

Dr. Hon Yeung Sum
Chairman
Panel on Education
LEGCO
Hong Kong
(Fax: 2509 9055)

24th February 2003

Dear Dr. Yeung,

Deregulation of University Salaries and Discontinuation of Housing Benefits

The Government proposal to deregulate university salaries and discontinue housing benefits without even consulting staff is very disturbing, as this will not only affect new staff, but also existing staff when renewing contracts or when promoted. While the Government has consulted and successfully concluded the latest salaries adjustments with the Civil Service, staff in the universities were never consulted on the proposed deregulation.

Some of the reasons put forward by the Government to support the proposal are vague, such as to give institutions more autonomy and not to contradict the spirit of block grant funding. Other reasons are difficult to substantiate, such as to allow subvented organizations more flexibility in deploying their resources and not to undermine our institutions' competitiveness in global recruitment. This flexibility is already in place, as there is no upper limit for the salaries of senior academics in the existing salaries structure.

Another reason put forward by the Government is that few countries now link university salaries with the Civil Service. Unfortunately, the Government has not given the full story. It is difficult to find talented people prepared to work in the universities in countries where the delinking policy has been adapted. In the U.K, for example, they are now injecting more funding into universities to revitalize the tertiary sector, and a one-day strike was staged by university staff last March in New Zealand, where severe budget cuts were followed by the delinking university salaries.

We are extremely disappointed that in the Government proposal no reference has been made as how these world-class academics can help us to improve the quality of our graduates. From experience, a large core of dedicated local academic staff is required in any country to train good quality graduates. It is essential for Hong Kong to do the same if it wishes to maintain its prosperity.

As regards to the Home Financing Scheme (HFS), the Government proposes to discontinue the scheme for new staff and possibly to existing staff when renewing their contracts or when promoted, and also to cut the subsidies required for universities to operate the HFS. Cutting housing subsidies to universities has the net effect of reducing funding to the universities and is therefore not financially neutral, as claimed by the Government.

Delinking university salaries from the Civil Service will de-stabilize the staffing structure in the universities. It will also discourage talented people from taking up a teaching and research career at the universities. One may argue that the overall teaching quality can be maintained, as the local academics will be complemented by world-class academics. However, their impact on higher education in Hong Kong will be very minimal if the number of so-called world-class academics is small, and the cost of employing them becomes prohibitive if their number is large. It is therefore essential for Hong Kong to maintain a large core of dedicated local academics. Destabilizing this core through the delinking policy is a grave mistake.

In countries with thriving and dynamic economies, one can always find a large core of highly motivated academics developing technologies and training high quality graduates. The Government proposal unfortunately will have the opposite of the intended effect, as it will demoralize staff and at the same time puts the development of higher education in Hong Kong in reverse gear.

It is for the above reasons and for the future well being of Hong Kong that a decision on the government proposal to delink university salaries from the Civil Service and discontinuing housing benefits should be deferred until universities staff have been properly consulted and their views taken into consideration.

Thank you for your kind attention.

Yours sincerely,

C. W. Chan
Chairman of the Academic Staff Association
The University of Hong Kong of Hong Kong