

**Extract from the minutes of special meeting of the
Panel on Education held on 26 March 2002**

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I. Briefing on the Higher Education Review

Delinking from civil service pay system

9. Ms Emily LAU asked about the rationale for recommending to delink the remuneration package of both academic and non-academic staff in UGC-funded institutions from the civil service pay and conditions. Mr LEUNG Yiu-chung added that such delinking would adversely affect staff morale. In particular, the lack of job security might consequently create a culture of flattery which in turn would have adverse effect on academic freedom and institutional autonomy.

10. Lord Sutherland responded that the proposal of delinking was not intended to reduce allocations for staffing establishments in UGC-funded institutions. In fact, the financial implication of the recommendations in the Report was quite the opposite. He explained that in the context of tertiary education, the best international practice accepted the need for differential salaries and rewards for recruitment and retention of high quality academics. In order for institutions to compete at international level, they must have the freedom and flexibility to determine the appropriate terms and conditions of service for staff employment. A linkage to civil service pay system was an impediment to international competitiveness, and delinking would give institutions the freedom to devise their own remuneration packages. In response to Ms Emily LAU's further question, Lord Sutherland stressed that the exact level of remuneration package for the best academics would have to be determined by the market. He cited the shortage of expert manpower in the field of Information Technology to illustrate the extremely fierce competition for talents in a global market.

11. Mr CHEUNG Man-kwong pointed out that UGC-funded institutions were facing multi-faceted reforms at the moment. Apart from their own internal reform review, the Education Commission had already put forward reform proposals which would have significant impacts on the system of higher education such as the possibility to implement a 4-year academic structure and the increase in post-secondary learning opportunities. UGC now had published the Report which was of great significance to the future of higher education in Hong Kong. Mr CHEUNG expressed grave concern as to whether the

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institutions would be able to face all these impacts, given the proposal to delink the staff remuneration package of UGC-funded institutions from the Civil Service pay and conditions represented a fundamental blow to the existing system.

12. Lord Sutherland responded that the Report had not recommended any reduction of resources for the higher education sector. He did not consider that delinking the staff remuneration package from the civil service pay system would cause a blow to UGC-funded institutions. He pointed out that the review on higher education in Hong Kong was commissioned in response to the request from SEM. The Report had contributed to a wider debate on the future development of higher education and highlighted the important role of institutions in the future development of Hong Kong.

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