

16 April 2007

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Panel on Education

Information Paper on Remuneration Policy for Staff Deployed to the Community College of City University

Purpose

1. This paper summarizes the developments on remuneration policy for staff appointed on University superannuable terms who are deployed to serve the Community College of City University (CCCU).

CCCU's Employment Terms

2. Arising from the Government's decision to phase out public funding for most Associate Degree programmes offered by City University of Hong Kong (CityU) from 2004 to 2008, the University set up the CCCU in July 2004, replacing the former College of Higher Vocational Studies (CHVS), to continue the provision of Associate Degree programmes, in line with Government's policy to increase higher education participation to 60%. CCCU is expected to operate on a fully self-financed status from July 2008.
3. Since July 2004, CCCU has had two groups of full-time staff: (i) Serving staff of CHVS on University terms deployed to CCCU; (ii) New staff hired by CCCU since July 2004. There is a gross difference in total remuneration packages between serving staff and new staff at the same grade, ranging up to 200% when salary, superannuation contribution, and fringe benefits are taken into account. An overview of the staff mix in CCCU is as follows:

	On University terms		On CCCU	Total
	Superannuable	Contract	Contract terms	
Number of Staff	112 ^(note)	24	94	230
Percentage	49%	10%	41%	100%

(Note: A majority of College staff on University superannuable terms (73) were appointed by the University to serve the former CHVS following its establishment in November 1990 to specialize in teaching sub-degree programmes. 39 College staff were transferred from Faculties or other departments of the University to CHVS.)

Historical Background

4. Consequential upon the Government's decision to withdraw funding for most Associate Degree programmes from 2004 to 2008, the Council of City University of Hong Kong (Council), at its meeting in June 2003, set up a Working Group on Associate Degree Programmes (with participation from serving College staff) to study the financial viability and related issues of offering self-financing Associate Degree programmes. The Council, at its meeting in January 2004, approved the recommendations of the Working Group on the future provision of Associate Degree programmes in the University.

5. Major recommendations included financial arrangements for CCCU, as well as staffing and remuneration for serving and new College staff in the transitional four-year period from 2004 to 2008, and post-2008 when the College becomes fully self-financing. In the four year transitional period, staff would retain the remuneration package, including all the fringe benefits like housing and educational allowances, but would also include a salary reduction (20% for Academic and equivalent Administrative staff and 18% for General Grade staff). Recommendations also included that superannuable employment with the University would end on 30 June 2008 and appointment thereafter, if offered by CCCU, would be on fixed term contracts based on a new remuneration package on market terms. A Voluntary Departure Scheme, with an ex-gratia payment, was made available for those who wished to leave the University's employ by June 2004. There was also a clear and explicit understanding that unless government funding is available for compensation purposes, an ex-gratia compensation package will not be available to serving staff when their superannuable employment with the University ends in June 2008.
6. To this effect, in January 2004, each serving College staff member on University superannuable terms was invited in writing to indicate acceptance of salary reduction and having read and understood the terms above. In returning their responses, a majority of staff agreed to the reduction in salary and not to the other terms; they attached a conditional reply stating that they signed under duress and that they did not agree to changes to their terms of employment including superannuable status.
7. In light of the demonstrated viability of the College over the past 2 1/2 years, its success in recruiting and retaining students, and its expansion and development, an opportunity presented itself to revisit the conditions which were established by the Council relating to staffing and remuneration.

Establishment of the Special Group on College Transition to 2008

8. In order to formally revisit the matters relating to staffing and remuneration, the Chairman of the Council appointed a three-member Special Group in late November 2006 with representation from the Council, the University, and the College.
9. With a focus on comprehensively addressing personnel issues within the self-financing landscape, and the challenge of two different staff groups at the same level but having gross differences in remuneration, the task of the Special Group is to ensure the continued provision of the quality of education with the guiding principle of the retention of quality staff.
10. In carrying out this task, it is the conviction of the Special Group that it should canvass the views of College staff as widely as possible.

Consultations with Staff, Staff Groups and Draft Proposal

11. Three informal consultations with staff members began in mid-November 2006. Consequently, more than ten rounds of formal consultation began in early December 2006 when the Special Group met separately with staff groups as well as individual staff members, including representatives of the CityU Staff Association and representatives of the CityU Teachers' Union. The meetings have been useful to allow the Special Group to get a first hand understanding of the needs and expectations of the staff concerned.

12. The Special Group met with the Staff Association, which had asserted that it represented more than 90% of the affected staff on this issue. The Staff Association made its position known in the University through a broadcast (see [Appendix 1](#)). The Special Group also met with the CityU Teachers' Union which had also expressed concern over this issue. (see [Appendix 2](#)).
13. After talking with the groups, we understood that the groups desired to cater for different groups of staff, depending on staff members' own aspirations. These aspirations were three in number: (i) facilitate transfer of staff to Faculties in CityU; (ii) Voluntary Departure Scheme from CityU; (iii) continued employment on CityU superannuable terms while working in CCCU.
14. The Special Group considered that a proposal could be developed which satisfied: (i) the guiding principle of the retention of quality staff; (ii) the continued provision of quality education; (iii) the aspirations of staff (above). Consequently, a proposal on the future employment of those College staff on University superannuable terms was announced by the Special Group on 23 February 2007. The Special Group is prepared to submit the proposal to the Council for consideration and decision at the earliest suitable opportunity.
15. Following the announcement, a series of consultation sessions ensued, including meetings with CityU Staff Association, CityU Teachers' Union, College Executive Committee, College Staff Consultative Committee, individual staff members, and staff in small groups.

Latest Developments and Refined Proposal

16. After those further consultations and deliberating on the views expressed, the Special Group refined the proposal and broadcast an invitation to staff on 19 March 2007 to read this refined proposal (see [Appendix 3](#) on details subsequently broadcast on 28 March 2007), which addressed (i) the guiding principle of the retention of quality staff; (ii) the continued provision of quality education; (iii) the aspirations of staff (above).
 - **Option 1** addresses staff's aspirations for transfer to Faculties in CityU. The Special Group recommends that the University devise ways to facilitate such transfer for staff meeting the appropriate selection criteria.
 - **Option 2** addresses staff's aspirations for a Voluntary Departure Scheme from CityU. The Special Group recommends the same scheme as was offered in 2003.
 - **Option 3** addresses staff's aspirations for continued employment on CityU superannuable terms while working in CCCU. The Special Group recommends that existing fringe benefits (housing, educational allowances, leave, etc.) and current salary would be maintained. There is currently no change in the terms and conditions of employment for these staff, nor reduction in terms of salary (although the salary structure of CCCU will apply), but in future any reviews of salaries will be at the discretion of the CCCU.
17. During the consultation process, the representatives of the CityU Staff Association expressed support to the refined proposal. (Please refer to the email broadcast to College staff issued by the Staff Association on 19 March 2007 at [Appendix 4](#)). Meanwhile, the Special Group is gauging whether there is wide support from staff for this proposal before putting it forward to the Council for consideration and approval.

The College Executive Committee and the chief channel for consultation - i.e. the College Staff Consultative Committee - have unanimously endorsed the proposal, and a majority of affected staff have likewise endorsed it by signing their names to a proforma indicating their acceptance for one of the three options.

Conclusion

18. Throughout the process, the University has put in earnest efforts in attempting to resolve the issue of future employment of College staff on University superannuable terms and at no point did any staff member's employment end by the University as a result of the issues surrounding the College transition. Due to the demonstrated viability of CCCU, its success in recruitment and retention of students, and overall development, parameters which governed the 2004 Council decisions have significantly changed and therefore the Special Group is able to propose a significantly better remuneration package for affected staff. A majority of staff have expressed their acceptance of the proposal, individually as well as through the Staff Association. With withdrawal of all government funding by 2008, the University's refined proposal of offering continued employment to ALL College staff on their existing superannuable terms with associated fringe benefits under Option 3 will be a financial challenge to CCCU, noting in particular the pronounced discrepancies in the salary and fringe benefits package of these affected staff compared with those on CCCU contract terms. Nevertheless, the University is committed to retaining experienced quality teachers and supporting staff to continue the provision of quality Associate Degree programmes.

City University of Hong Kong Staff Association

Demands on the College Transition to 2008:

1. Continuation of superannuation status and the Home Finance Scheme post-2008 for staff on University terms.
2. Introduction of a Departure Scheme/Early Retirement Scheme.
3. Priority to be given to College staff (both teaching and administrative) by the Faculties when hiring new staff.
4. Negotiation of proper and acceptable conditions of service including salary terms, medical benefits, housing, teaching load and administrative duties, etc for staff post-2008.

City University of Hong Kong Teachers' Union

Demands of the University teaching staff seconded to the Community College of City University:

1. University teaching staff seconded to CCCU have always been and should continue to be employees of the City University of Hong Kong.
2. Seconded university teaching staff who are superannuated should continue their superannuable terms of employment with the City University of Hong Kong until their retirement age of 65.
3. The CCCU which is a private company should have no authority over the terms of employment of seconded university teaching staff.
4. The strategic plan relating to the CCCU, for example, changes to be taken place in 2008 and expenses relating to the new Community College building, should not be linked in any way with the terms of employment of seconded university teaching staff.
5. In 2004, these seconded university teaching staff signed the agreement for salary reduction of 20% under highly disturbing atmosphere. As the University has proven to have sufficient capacity to pay for the unreduced salary commitments of these seconded university teaching staff, the reduction of 20% salary is unfair and unjustified. Immediate action should be taken by the University to pay back the reduced portion of the salary to the affected university teaching staff, with interest and should stop the salary reduction with immediate effect.
6. Besides signing the agreement for salary reduction, seconded university teaching staff have never agreed to any other changes in their terms of employment or the change of employer. The University, CCCU and any other parties involved should immediately stop to claim that all seconded university teaching staff will be converted to contract terms of employment offered by the CCCU or ceased to be employed by the City University of Hong Kong in 2008.
7. Except for those seconded university teaching staff who choose to remain, all seconded university teaching staff should be transferred back to serve the City University of Hong Kong, instead of serving the private company of CCCU.
8. If the secondment has to be continued for administrative convenience, the university terms of employment of these seconded teaching staff should be retained and guaranteed by the City University of Hong Kong. In any case, these seconded teaching staff should be transferred back to the University as soon as possible.

Email Broadcast dated 28 March 2007 by the Special Group on Refined Proposed Options

Dear Colleagues,

College Transition

The Special Group has made refinement to the options proposed on February 23, 2007. The refined proposed options are as follows:

A. Option 1

Continued employment on University superannuable terms for one year

Continued employment on University superannuable terms for a period of one year (from July 2008 to June 2009). During this period, the staff will serve in the Community College of City University (CCCU) and be subject to CCCU's personnel and other management policies and regulations. The staff may apply for relevant positions available in the Departments or elsewhere in the University. The Special Group undertakes to recommend to the Council that the University considers ways in which the selection of such staff by the University may be facilitated, subject to their being able to meet the selection criteria of the relevant faculties or departments for the available positions. Redundancy procedures in accordance with the prevailing Redundancy Policy of the University, including an ex-gratia payment, will apply for those who do not get a position by 1 July 2009.

The current formula for payment: $E = Y/2$ times of last basic monthly salary

where E = ex-gratia payment

Y = number of years of prior continuous service with the University

B. Option 2

Early retirement from University and re-employment on CCCU contract terms

Early retirement from the University with an ex-gratia payment, calculated up to June 2008, following the formula of the Departure Scheme offered to staff in 2003 where $E = (V + Y/2)$ times of last basic monthly salary and where V is a variable factor ($V = 2$ to 6) linked to the number of years of continuous prior service.^{Note} The ex-gratia payment will be subject to a maximum of 15 months salary.

At the discretion of the CCCU, staff choosing this option may be offered further employment with the College on CCCU contract terms which staff may accept or decline. Salary under the new contract will be maintained at the June 2008 level but there will be no provisions for housing benefits, educational allowances, passage or other benefits commonly associated with superannuable terms of appointment at the University. There will be no contract gratuity but there will be provision for annual year-end performance bonus. Entitlement to annual leave will be in accordance with prevailing CCCU policy. Under the new contract, staff will retain the same rank and job title but will be subject to the CCCU salary structure and the maximum within the range for each staff grade. Those staff members who are due to retire from the University by 30 June 2008, and those with not more than 12 months of service remaining with the University after June 2008 before retirement will not be eligible for this option.

Note:

where E = ex-gratia payment
V = variable to be determined by Y

Y	V
2 or less	2
Over 2 – 6	3
Over 6 – 10	4
Over 10 – 14	5
Over 14	6

Y = Number of years of continuous prior service with the University, from the first day of employment at the University on regular terms of appointment (whether on fixed-term contract or on superannuable terms) to 30 June 2008

M = Basic monthly salary at 30 June 2008

C. Option 3

Continued employment on CityU superannuable terms

College staff choosing this option will be offered continued employment on CityU superannuable terms, subject to the changes as set out in this announcement. Staff choosing this option will in future be subject to CCCU's personnel and other management policies and regulations. Existing fringe benefits (housing, educational allowances, leave, etc) will be maintained. Salary will be maintained at June 2008 level. Staff choosing this option will retain the same rank and job title but will be subject to the CCCU salary structure and the maximum within the range for each staff grade. For those whose salary in June 2008 already exceeds the maximum for the corresponding one under CCCU's salary structure, they will retain their existing salary on a personal basis. Any future reviews of salaries will be at the discretion of the CCCU.

To enable those colleagues who have not had the opportunity to discuss the options with the Special Group, Dr Ellen Ko, Vice-President for Administration, and Ms Jennifer Ng, Principal, CCCU, will be available for meetings with colleagues concerned on Friday, March 30, 2007, from 2:30 p.m. to 5:30 p.m. In order to accommodate as many colleagues as possible, Dr. Ko and Ms Ng will meet concerned colleagues in small groups. Please call 3442-6062 or email oyan.wong@cityu.edu.hk to reserve preferred timeslots. A copy of the Proforma is attached for colleagues to complete and return to the College Office the latest **by 5:30 p.m. on April 2, 2007.**

Colleagues will appreciate that the Special Group would wish to see wide support for the proposal from staff before it decides to put it forward to the Council for its consideration.

Sincerely,

Mr Vincent Chow, Chairman, Special Group on College Transition
Dr Ellen Ko, Vice-President for Administration
Ms Jennifer Ng, Principal, CCCU

Issued by the Communications Office on behalf of the Special Group
March 28, 2007

Proforma

I have read the Proposed Options for College Staff on University Superannuable Terms of Service being considered by the Special Group on College Transition, and shall be able to choose one from among the options.

Name : _____ Post/Division : _____

Signature : _____ Date : _____

Email Broadcast dated 19 March 2007 issued by Liaison Group of CityU Staff Association

College Transition - revised options

Dear colleagues,

We are glad to be the bearers of good news and to let you know that, after 18 months of talks and negotiations, we have secured a favourable outcome from the Special Group in response to our demands on the College Transition to 2008.

We represent more than 90% of the 112 University staff seconded to the College and believe that the arrangement reached is beneficial to the staff concerned and has fulfilled the key demands we have requested from the outset. We appreciate your support for the efforts of the Liaison Group and particularly your participation during the past three weeks.

You will have already received notification that the Special Group will hold small group meetings with staff concerned to find out your views on the revised options before putting them forward to Council. We support this dialogue fully and encourage you to make an appointment to meet the two members of the Special Group on the designated days this week. For your information we have attached an unofficial document based on our understanding of the revised options.

John Tse & W W Fung

On behalf of
Liaison Group
CityU Staff Association

19th March 2007

Unofficial: For information only

College Transition to 2008: Revised options

At a meeting last Friday, 16 March 2007, College Executive Committee members and elected representatives of the College Staff Consultative Committee met with the College Principal and VP, Administration who proposed the following revised options that had already been discussed with CityU Staff Association's Liaison Group one week before.

University seconded staff to the College will be asked to indicate if the options are acceptable to them and whether they would be prepared to select one.

Please note the following section outlining the options is based on our personal understanding only after perusing the draft document which was not allowed to be taken away.

Option 1:

- Continued employment on University superannuable terms for one year (July 2008 – June 2009)
- Working in CCCU and subject to personnel and management policies of the CCCU
- During this period can apply for relevant positions in the University
- the University agrees to facilitate staff who wish to take up suitable positions back in the Faculties
- In the event that the staff member cannot find a suitable position within the University then the prevailing redundancy package would be offered in June 2009 (at present it is $E=Y/2$)
- Staff members due to retire from the University by 30 June 2008 and those with not more than 12 months of service remaining with the University after June 2008 before retirement will not be eligible for this option.

Option 2:

- Early retirement and potential re-employment in CCCU
- Same early retirement package offered in 2003 would apply ($E=5/6$ months* + $Y/2$ based on last monthly salary and to a maximum of 15 months).
- Re-employment on salary at the 2008 level would be offered at the discretion of the CCCU but most likely a high percentage would receive offers. Same rank and title to apply.
- Annual leave and other benefits would be based on CCCU contract terms and subject to CCCU salary structure; including provision for annual year-end performance bonus

*Ex-gratia payment is based on years of service with 5 months for service of 10-14 years and 6 months for service of more than 14 years.

Option 3:

- Continued employment on City University superannuation terms in CCCU, including existing fringe benefits (housing, education allowance, leave entitlement, etc) and salary maintained at June 2008 level (i.e. on current salary with no cuts). All these would be maintained throughout employment period with CCCU.
- Staff selecting this option will retain the same rank and job title but be subject to CCCU personnel and management policies and regulations.
- Any future reviews of salary would be at the discretion of CCCU management but the salary would not decrease.