuneration system after deregulation in its final submission to the FC.

75. SG(UGC) responded that the proposed deregulation was made on the basis of two main principles. Firstly, individual institutions were free to decide their own remuneration systems which could be based on the existing salary scales linked to civil service pay or totally new mechanisms. Secondly, the deregulation exercise was cost neutral and institutions would not be worse off as a result of the deregulation exercise in terms of the public fund they received. The calculation of pay-related expenditure in the recurrent grants after deregulation would be based on a snapshot of the percentage applicable before deregulation, and subsequent adjustments would follow the adjustments in civil service salaries. The part of non-pay-related expenditure in the recurrent grants would continue to be adjusted in accordance with the change in consumer price index.

76. Mr Andrew WONG asked whether UGC-funded institutions were already given flexibility in determination of salaries for appointment of new staff.

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77. SG(UGC) replied that all academic and non-academic staff salaries were linked to the prescribed salary range corresponding to their respective grades in the civil service sector. In general, staff salaries and benefits in UGC-funded institutions should be no better than those enjoyed by their civil service counterparts. A minimum entry salary was specified for appointment of professors and the average salary of all professors in an institution should not exceed the mid-point of the salary scale for professors.

78. Mr CHEUNG Man-kwong pointed out that letting the UGC-funded institutions decide whether and when to deregulate their staff salaries would in effect mean that staff had no say in the decision making process. He believed that staff were opposing the deregulation proposal because they knew nothing about the new remuneration system after deregulation. Staff were demanding that institutions wishing to implement deregulation should work out a new remuneration system for staff to assess whether deregulation should be accepted. Mr SZETO Wah shared a similar view and said that the Administration should set out in detail the merits and demerits of both linking and delinking university salaries with civil service salaries for the purpose of conducting comprehensive consultation.

79. Ms Emily LAU asked whether a new remuneration system could be worked out in April 2003. SG(UGC) replied that institutions would work out their new remuneration systems in accordance with their schedules of consultation. UGC's recommendation to let institutions decide whether and when to deregulate was made after wide consultation. This represented a significant departure from the original proposal in the Report which assumed that there would be a common implementation date. He stressed that institutions should set out their new remuneration packages and consult their staff thoroughly before implementing deregulation.

80. Ms Emily LAU asked whether staff could participate in the discussion and influence the decision of an institution to deregulate. SG(UGC) replied that the community should have confidence in universities and their governing bodies, and consider the pros and cons of deregulation in the context of future development of higher education in Hong Kong. Whether deregulation should only start after all stakeholders had expressed support would be a matter for serious consideration.

81. Mr Andrew WONG said that supporters of deregulation would consider that university staff salaries were high and should be adjusted by the market force in the light of changing circumstances and economic conditions. He reiterated that deregulation of university staff salaries should be considered from the perspective of public policy. The community as a whole should decide whether there should be equal level of pay and benefits for teaching

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staff of the same rank in UGC-funded institutions, as provided under the existing linking between their staff salaries and the civil service pay system.

82. In concluding the discussion, the Chairman urged the Administration to consider the views and suggestions of members as expressed at the meeting. He said that members had held different views on the matter and would vote on the deregulation proposal to express their positions when it was presented to the FC for consideration in April 2003.

III. Any other business

83. There being no other business, the meeting ended at 6:20 pm.

Council Business Division 2
Legislative Council Secretariat
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