

本署檔號 OUR REF.: UGC/CON/103/1/4/2002(5)
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9 July 2003

Ms Miranda Hon
Clerk
Public Accounts Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

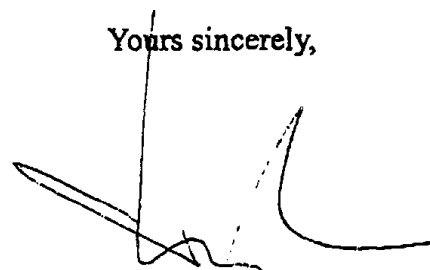
Dear Ms Hon,

**The Director of Audit's Report on the
results of value for money audits (Report No. 40)**

**Chapter 10: UGC funded institutions –
Staff remuneration packages and stipends**

I refer to your letter of 25 June 2003 and enclose our reply in both English and Chinese.

Yours sincerely,



(P T Cheung)
Secretary-General
University Grants Committee

Encl.
c.c. SEM
VC, CUHK
P, PolyU
Council Chairman, PolyU

(a) Housing benefits of the Vice-Chancellor, The Chinese University of Hong Kong

- (i) Yes, Professor King is still in receipt of Home Financing Allowance (HFA).
- (ii) No, Professor King is not in receipt of other forms of housing benefits, other than HFA.
- (iii) The present contract for Professor King as Vice Chancellor will expire shortly (not later than 31 December 2003), and he has no plans to move into the Vice-Chancellor's residence.
- (iv) The rental paid by Professor Li for his premises in CUHK is \$68,600 per month, which is the market value assessed by an independent surveyor firm.
- (v) Pursuant to rules of the HFS, an increase in HFA of \$14,080 was given to Professor King when he was appointed as Vice-Chancellor, corresponding to the HFA rate table. The amount can be offset by the rental received from the Vice-Chancellor's residence.
- (vi) No additional expense has been incurred by the University as a result of Professor King's not residing on the CUHK's premises.
- (vii) It was deliberated and decided by a designated Council Committee with powers delegated from the Council to determine and approve the terms and conditions of the Vice-Chancellor.

(b) Land lease conditions of the on-campus houses

- (i) Of the five institutions referred to in the question, only the relevant land lease of Lingnan University (LU) requires the President's lodge to be occupied by the President, LU.
- (ii) As mentioned, the land lease of CUHK does not require the VC's lodge to be occupied by the VC.

(c) Remuneration of the President, The Hong Kong Polytechnic University (PolyU)

The UGC's understanding is that the "no better than" principle applies where public funds are involved. Since the monthly allowance for President, PolyU, provided in lieu of his housing benefits and leave passage, is borne by the University's non-public sources of funding, the UGC does not consider the arrangement a violation of the "no better than" principle.

- (d)(i) Since the monthly cash allowance payable to President, PolyU is not from public funds and is not under the Government-sponsored Home Finance Scheme, the UGC does not consider the 120-month entitlement period relevant.
- (d)(ii) Interpretation of section 9(3)(c) of the Hong Kong Polytechnic University Ordinance is a legal issue on which the UGC is not in a position to offer a definitive view. At a practical level, however, we can see a need for the PolyU Council to exercise certain repetitive functions through sub-committees; but how this should be arranged or legislated for is outside the terms of reference of the UGC.