

## **Carsten's salary update 2023**

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- (1) Civil servants receive
- the annual civil servant pay adjustment (\*)
  - + annual salary increments in case of “satisfactory” performance [near-automatic]
  - + a pay increase in case of promotion.<sup>1</sup>

My understanding is that HKUST's overall salary budget is adjusted annually in line with the basic civil servant pay adjustment (\*). HKUST management then passes a percentage equal to *half* the civil servant pay adjustment on to all faculty equally. Management decides what to do with the other half.

In other words: HKUST managers deny annual salary increments and grant no pay increase in case of promotion. HKUST managers distribute *half* of the basic civil servant pay adjustment, where inflation is a key determinant of the *full* civil servant pay adjustment. In yet other words, HKUST managers *take away (real) salary from some faculty every year* to play with as they wish.

### HKUST 5-Year Strategic Plan 2020

“Strengthen faculty remuneration package and support for their families:  
to complement the University's faculty hiring plan, retention capabilities,  
and add to competitiveness, the remuneration package for new and existing faculty  
will be refined and *strengthened*, and support for new faculty and their families enhanced.”  
(emphasis added; [https://strategicplan.hkust.edu.hk/hkust\\_strategic\\_plan\\_2016-2020](https://strategicplan.hkust.edu.hk/hkust_strategic_plan_2016-2020))

Who gets the funds set free when senior faculty retire and are replaced by cheaper junior faculty? What happens with the various budgets / slush funds / end-of-academic year special multi-million dollar appropriations? HKUST managers play with an abundance of funds at their discretion while squeezing captive social science faculty. (Principles of good governance such as transparency and accountability do not apply at HKUST.)

Most years, I only received the automatic half-percentage pay adjustment. Compared to receiving exactly the basic annual civil servant pay adjustment every year since 2013, when HKUST management's ‘half-’practice was in use after I returned from three years of no-pay leave, I face a cumulative shortfall of HKD 641,236; more, if I consider a non-zero interest rate / return on investment.

In October 2023 I received the full 2.87% civil servant pay adjustment (a 1.2% real salary increase).<sup>2</sup>

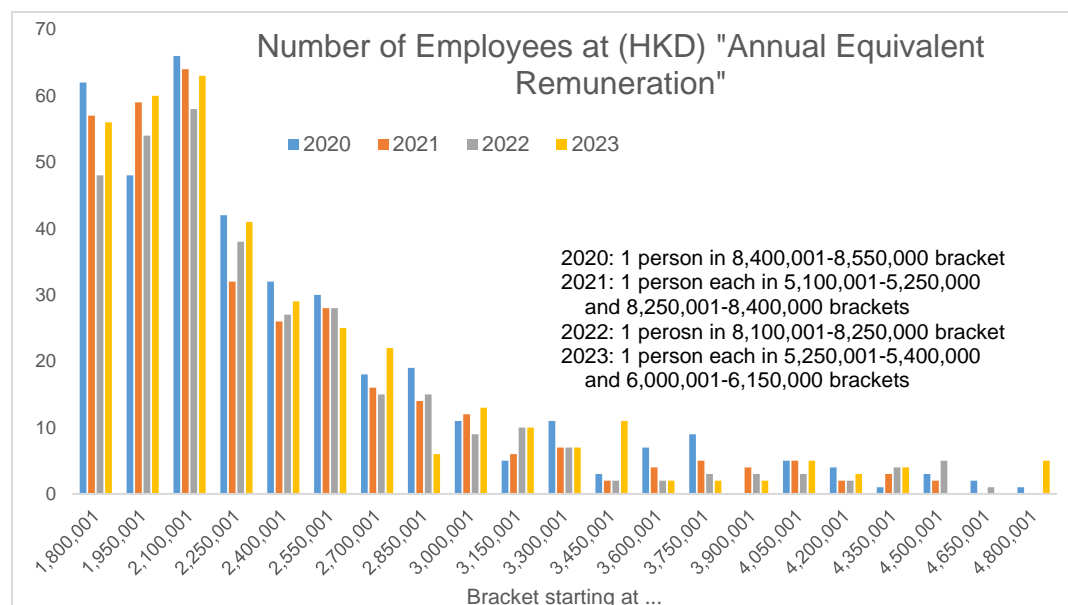
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<sup>1</sup> “Subject to satisfactory performance, including conduct, diligence and efficiency, officers normally advance one increment a year within their respective rank scales until they reach the maximum point of the scales. Upon promotion, they will advance to the pay scale of the rank they have been promoted to. Civil service pay scales are subject to adjustments under pay adjustment exercises.” <https://www.csb.gov.hk/english/admin/pay/39.html>

<sup>2</sup> My salary is now just a tad below the *base* salary for a *new* business school recruit at McKinsey (<https://www.ft.com/content/9e3da189-90d9-45e7-ad91-40cca03bc3d9>). I guess I should start anew and sit in on the non-economics classes next-door.

(2) As I shared in 2021,<sup>3</sup> HKUST's "2019-2010 Financial Statements" (p. 21) in a table titled "Remuneration of Higher Paid Staff" lists remuneration brackets with the number of employees.<sup>4</sup> In 2020, the table covers 386 "staff," who I take to be a subset of HKUST's 490 faculty. Every single one of these 386 staff has a higher remuneration than I do.<sup>5</sup> This means that I am one of the not-reporting-worthy 104 lower-paid faculty members, as full professor, with a decent publication / citation record and after (then) 26 years at HKUST.

The chart below shows all published HKUST remuneration data. Missing is the left tail covering (in 2021) the bottom 21% faculty, which, until today (2023), includes me... (plus presumably all non-faculty staff).



Source: HKUST "Financial Statement" of 2019-20, 2020-21, and 2021-22. At <https://fo.ust.hk/financial-information/financial-statements>

(3) The next chart updates my salary trajectory since 1995 (when I joined HKUST). It also shows the increasing shortfall compared to the wages in professional and business services in Hong Kong. (The civil servant pay adjustment takes into account comparable wage developments in Hong Kong's private sector, of which, in the official statistics, the wage series for professional and business services would seem the most relevant.)

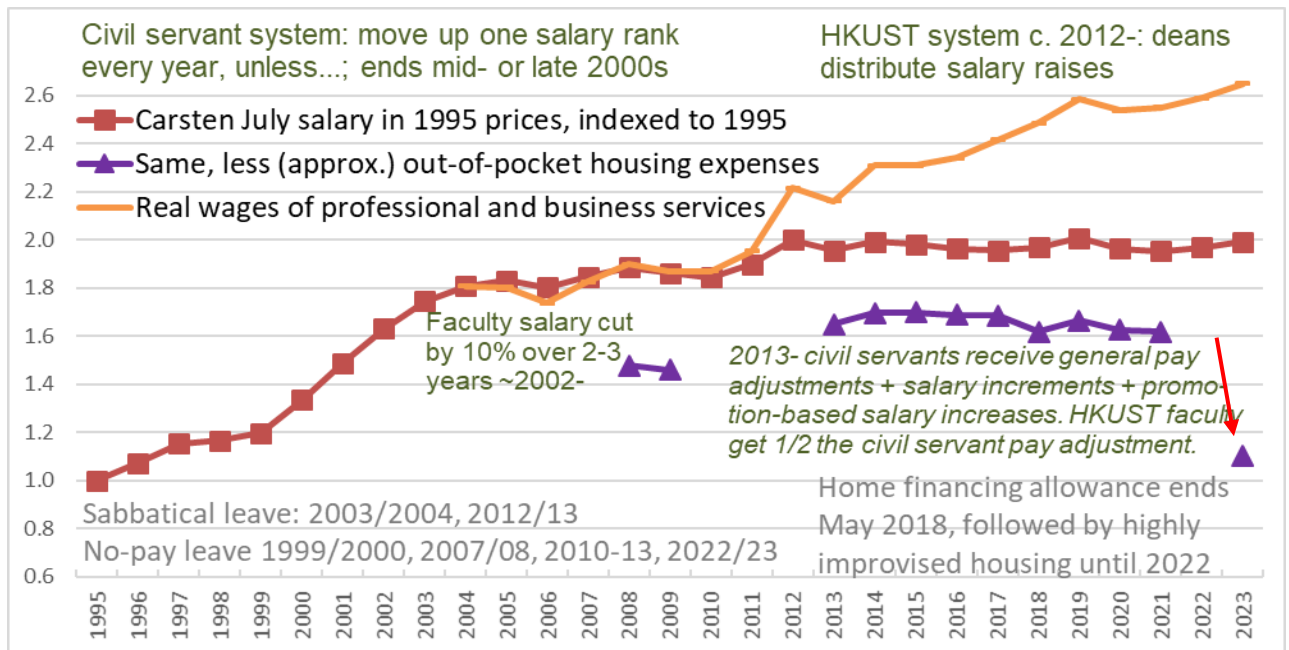
Additionally striking is the singular effect of housing costs, which, in 2023/24, bring me back to an income level similar to my starting salary at HKUST, as Assistant Professor, in 1995. I brought the effect of housing costs to the attention of HKUST management on 19 September 2023 (<https://carstenholz.people.ust.hk/Initiative/2023-9-19-Current-Rent.pdf>). (I also did so earlier, in 2015 [no response] and in 2018 ["can't do anything"].<sup>6</sup>)

<sup>3</sup> <https://carstenholz.people.ust.hk/Initiative/2021-5-5-PersonalStatement-CarstenHOLZ-2021.pdf>

<sup>4</sup> <https://fo.ust.hk/financial-information/financial-statements>

<sup>5</sup> Remuneration is defined in the source as "Remuneration includes salary, gratuity, contribution to retirement schemes, consultancy fees paid by the Group, housing and other benefits. For staff who are provided with quarters, their housing benefits are calculated by reference to the rateable values assessed by the Rating and Valuation Department of the Government of The Hong Kong Special Administrative Region."

<sup>6</sup> See <https://carstenholz.people.ust.hk/Initiative/2016-10-30-Carsten-to-Dean-AskForRaise-7Dec15.pdf> and <https://carstenholz.people.ust.hk/FakeMeritReview2019/CarstenHolz-SalaryRequest-3Sep2018.pdf>



Real wages of professional and business services: Hong Kong Census and Statistics Department's Table 19 "Nominal Wage Indices for employees up to supervisory level by industry section," sub-category "Professional and business services," as the most relevant Hong Kong wage series that I could find ([https://www.censtatd.gov.hk/en/web\\_table.html?id=19](https://www.censtatd.gov.hk/en/web_table.html?id=19)). I linked this series to my salary index at the series' start date of 2004 and, going forward, adjusted it by the CPI.

### Housing background

Through January 2001, I had a c.1,500 sqft apt., first off campus (1995/96), then (by HKUST management order) on campus, against 7.5% of my salary, followed by free housing on campus against my Home Financing Allowance (HFA) late 2001 – spring 2007.

In 2001, I signed up for the 10-year HFA at what I was told was the last chance to do so. I didn't want to live on campus for the next 30 years. Who wants to find out one day that their life is over, their medical issues multiplied, they don't own an apartment, and all they have ever done is live in a ghetto and let themselves be used by managers pursuing their private utility / career advancement. Today, 22 years later, a HKUST webpage shows the HFA to still be open to new entrants.<sup>7</sup> Why I was given a 2001 deadline, even before substantiation (buy an apt. and HKUST managers throw me out a couple of years later?) is a mystery to me.

See <https://carstenholz.people.ust.hk/FakeMeritReview2019/CarstenHolz%20HFA.pdf> for how HKUST management subsequently made a home purchase *impossible/improbable*.

Since fall 2008 (returning from no-pay leave) I have lived off campus. The HFA has always been insufficient to pay the rent, and over time increasingly so. The HFA ended in May 2018. Overall, the 10-year HFA translated into c.5.5 years of 'free' housing on campus (2001-7), c.16 years of housing expenses equal to c.20-30% of my salary (2007-2023, on top of the HFA in the years when not on no-pay or sabbatical leave), and now, at age 59, when I am no longer willing to live like a graduate student and am renting a 1,500 sqft apartment, close to 50% of my salary.

Ever smaller/poorer housing meant selling my grand piano in 2013 as it wouldn't fit into an elevator (= a big reduction in quality of life) and it meant housing improvisation in 2018-2022 (with parts of my household in storage for extended periods of time, leading to the electric appliances becoming unusable and books and textiles moldy). Such housing issues take a heavy toll on productivity, finances and enthusiasm. It's twenty years of near-daily reminders/awareness of HKUST management screwing faculty.

<sup>7</sup> <https://staffmanual.hkust.edu.hk/benefits-allowances-salaries/allowance-rates/home-financing-allowance>

(4) A complement to the housing issue is the vastly underfunded HKUST substantiation pension fund. See my write-up of 2019 at <https://carstenholz.people.ust.hk/FakeMeritReview2019/CarstenHolz-HKUST-RetirementFunding-inclRateOfReturn-29Apr2019.pdf> for details on just how severely insufficient HKUST's retirement funds are.<sup>8</sup>

The nominal return on investment has since 2019 been around 0% per year; the real return is probably negative. (The earlier assumed optimistic scenario is now wildly off, to my detriment.) I am looking at retirement funds through the HKUST substantiation scheme in six years' time that are a ridiculously small fraction—all in all perhaps one fifth—of the amount generally recommended (in relation to one's earlier salary).<sup>9</sup>

The severely underfunded HKUST substantiation retirement fund puts the main burden of retirement funding on personal saving. In my case, due to the housing costs, personal saving is zero.

Retirement funds that are by far too small to retire on must be a welcome outcome for HKUST management. Management extends the contracts of only a tenth of faculty applicants at the mandatory retirement age of 65. (Lionel Ni became HKUST provost at age 67 and then president of HKUST GZ at age 69.) If allowed by management, faculty can continue to teach at HKUST at a fraction of their previous income, now simply being paid by the course taught. The absence of tenure, the absence of a labor union, and the absence of a government for the people (see the recent UK government decision in the case of UK academics' retirement funding [at twice HKUST's rate]<sup>10</sup>) is a boon to HKUST management's play money.

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<sup>8</sup> <https://carstenholz.people.ust.hk/FakeMeritReview2019/CarstenHolz-HKUST-RetirementFunding-inclRateOfReturn-29Apr2019.pdf>

<sup>9</sup> An insistence on academic freedom could well cut short these remaining six years, doing triple damage in that nothing more will be added to these retirement funds, the existing retirement funds can't grow for another six years, and living expenses for an additional six years have to be funded by retirement savings.

<sup>10</sup> "From April 2024, institutions [referring to universities] that are TPS [Teachers' Pension Scheme] members will be required to increase employer contributions by five percentage points from 23.6 per cent to 28.6 per cent." <https://www.ft.com/content/b8c92564-a7b2-4cd6-a208-13e18cf8cff0>