

Dr. Hon Yeung Sum
Chairman
Panel on Education
LEGCO
Hong Kong
(Fax: 2509 9055)
2nd April 2003

Dear Dr. Yeung,

Opposition to 27% Universities Funding Cuts

I am writing to express my opposition to the Government proposal to cut universities funding by 10% (\$1.18 billion) in 2004-05. This is in addition to its decision to stop funding taught postgraduate degree programmes (\$0.68 billion) and also to drastically cut funding for Associate Degrees/Higher Diploma programmes by two thirds (\$1.28 billion). When taken together all these cuts represent a staggering 27% cut in one year. All this is on top of the university funding cut of 3% (\$0.35 billion) in 2003-2004 and a pending cut in salaries of 6%, in-line with the Civil Service. It is impossible for any university to function normally after such large funding cuts, and there is no doubt that the staff in universities, both academic and non-academic, will suffer, and inevitably, students and the society will also suffer since such severe funding cuts must adversely impact the quality of higher education.

We are fully aware of the need to address budget deficits, and the need for the Government to reduce some funding to balance the budget. Of course, our colleagues are willing to do their utmost and join the Government to win the battle to balance the budget. However, a close scrutiny of the 2003-03 budget for Education reveals some worrying facts as to how the Government spends public funds. The recurrent expenditure on Education is \$49.3, out of which \$11.8 billion are spent on the universities. The non-recurrent expenditure is also \$11.8 billion, which has increased by 54.4% over the previous year. As the non-recurrent expenditure is now close to 20% of the total budget on Education, there seems to be plenty of room to cut non-recurrent expenditure before recurrent expenditure is cut. Further, the Government treats student loans as non-recurrent expenditure rather than capital, since the students have to repay these loans later. This suggests that the funding for universities need not be cut to the extent proposed by the Government.

Cutting higher education funding by such a staggering amount of 27% in one year will obviously have a strong damaging effect on higher education in Hong Kong, and at the same time reduce our ability to train high calibre graduates. The ultimate sufferer will be the Hong Kong community. As the consequence of this proposed cuts are very severe, we would like to urge members of the Education Panel to recommend to the Government that the implementation of the proposed cuts be deferred until their full impact on higher education has been investigated and assessed.

Yours sincerely,

CW Chan
ASA Chairman