Response to Issues Raised in CUSA’s Survey re Budget Cut

(1) To consider cutting leave and fringe benefits such as education allowance for dependent children, passage, payment-in-lieu of long leave under the 1990 Long Leave Scheme, housing benefits, etc.

The above measures were also reviewed and considered. Unlike salary and retirement benefits, these benefits are not applicable to all or even the majority of the University’s appointees and are not provided on a general, uniform basis. To cut these benefits to save costs only from those who are eligible and currently receiving them will not be fair.

Furthermore, these benefits are no longer provided to newly recruited staff. Even among the active recipients of such benefits, the amounts of benefits/allowance that may be claimed vary and depend on individual circumstances (e.g. number of dependent children and their age). Taking into account the size of savings that may be achieved, the number of staff receiving such benefit and the complexities involved, the University does not find cutting such benefits either viable or worthy to be pursued. Some examples illustrating the constraints are:

- Overseas Education Allowance/school passages
  Only about 40 active recipients. The number is small and the University cannot cease this provision unilaterally.

- Children’s Education Allowance
  About 340 active recipients; but mostly are Terms (B) or (C) appointees.

- Home Financing Allowance
  Funded by UGC-earmarked grant. Any savings therefore do not contribute to the cost-cutting in the block grant.

- Payment in lieu of long leave
  The University cannot cease this provision unilaterally. Even if the appointees agree, they are still entitled to long leave in lieu of the leave gratuity. It may have adverse impact on productivity.

(2) To implement VSS before the other cost-saving measures (subject to HoD’s approval) and MSS as the last measure after the other measures.

It is not the University’s intention to urge staff to leave the University. Instead, the University would like departments/units to explore all other cost-cutting measures first before resorting to VSS or MSS. To maintain its momentum in the pursuit of excellence and in other new developments, the University cannot afford to lose quality appointees who may be induced to leave under VSS.

Furthermore, if the other cost-cutting measures succeed in meeting the budget cut, less staff will be required to leave. This will maintain staff morale among those who stay and have to assume more work in view of the smaller workforce.

(3) Outside job should be allowed during no-pay leave.

Appointees concerned should submit application for University consideration on a case by case basis. Some fundamental principles should be observed, e.g. the activities should not be in conflict with the University’s interest; there should be no detriment to the work for the University, or to the good name of the University. The University should also be indemnified against employer’s liability for the appointee during their no-pay leave period if they assume outside work.
Why does the University not pursue the same arrangement as for the 3% + 3% pay cut following the Civil Service, and apply the proposed pay level adjustment to staff members on regular and contract terms alike? It is not fair for contract-term appointees to suffer 'double salary cut' (due to market pay level alignment and Units opting for voluntary salary reduction as a staff-cost-saving measure).

The market pay level alignment exercise was launched with the objective of setting appropriate pay levels commensurate with market conditions for the grades so as to be accountable for public money spent on staffing. The imminent subvention cut adds exigency and calls for timely action by the University. The focus is on the grades, rather than pinpointing any particular appointment type (e.g. regular or contract). The proposed downward pay level adjustment will apply to ALL the non-teaching grades concerned. Any new recruits to those posts will be hired at the new pay levels, echoing the mandate to recruit with a reasonably updated remuneration. As for applying to incumbents in the grades concerned, the University respects its contractual obligations with serving staff members and is not inclined to unilaterally initiate changes to existing appointment contracts. It is therefore proposed that the pay level adjustment will only take effect when the staff members come to have appointment movements, such as re-appointment or contract renewal, when the same adjustment will be applied to staff members on regular terms and fixed-term contracts alike. Upon the appointment movements, the appointees will have the opportunity to consider if the new terms (including the adjusted pay level) are acceptable before they take up the offers.

The University also sees to it that contract-term appointees will not be made to instantly bear too big a salary cut in case both the pay level reduction and voluntary salary reduction in a Unit happen to some appointees within a relatively short time span. Hence flexibility is already proposed for the unit heads’ consideration so that where a particular appointee has already received / will shortly receive a pay level reduction, he/she may be allowed a smaller extent of voluntary salary reduction, or be excused therefrom, dependent on the unit’s budgetary situation.

Reduction of salary of appointees on regular terms requires their consent. Regarding the 3% + 3% pay cut imposed on us because of such a move in the Civil Service, the Government expressly stated that its funding specifically for our staffing salary expenditure in 2003-04 and also 2004-05 will be slashed by the designated percentage right away with no exemption in calculation nor deferral in timing. The University therefore has no other alternative but to obtain appointees’ consent for adopting identical cuts in step with the Civil Service. Since the 3% + 3% pay cut applies to all civil servants and employees of all subvented organizations, the University is able to secure the consent of regular-term appointees to the reduction and is very appreciative of their understanding. However, if the salary reduction is above 3% + 3% and a fraction of regular-term appointees refuse to give consent, the University cannot cut their salary unilaterally.

Central administration instead of departments/units to coordinate and implement the measures:

Central administrative offices will prepare formal documents and guidelines within the University approved framework to guide departments/units in the implementation process. Department/Units will be in a better position to assess which measures will be in the best interest of the department(s)/unit(s) and of their staff.
Why does the University not apply performance-based pay cut for both regular-term and contract-term appointees?

In the context of the proposed pay level reduction, it should be recapped that the market pay comparison study is conducted on the basis of the work demands/job size and therefore the corresponding remuneration-worth of the grades, and not on the capabilities or performance of any particular groups of or even individual appointees in those grades. The University has separate established mechanisms for managing appointees’ performance, such as annual appraisal.

Fair cut across academic and non-academic departments/staff.

The funding cut for the academic and non-academic departments is proportionately similar, taking into consideration the relative size of their current budgets.

Relaxing the outside practice while cutting their salary.

Concrete proposals may be submitted to the University for consideration. Individual outside practice applications may be considered by the relevant University committee in accordance with the regulations.

To define salary increase policy in case of budget increase in future.

If the financial situation improves in future, the University will review its position at that time.