

**立法會**  
**Legislative Council**

LC Paper No. CB(2)1324/00-01  
(These minutes have been seen  
by the Administration)

Ref : CB2/PL/ED

**LegCo Panel on Education**

**Minutes of meeting**  
**held on Monday, 19 February 2001 at 4:30 pm**  
**in the Chamber of the Legislative Council Building**

**Members Present** : Dr Hon YEUNG Sum (Chairman)  
Hon YEUNG Yiu-chung (Deputy Chairman)  
Hon Cyd HO Sau-lan  
Hon Eric LI Ka-cheung, JP  
Prof Hon NG Ching-fai  
Hon CHEUNG Man-kwong  
Hon LEUNG Yiu-chung  
Hon Jasper TSANG Yok-sing, JP  
Hon LAU Kong-wah  
Hon Emily LAU Wai-hing, JP  
Hon SZETO Wah  
Hon Tommy CHEUNG Yu-yan, JP  
Dr Hon LO Wing-lok  
Hon WONG Sing-chi  
Hon Audrey EU Yuet-mee, SC, JP

**Members Absent** : Hon David CHU Yu-lin  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon Michael MAK Kwok-fung

**Public Officers Attending** : Item IV  
Mr Joseph LAI, JP  
Deputy Secretary for Education and Manpower (3)

Mr Patrick LI  
Principal Assistant Secretary for Education and  
Manpower (2)

Mr Matthew CHEUNG, JP  
Director of Education

Ms Susanna S M CHEUNG  
Assistant Director of Education (School-based  
Management)

Mr Y K PANG  
Chairman, the Advisory Committee on School-based  
Management

Item V

Mrs Fanny LAW, JP  
Secretary for Education and Manpower

Mr Raymond YOUNG, JP  
Deputy Secretary for Education and Manpower (2)

Mr Peter CHEUNG, JP  
Secretary-General, University Grants Committee

**Attendance by  
Invitation** : Item IV

Hong Kong Sheng Kung Hui

Mr HA Wing-ho, Timothy  
Education Secretary

Dr LEUNG Koon-shing  
Chairman, Sheng Kung Hui Primary Schools Council

Hong Kong Association of Sponsoring Bodies of Schools

Mr HA Wing-ho, Timothy  
Chairman

Mr WONG Wai-yu  
Hon Secretary

Hong Kong Council of the Church of Christ in China

Mr Hudson SO Yee-yau  
Associate General Secretary

Education Convergence

Mr CHOI Kwok-kwong  
Vice Chairman

Hong Kong Teachers' Centre

Mr TAM Ping-yuen  
Chairman

Committee on Home-School Cooperation  
Education Department

Mr TIK Chi-yuen  
Chairman

Parents' Concern for Education Group  
Hong Kong University Graduates Association

Mr FUNG Ho-keung  
Convenor

Mr Elson K S LI  
Member

Tseung Kwan O Parents Association

Ms KAM Mi-hing, Winnie  
Vice President (Internal)

Ms LAM Wing-man, Fanny  
Council Member (Public Policy and Social Affairs)

Federation of Parent-Teacher Associations of the Central  
and Western District

Mrs FUNG KI Mui-kuen, Annie  
President

Mr MAN Chi-wah  
Vice-President

Hong Kong Eastern Parents and Teachers Association  
Federation

Mrs Shally CHAN  
Chairman

Mrs Mazy Keung  
Vice-Chairman

Federation of Parent Teacher Association, Wong Tai Sin  
District

Mr LAI Tsang-hing  
Chairman

Mr Albert FUNG Wai-yip  
Vice-Chairman

The Joint Council of Parent-Teacher Association of the  
Shatin District

Mr YU Wing-fai, Christopher  
Chairman

Ms LO Wai-man, Margaret  
Member

Hong Kong Federation of Education Workers

Mr WU Siu-wai  
Officer of the Education Policy Research Department

Item V

Federation of Hong Kong Higher Education Staff  
Association

Prof SHUM Kar-ping  
Chairman

Academic Staff Association of the University of Hong  
Kong

Dr CHAN Che-wai  
Chairman

Non-Academic Staff Association of the University of Hong  
Kong

Mr Stephen CHAN Chit-kwai, JP  
President

Dr Pierre SZETO Kit  
Vice-President

Teachers' Association of the Chinese University of Hong  
Kong

Prof KWAN Hoi-shan  
President

City University of Hong Kong Staff Association

Mr Nicholas TAM  
Vice Chair and Principal Lecturer

Dr Y C CHAN  
Associate Professor

Polytechnic University Staff Association

Mr Terence LO  
Chairman

Hong Kong University of Science and Technology

Prof Leonard K CHENG  
Head of Department of Economics

Hong Kong University Students' Union

Miss Gloria CHANG Wan-kit  
President

The Chinese University of Hong Kong Student Union

Mr FUNG Kai-yuen  
President

Hong Kong Polytechnic University Students Union

Mr LAM Ho-ming  
President

Miss YAU Wing-yin  
Internal Deputy/Vice President

**Clerk in Attendance** : Miss Flora TAI  
Chief Assistant Secretary (2)2

**Staff in Attendance** : Mr Stanley MA  
Senior Assistant Secretary (2)6

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**I. Confirmation of minutes**  
[LC Paper No. CB(2)816/00-01]

The minutes of the meeting held on 11 December 2000 were confirmed.

**II. Information paper(s) issued since last meeting**

2. Members noted that no paper had been issued since the last meeting.

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**III. Items for discussion at the next meeting**

[Appendices I and II to LC Paper No. CB(2)880/00-01]

3. Members agreed to discuss the following items at the next meeting scheduled for 19 March 2001 -

- (a) proposed Code of Practice on Education under the Disability Discrimination Ordinance issued by the Equal Opportunities Commission; and
- (b) Two-mode teaching.

[*Post-meeting note* : At the request of the Administration, discussion of two-mode teaching was subsequently deferred to the meeting on 23 April 2001.]

**IV. School-based management**

4. Members noted the recommendations of the Advisory Committee on School-based Management (ACSBM) submitted to the Director of Education (DE) on 12 January 2001 [Paper No. CB(2)880/00-01(01)].

5. The Chairman welcomed representatives of the 13 deputations and the Administration to the meeting. At the Chairman's invitation, deputations made their oral representations as summarised below.

Meeting with deputations

Hong Kong Sheng Kung Hui (HKSKH)

6. Mr HA Wing-ho of HKSKH said that HKSKH objected to any mandatory proposal of imposing a one-level school governance structure. In a pluralistic community, multifarious approaches depending on the vision and circumstances of each SSB should be adopted for school governance structure. He pointed out that in 1997, the Education Commission in its Report Number 7 recommended each school to establish a school-based management committee (SBMC) under its school management committee (SMC) to decide on school matters and be answerable to SMC. In response, Education Department (ED) had encouraged School Sponsoring Bodies (SSBs) to practise the proposed school management initiatives (SMI) which advocated the collaboration of key players in the school system. These SBMCs and SMCs which operated on the basis of a two-tier governance structure had been effective in upgrading quality of school

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management. He added that it was unsatisfactory that while parent and teacher managers were given the power in school management, they would not be held accountable for school performance because they were elected among parents and teachers.

Hong Kong Association of Sponsoring Bodies of Schools (HKASBS)

7. Mr WONG Wai-yu of HKASBS said that SSBs had long been given the discretion to nominate managers for their SMCs. In line with the recommendations of the Education Commission and the proposed SMI, SSBs had put in a lot of efforts and resources to establish and support the operation of SBMCs under a two-tier governance structure in school management. In the light of the changing needs of the community, SSBs had invited independent persons and community leaders to join their SMCs. Mr WONG added that the two-tier governance structure was welcomed by SSBs and should remain as an option for SSBs in school management. He stressed that SSBs should not be required to adopt a one-level structure compulsorily.

Hong Kong Council of the Church of Christ in China (HKCCCC)

[Paper No. CB(2)880/00-01(03)]

8. Members noted the HKCCCC's submission [Paper No. CB(2)880/00-01(03)]. Mr SO Yee-yau of HKCCCC said that HKCCCC in general accepted the final proposals of ACSBM, save the appointment and transfer of principals and termination of their appointment. HKCCCC held a strong view that as principals played a crucial role in assisting SSBs to achieve their visions and missions in school management, SSBs should have absolute discretion on the appointment of principals and termination of their appointment.

Hong Kong Teachers' Centre (HKTC)

9. Mr TAM Ping-yuen of HKTC said that while accepting ACSBM's final proposals in general, HKTC considered that a mechanism should be established to ensure smooth collaboration and impartiality in SMC discussions. He questioned the need for alternate parent and teacher managers, particularly when there should not be any difficulty in the election of two teachers to join a SMC.

Education Convergence (EC)

[Paper No. CB(2)880/00-01(04)]

10. Mr CHOI Kwok-kwong of EC said that EC welcomed ACSBM's final proposals on SBM which set out the directions towards a more open and transparent system of school governance structure. EC's views were detailed in its

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written submission [Paper No. CB(2)880/00-01(04)]. Mr CHOI highlighted the following -

- (a) SSBs should have discretion to nominate up to 50% of SMC membership. By prescribing a minimum representation, the number of parent and teacher managers could be determined in accordance with the size of SMCs concerned;
- (b) if a two-level governance structure was adopted, the authority and powers of SMC in school management should be set out in detail;
- (c) a maximum age and a minimum requirement of secondary education or its equivalent should be set for school managers (including honorary managers), but DE should be empowered to give exemptions under justifiable circumstances; and
- (d) the principle of alternate manager should apply to all categories of managers in order to ensure continuity of views in SMCs.

Committee on Home-School Co-operation, Education Department (CHSC/ED)

11. Mr TIK Chi-yuen of CHSC/ED said that CHSC/ED supported the spirit of SBM which sought to ensure collective participation and accountability in school management. CHSC/ED was confident that participation of parents and teachers in SMCs who should be provided with adequate training in school management and education policies would contribute to improving the quality of school education. Mr TIK further said that CHSC/ED supported the ACSBM's original proposal of having two or more parent managers in a SMC. CHSC/ED could only barely accept the ACSBM's recommendation of having an alternate parent manager without voting right where there was only one parent manager. CHSC/ED hoped that it would be a starting point to build up a new governance environment with more parents' participation.

Parents' Concern for Education Group, Hong Kong University Graduates Association (PCEG/HKUGA)

12. Mr FUNG Ho-keung of PCEG/HKUGA expressed appreciation of the ACSBM's endeavour in balancing the interests and aspirations of all stakeholders in its recommendations. However, Mr FUNG said that PCEG/HKUGA disagreed with the ACSBM's recommendation of an alternate manager. It was considered peculiar that alternate members who had the same rights and responsibilities of the full members were deprived of the voting right. PCEG/HKUGA also questioned the need for DE to have discretionary power to allow a school manager to serve

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more than five SMCs. He opined that the guidelines for DE to exercise discretion should be specified and the maximum number should be capped even if DE was given such discretionary power. PCEG/HKUGA was further worried that extending the transition period from three to five years would delay the establishment of parent-teacher associations in schools. Mr Elson LI of PCEG/HKUGA added that students as users of school education should also be consulted on the implementation of SBM.

Tseung Kwan O Parents Association (TKOPA)

13. Mrs Winnie KAM of TKOPA said that since aided schools were publicly-funded and students were the end-users of school education, SSBs should nominate up to 40% of SMC membership and another 30% of which should be constituted by parent managers. To facilitate development of SBM, ED should allocate sufficient resources for training of parent managers. She suggested that the law should require employers to provide two days of paid leave for parents actively participated in SMC's work. Ms Fanny LAM of TKOPA supplemented that parents just want to improve the quality of school education and their views would fairly reflect students' needs in school education.

Federation of Parent-Teacher Associations of the Central and Western District (FPTA/CWD)

14. Mrs FUNG KI Mui-kuen of FPTA/CWD said that the participation of teacher and parent managers in school management should be incremental, carefully planned and co-ordinated. The Administration and SSBs should trust parents and play a facilitative and supporting role in election of parents and teachers to SMCs. In particular, the Administration should allocate sufficient resource to provide all parent managers with training on the different aspects of school management, the proposed reforms in education system and school curriculum, and the legal responsibilities of SMCs, etc. She stressed that EPTA/CSD strongly opposed to the provision of an alternate parent manager and considered that two parent managers in each SMC would help maintain continuity and better co-ordination of parents' views. To facilitate implementation of SBM, the Government should allocate more resources to accelerate the establishment and promote the operation of parent-teacher associations, and give recognition to the work and status of parents associations and parent-teacher associations. Mr MAN Chi-wah of FPTA/CWD supplemented that the Administration should encourage schools to include parent managers in SMCs as soon as practicable so that they could learn the basic knowledge and concepts in school management.

Hong Kong Eastern Parents and Teachers Association Federation (HKEPTAF)

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15. Mrs Shally CHAN of HKEPTAF said that HKEPTAF agreed that SSBs could nominate up to 60% of SMC members, but objected to the introduction of alternate parent manager in SMCs. It agreed that SMCs with a small membership could have one parent manager and considered that with the provision of appropriate training, there was no need to set a minimum qualification for parent managers. Mrs Mazy KEUNG of HKEPTAF added that many schools already had parent managers in their SMCs. Their actual experience had indicated that participation of parent managers could enhance co-operation between parents and schools, as well as the effectiveness and transparency of school management.

Federation of Parent Teacher Association, Wong Tai Sin District (FPTA/WTS)

16. Mr LAI Tsang-hing of FPTA/WTS said that FPTA/WTS supported the ACSBM's original proposal of having two parent managers in SMCs. It also supported the provision of continuous training to parent managers and giving proper recognition to parent-teacher associations. He stressed that experience had indicated that parent managers could contribute to the work of SMCs.

The Joint Council of Parent-Teacher Association of the Shatin District (JCPTA/ST)

17. Mr YU Wing-fai of JCPTA/ST said that parents should have two seats and two votes in SMCs and that all parent managers should be provided with relevant and continuous training in school management. He pointed out that decisions of a SMC did not have to be made by voting only. SSBs were seldom able to implement a policy if 30% of SMC members did not support it. He added that existing parent-teacher associations had been able to collaborate with SSBs in a harmonious manner.

Hong Kong Federation of Education Workers (HKFEW)

[Paper No. CB(2)904-00-01(04)]

18. Mr WU Siu-wai of HKFEW briefed members on the written submission.

Discussion

*SBM implementation*

19. Ms Emily LAU expressed concern as to whether parents, teachers and SSBs could reach a consensus on the SBM proposal, particularly on the composition of SMCs and the school governance structure. She pointed out that although the LegCo could enact, amend or repeal relevant amendments to the Education Ordinance to implement SBM, it would facilitate SBM implementation if the major stakeholders could reach a consensus.

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20. Mr HA Wing-ho of HKSKH clarified that SSBs welcomed parents and teachers to participate in school management. However, SSBs demanded that a multi-level governance model should be allowed for school management. He pointed out that SSBs were concerned how parent participation should best be implemented in schools sponsored by SSBs with different background and circumstances. He considered that establishment of parent-teacher association in schools should not be affected by the current debate over the composition of SMCs and school governance structure. He echoed the view of Ms Emily LAU, saying that forcing SSBs to accept a one-level governance structure by legislation would not be a healthy way to implement SBM.

21. Mr TIK Chi-yuen of CHSC/ED said that SBM was an integral part of the education reforms and should be implemented as soon as practicable. He pointed out that under the spirit of SBM, school management would become increasingly autonomous. To improve the transparency and accountability of SMCs, the incorporation of parents and teachers in SMCs to counter-check the powers of SMCs was necessary and essential. Ms Fanny LAM of TKOPA also urged SSBs to allow more room for parents' participation in school management.

22. Dr LEUNG Koon-shing of HKSKH referred to the contention that transparency and accountability of SMCs were needed because of the decentralization of power in SBM. He suggested that parent participation could be made compulsory in any decision of school management regarding use of public funding.

23. Mr CHEUNG Man-kwong said that as a LegCo member, he would consider the views of SSBs, parents and teachers on SBM implementation. He pointed out that parents and teachers who were elected to SMCs would endeavour to contribute towards improving quality of school education rather than to interfere with matters not related to teaching and learning activities. He agreed that the powers of SSBs to set school visions and missions, and manage their private funds and assets should be protected in the Education Ordinance and SMC constitutions. Mr CHEUNG considered that there should be at least two parent and two teacher managers to be elected to SMCs. However, he agreed that flexibility should be allowed if SSBs had difficulty in nominating sufficient managers during the interim period.

*Accountability of school managers*

24. In response to Ms Audrey EU's enquiry about the accountability of parent and teacher managers for school performance, Mr HA Wing-ho of HKSKH explained that the Administration was planning to require all SSBs to enter into

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service agreements with ED for operation of schools. Under such an agreement, ED had the power to take over the management of a school from a SSB if the school performance was poor. He considered it unfair if only the SSB and managers nominated by SSB were held responsible, and the parent and teacher managers could stay out of the game and continue their membership with the new SMC. Dr LEUNG Koon-shing of HKSKH added that the controversy was whether SSBs should be held solely accountable for poor school management when not all SMC members were nominated by SSBs. Dr LEUNG queried whether ED would terminate the appointment of parent and teacher managers when it took over a school from the SSB concerned for poor governance.

[*Post-meeting note* : The Administration has responded in writing that in the event that DE takes over a school from a SSB due to poor performance of the school, its current thinking is that the SMC will be dissolved and the appointment of all managers, including parent and teacher managers, terminated.]

*Representation of parents' views*

25. Ms Audrey EU asked how parent managers could accurately reflect the views of parents to SMCs. Mr TIK Chi-yuen of CHSC/ED responded that parent managers were elected from among parents of students in the schools concerned. With sufficient training and experience, they should be able to co-ordinate parents' views and convey to SMCs, as well as to relay the deliberations and decisions of SMCs to parents.

Meeting with the Administration

*Multi-level governance structure*

26. In response to Mr YEUNG Yiu-chung's enquiry about the Government's position on a multi-tier governance structure, Deputy Secretary for Education and Manpower (3) (DS/EM(3)) said that while Government encouraged diversities in the delivery of educational services, the spirit of SBM was to encourage all stakeholders to participate in important decisions of school management. He pointed out that the need for SBM arose from the decentralization of authority from ED to schools. As autonomy of schools increased, it was necessary to improve the transparency and accountability of SMCs by involving teachers, parents, alumni and community leaders in the school decision-making process and management. Whether a school had a one-level or multi-level governance structure was not an important issue. What was important was that all stakeholders must have a meaningful role to play at the level in which important decisions concerning a school's operation were made. It was also important for SSBs and the community as a whole to agree on a set of broad principles and

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proposals for implementation of SBM. He considered that the final recommendations of ACSBM had addressed the concerns of the various stakeholders.

27. DE reiterated that there was a rapid development in SBM during the past few years. When schools were given more freedom to make decisions on the delivery of educational services and the flexibility to deploy resources, there was a growing need for more transparency and accountability in school management. He stressed that meaningful participation of parents and teachers irrespective of one or two parent and teacher managers in a SMC would enhance exchange of views and co-operation among stakeholders towards upgrading quality of school education. It would not serve the meaningful purpose of SBM if a SMC had to decide everything by voting. Although parent and teacher managers represented a minority view in SMCs, it was unlikely that a SSB would implement a policy decision which was not supported by them. The Chairman asked and DE confirmed that the power of SSBs to set the vision and mission for their schools, and to have control of their private funds and assets would be fully protected in the Education Ordinance to be amended.

*Evaluation of school performance*

28. In response to the Chairman's enquiry about requiring a SSB to enter into a service agreement with ED, DS/EM(3) clarified that this was not a new measure. To enhance schools' accountability in delivering education and to facilitate the development of performance-based school management, ED had started from the 2000-2001 school year to enter into service agreements with SSBs of new aided schools and Direct Subsidy schools. Renewal of the service agreement on its expiry would be subject to evaluation with reference to the performance targets and evaluation criteria stated in the agreement. In exceptional cases of poor performance, ED may terminate the service agreement and take over the school. He stressed that in case of poor performance of SMC in school management, all school managers including parent and teacher managers should assume collective responsibility and strive to improve the performance in joint efforts.

29. Mr LEUNG Yiu-chung asked how ED would supervise and evaluate the performance of SMCs by means of service agreements. DS/EM(3) responded that while schools were encouraged to establish an internal mechanism for self-evaluation, the advisory inspectorate of Education Department would periodically review the performance of these schools during the agreement.

30. Referring to Mr LEUNG Yiu-chung's concern about the criteria to evaluate the school performance, the Chairman enquired about the conditions for termination of service agreement. DS/EM(3) responded that only in exceptional

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circumstances ED would consider terminating an agreement before its expiry. He stressed that ED would only exercise the power as a last resort. A service agreement would set out the vision, performance target of the school, as well as evaluation interim for target attainment in clear terms. The emphasis was on continuous improvement of school performance through the collaboration between ED and SSBs.

31. In concluding the discussion, the Chairman said that deputations were welcomed to make further submissions to the Panel on the final proposals of ACSBM. He also thanked deputations for attending the meeting.

**V. Recurrent funding for the University Grants Committee-funded institutions for the 2001-02 to 2003-04 triennium**

32. Members noted that the Association of Lecturers Hong Kong Institute of Education had made a written submission [Paper No. CB(2)885/00-01(04)] and the President of the Lingnan University had also made a further submission [Paper No. CB(2)894/00-01(01)].

33. The Chairman welcomed representatives of the nine deputations and the Administration to the meeting. At the invitation of the Chairman, representatives of deputations made oral representations as summarised in paragraphs 34 to 46.

Meeting with deputations

Federation of Hong Kong Higher Education Staff Association (FHKHESA)  
[Paper No. CB(2)904/00-01(06)]

34. Members noted the written submission of FHKHESA which was tabled at the meeting and subsequently issued vide Paper No. CB(2)904/00-01(06).

35. Prof SHUM Kar-ping of FEKHESA said that FEKHESA strongly object to reducing recurrent funding for University Grants Committee (UGC)-funded institutions in the 2001-2 to 2003-04 triennium. He stressed that in the face of an increasingly competitive knowledge-based economy, increasing funding support for the UGC-funded institutions to foster the necessary talents and leaders was essential for the long-term development of Hong Kong. He pointed out that arising from inadequate funding, UGC-funded institutions had to reduce costs by employing more contract staff and terminating the appointment of senior serving staff. A variety of efficiency enhancement programmes and evaluations were introduced and as a result staff were overloaded with a lot of administrative duties.

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Academic Staff Association of the University of Hong Kong (ASA/HKU)

36. Dr CHAN Che-wai of ASA/HKU said that the actual reduction of recurrent funding allocated to UGC-funded institutions for the next triennium would be far more than 3.9% as claimed by the Administration. He explained that it was because the Administration's calculation had not taken into account the following

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- (a) the additional and associated costs for the increase in degree and above places which would be offset by a reduction in the less costly sub-degree places in the next triennium;
- (b) as the reduced average student unit cost achieved by the end of 2000-01 had become the new basis for calculating the funding requirement for the entire 2001-02 to 2003-04 triennium, the funding level for the next triennium would be further reduced; and
- (c) UGC-funded institutions would be required to implement the proposed extension of undergraduate studies from three to four years without provision of additional resources.

37. Dr CHAN pointed out that the recommendations to allow institutions to carry over up to 20% of their recurrent grants to the next triennium would encourage institutions to introduce further cut in order to build up the reserve. The proposed flexible salary structure would also lead to unfairness among staff members. He expressed grave concern that both academic and non-academic staff, as well as the overall quality of tertiary education, would suffer as a result of reduction in recurrent funding. Dr CHAN said that he was even more worried when heads of the UGC-funded institutions remained mute about the proposed recurrent funding. He wondered whether there was any underhand negotiation about further allocation of funds in the future.

Non-academic Staff Association of the University of Hong Kong (NASA/HKU)  
[Paper No. CB(2)885/00-01(01)]

38. Mr Stephen CHAN of NASA/HKU briefed members on the submission of NASA/HKU. He appealed to members on behalf of all the non-academic staff of HKU not to support the proposed recurrent grants for the 2001-02 to 2003-04 triennium.

Teachers' Associations of the Chinese University of Hong Kong (TACUHK)

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39. Prof KWAN Hoi-shan of TACUHK said that TACUHK strongly objected to further reduction of recurrent funding for UGC-funded institutions. He pointed out that as a result of the various enhanced productivity measures to save cost, academic staff were required to take on extra administrative and supervisory duties in addition to their teaching and research work. It was common to have very large classes and academic staff could hardly have the time to interact with individual students. Prof KWAN further said that institutions tended to employ staff on contract term so that they could pressurize their staff to take on extra work. However, lack of tenure had not only led to low staff morale but also difficulties to recruit academic staff of good quality. He warned that further budget cut would jeopardise the quality of tertiary education.

City University of Hong Kong Staff Association (CUHKSA)

40. Mr Nicholas TAM of CUHKSA said that CUHKSA did not support further reduction of recurrent funding for UGC-funded institutions. In the face of economic recovery, he queried the rationale for further reduction of recurrent funding for tertiary sector. He pointed out that due to reduction in recurrent funding, the teaching environment in UGC-funded institutions had become increasingly difficult and the overall quality of tertiary education was gradually sliding down. Dr Y C CHAN of CUHKSA said that according to his calculation on the basis of latest information, the budget cut for the City University of Hong Kong was 9.3% instead of 2.84% as stated by the Administration and the actual decrease of recurrent funding for UGC-funded institutions in the next triennium ranged between 8 to 11%. He cautioned that such a severe cut would substantially affect staff employment opportunities and the financial strength of UGC-funded institutions to recruit renowned academics from overseas.

Polytechnic University Staff Association (PUSA)

41. Mr Terence LO of PUSA said that the decline in quality of tertiary education was in synchronisation with the progressive reduction of recurrent funding in recent years. He considered that by implementation of EPP, the Administration had in effect created continuous competition for scarce resources at various levels. A decade ago he would advise secondary graduates to continue higher education in local universities, but today he would advise graduates to pursue tertiary studies elsewhere as early as possible. He suggested that to promote the quality of tertiary education, the Administration should stop further cuts in recurrent budgets and return the 10% saving of average student unit costs to UGC-funded institutions. He stressed that staff could only concentrate on their teaching work when they felt a sense of security in their employment.

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Prof Leonard CHENG, Head of Department of Economics, Hong Kong University of Science and Technology

[Paper No. CB(2)904/00-01(03)]

42. Prof Leonard CHENG briefed members on his personal comment on the proposed recurrent funding for the UGC-funded institutions for the next triennium as set out in his submission. He pointed out that further reduction was contrary to the policy commitment of building a knowledge-based economy. Citing the enrolment and annual operating expenditure of eight popular universities in the United States, Prof CHENG questioned the basis to say that local university education was more costly than those of the popular tertiary institutions in the United States.

Hong Kong University Students' Union

[Paper No. CB(2)885/00-01(02)]

43. Miss Gloria CHANG of HKUSU briefed members on the HKUSU's concerns as set out in the submission. She highlighted the following points -

- (a) it was impractical and inappropriate to rely on resources from the commercial and industrial sectors to fund tertiary education. Otherwise, tertiary education would become purely market-driven;
- (b) further budget cuts would definitely jeopardise the quality of tertiary education in various aspects; and
- (c) it was unhealthy that institutions had to compete for student intake in order to avoid any decrease in funding support.

44. Miss Gloria CHANG of HKUSU stressed that it was unreasonable and improper for the Government to propose further budget cut in the next triennium. She urged that the Administration should discuss with individual institutions for necessary adjustments.

The Chinese University of Hong Kong Student Union (CUHKSU)

[Paper No. CB(2)885/00-01(03)]

45. Mr FUNG Kai-yuen of CUHKSU briefed members on the main points of the submission of CUHKSU. He stressed that the Administration should not reduce recurrent funding for UGC-funded institutions for the next triennium in order to avoid further decline in the quality of tertiary education and any detrimental effect on academic freedom.

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Hong Kong Polytechnic University Students Union (HKPUSU)

46. Mr LAM Ho-ming of HKPUSU said that in pursuit of commercial endowments, programmes offered by HKPU had become more and more market-driven at the expense of humanities and language programmes. Academic programmes were directed towards meeting the manpower needs of the commercial and industrial sectors. He also expressed concern that as a result of budget cuts, UGC-funded institutions would reduce subsidies to various extra-curricular activities and financial support for students. Mr LAM therefore stressed that the proposed budget cut would not only affect the operation of institutions but also the direct interest of students.

Meeting with the Administration

47. Members noted that the Administration had provided supplementary information on the key issues raised by members of the Finance Committee and members of the public regarding the recurrent funding for the UGC-funded institutions for the 2001-02 to 2003-04 triennium [Paper No. CB(2)880/00-01(04)].

48. The Chairman declared interest as a teaching staff member in HKU. At his invitation, Deputy Chairman took the chair at this juncture.

*Impact of budget cut on the quality of tertiary education*

49. Mr SZETO Wah stressed that Hong Kong Professional Teachers' Union opposed to the proposed recurrent funding for UGC-funded institutions for the next triennium. It also supported the views of deputations expressed at the meeting. He said that tertiary education was crucial to the future development of Hong Kong and the proposed recurrent funding would jeopardise the ability of institutions to provide quality education. Mr SZETO expressed disappointment that the Heads of the eight UGC-funded institutions had decided not to attend the meeting to express their views. He was worried that the overall low staff morale and feeling of insecurity in employment would foster a culture of flattery in the institutions. Such a culture of flattery would have adverse effect on academic freedom and the moral judgement of students. It would also have a long-term detrimental effect to the quality of tertiary education. He urged the Administration to re-consider the funding proposal with extreme caution.

50. Mr CHEUNG Man-kwong said that he was astonished to learn that some academics had lost their faith in the tertiary education of Hong Kong and would now encourage students to pursue overseas studies as early as possible. He added that he had received a total of 282 electronic mails from teaching and non-teaching staff of UGC-funded institutions, expressing strong views against reduction of

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recurrent funding for tertiary education. Given the rage among staff of the institutions, he anticipated that the Administration would not be able to secure their support to implement future reform in tertiary education.

51. Ms Emily LAU referred to the extracts from the World Competitiveness Yearbook and the Global Competitiveness Report 1999 which were tabled at the meeting and subsequently issued vide Paper No. CB(2)904/00-01(02). She pointed out that despite huge investment in tertiary education, the rankings of Hong Kong in terms of tertiary education meeting the needs of a competitive economy and tertiary education enrolment were rather low. Ms LAU said that she was very concerned that Hong Kong's competitiveness would be further reduced as a result of the budget cut in tertiary education.

52. Prof NG Ching Fai declared interest as a teaching staff member in Hong Kong Baptist University and said that some institutions had been pushed to the limit in cost control and resource utilisation. Any further reduction beyond the 5% point-to-point reduction in average student unit cost in the current triennium should not be supported. Prof NG echoed the deputations' concerns that further budget cut would lead to a decline in the quality of tertiary education. Mr LEUNG Yiu-chung expressed a similar concern. He said that UGC needed to assure members how the budget cut could be implemented without detriment to the quality of tertiary education.

53. In response to members' grave concern about the impact of budget cut on the quality of tertiary education, Secretary for Education and Manpower (SEM) said that higher education received a 324% increase in public expenditure in the past decade and had now entered into a consolidation stage which staff would take time to accept. She pointed out that the entire civil service experienced the same in implementing measures under Enhanced Productivity Programme (EPP), but the quality of public service was not affected and there was not any large-scale redundancies.

54. SEM stressed that a two-tier arrangement was currently adopted for allocation of recurrent funding between Government and UGC, and between UGC and UGC-funded institutions. In brief, the Administration worked out with UGC the level of triennial funding based on an overall average unit student cost, and UGC would in turn negotiate with individual institutions to determine the level of their recurrent grants in the triennium.

55. SEM was of the view that many problems identified by the deputations were related to the management of institutions. In view of the need to preserve academic freedom and institutional autonomy, the Administration would not interfere with the internal management and allocation of resources within

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individual institutions. However, she was willing to discuss these issues with institutions at their invitation. SEM opined that in view of the concerns of deputations, Heads and governing councils of UGC-funded institutions should proactively approach staff representatives on matters related to quality of programmes, distribution of research resources, administrative arrangements and procedures, staff relations, etc. She expressed confidence that academics would not sacrifice their integrity and flatter their superiors in order to secure renewal of contract or to compete for resources.

56. SEM pointed out that improving cost-effectiveness of resources utilisation in UGC-funded institutions should not be regarded as in conflict with the Administration's commitment to provide a better learning environment and upgrade the quality of education. She referred to paragraph 9 of the Administration's paper and said that the Administration had not requested further reduction in the average student unit cost beyond the agreed 10% target. Based on the funding allocations, the unit cost for the next triennium would only be 1% less than the 2000-01 level, i.e., projected at \$226,360. Referring to the written submission of the Hong Kong Youth and Tertiary Students Association [Paper No. CB(2)778/00-01(02)], SEM said that students had also admitted that there was malpractice of wasting resources in institutions. It was doubtful to suggest that there was not any room for further savings at the UGC-funded institutions. Moreover, while institutions were encouraged to review its internal management on a continuous manner, the Administration would consider providing appropriate assistance to institutions which were genuinely in need of additional funding support. She opined that LegCo members who were also members of the governing councils of the institutions should also assist in ensuring that resources were utilised in a cost-effective manner.

57. SEM added that the academic reputation of a university might not directly correspond with its financial strength. She cited a report published by the Asia Week and said that the three most reputable universities in Asia were only ranked 11<sup>th</sup>, 14<sup>th</sup> and 13<sup>th</sup> respectively in terms of financial resources. In fact, Hong Kong had four universities on the list of top 10 tertiary institutions with the strongest financial back-up.

58. SEM admitted that UGC had introduced various funding measures to enhance quality of tertiary education in recent years e.g. the Research Assessment Exercise (RAE) and some academic staff might consider these measures a burden. RAE was started in 1992 to identify and prioritise research proposals which were pertinent to the needs of Hong Kong. Since then, the academic achievements of local universities had gained international recognition. She pointed out that RAE was conducted on the basis of peer review. The specialist subject panels under the Research Grants Council would work through a network of referees comprising

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recognised experts in the fields both in Hong Kong and overseas. In this connection, SEM stressed that funding for the Areas of Excellence Scheme was also conducted by peer assessment. Any accusation that the Scheme was a means to control academic activities was totally unfounded.

59. With reference to the Heads of the UGC-funded institutions declining to appear before the Panel, Secretary General of UGC (SG/UGC) pointed out that the Convenor of the Heads of Universities Committee had written to the Panel Chairman explaining why Heads of institutions did not attend the meeting. SG/UGC explained that it was the position of the Heads of institutions that UGC had all along acted as an intermediary between the government and institutions and this well-established tradition which had ensured institutional autonomy and academic freedom should be followed.

*Cost effectiveness of UGC-funded institutions*

60. Ms Emily LAU said that while she always supported that UGC-funded institutions should be provided with adequate resources where necessary, she considered that there could be room for further savings at these institutions. She pointed out that staff costs accounted for the bulk of the institutions' expenditure because academic staff were highly paid as they followed the Master Pay Scale. Ms LAU said that while she respected institutional autonomy, the Administration should ascertain from institutions as to whether there was any room to cut staff cost if it was the aspiration of the community.

61. SEM said that she would meet with staff associations of UGC-funded institutions shortly to discuss whether their salary structure should be de-linked from the Master Pay Scale. She hoped that she could discuss their views thoroughly at the meeting.

62. Mr CHEUNG Man-kwong said that he was dismayed at the remark of the Financial Secretary that it was financially more viable to subsidise local students to pursue studies at world-class universities such as the Harvard University and Oxford University. He considered that Government officials should be cautious in making comments which might jeopardise the reputation of local institutions and academics. Likewise, Mr CHEUNG referred to the remark made by Prof Edward CHEN, President of Lingnan University that funding cuts would lead to reduction in staff numbers. He questioned the basis for SEM to regard Prof CHEN's statement as alarmist, saying that such an adverse comment would jeopardise Prof CHEN's reputation.

63. SEM responded that she considered it premature for Prof CHEN to make such a remark at that time because there were other sources of funding other than

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the recurrent block grant yet to be allocated to institutions. SEM said that she considered her comment justified because Prof CHEN's premature remark would unnecessarily cause discontent about possible staff redundancy and pay cut among staff of the institutions.

*Programmes offered by UGC-funded institutions*

64. Mr CHEUNG Man-kwong expressed concern that institutions would focus on more commercially viable disciplines such as information technology and finance programmes at the expense of programmes on liberal arts or humanities. He pointed out that such a trend would turn institutions into factories which catered for the manpower needs of the community only.

65. SEM responded that distribution of student numbers by broad academic programme categories was determined by the academic development plan of each institution to be submitted to UGC. In the light of academic freedom and institutional autonomy, collaborations and interaction between UGC-funded institutions and industrial and commercial sectors for programme sponsorship such as joint-venture projects should be decided by the governing councils and Heads of UGC-funded institutions. She pointed out that the popularity of individual programmes was collectively determined by students' preference, while students' preference would be affected by the prevailing social values and market demand. It was incorrect to say that institutions did not offer programmes of liberal arts and humanities simply to cut costs.

*Basis for allocation of recurrent and other funding*

66. Mr CHEUNG Man-kwong said that he was very disappointed that the Administration had not made any financial commitment to allocate more funding to UGC-funded institutions despite members' request made at the meeting of the Finance Committee on 9 February 2001. Mr CHEUNG noted that the proposed recurrent funds for the UGC-funded sector in the next triennium would be about 3.9% (about \$1.9 billion) less than the current triennium. In addition, the Cash Limit for the UGC-sector calculated based on the overall student unit cost approach was about \$1 billion less than that calculated under the weighted student unit cost approach. Although the Administration agreed in principle that subject to available resources, the student mix and the student unit cost by level should be taken into account in determining the Cash Limit, it would only review the situation in determining funding for the 2004-05 to 2006-07 triennium. Mr CHEUNG considered that the surpluses resulted from UGC-funded institutions' efforts in cost control and productivity gains should be deployed for the intended purposes such as maintenance of buildings and replacement of equipment, etc. It

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was unfair to require institutions to use their surplus reserves to offset the budget cuts in recurrent funding in the next triennium.

67. SEM responded that she was unable to make any concrete financial commitment at the present stage because the Government's budget had to be determined on a yearly basis. She explained that as approved by the Finance Committee on the recurrent funding for the current triennium, the net savings to be delivered by the UGC-sector was 5% overall. The 5% saving to Government would be delivered over two triennia, i.e., 2.5% or \$1,115 million in money terms (in 1997-98 price) from the current triennium and 2.5% or \$1,166 million (in 2000-01 Estimated priced) from the next triennium. She pointed out that Government launched EPP with a target savings of 5% of baseline expenditure in 1998 and had exempted the UGC-sector from EPP in view of the student unit cost reduction. Since UGC-sector was provided with a six-year period to return 5% savings to Government, it was in fact doing no more than what the entire public sector was required to achieve in terms of efficiency gains. SEM added that apart from recurrent block grant, there were other sources funding such as Earmarked Research Grant (ERG) and UGC's Central Vote which provided funding assistance to institutions based on genuine needs. In fact, the 5% savings retained by UGC would be redistributed to the institutions to meet new developments such as the Areas of Excellence Scheme through the Research Grants Council.

68. SEM further said that to encourage longer term planning and improve flexibility in financial management, the Administration proposed a mechanism to allow institutions to carry unspent funds up to 20% of their respective recurrent grants from one triennium to the next as reserves. Such reserves would not affect the calculation of student unit cost for the purpose of determining the level of Government funding or the level of tuition fees. As regards the \$1 billion difference between the calculations of the Administration and UGC, SEM explained that the existing practice of adopting a crude average student unit cost in determining the Cash Limit for the UGC-sector was in place even before the inception of UGC. The Administration understood that the present formula would impose funding constraints on UGC in the process of progressively increasing degree and above places to be offset by a reduction in the less costly sub-degree places in the next triennium. The Administration therefore had undertaken that student mix and student unit cost by levels should be taken into account in determining future recurrent funding for UGC-sector, subject to availability of resources.

69. Mr CHEUNG Man-kwong pointed out that although half of the savings arising from the 10% reduction in average student cost was ploughed back to UGC-sector, the Government had not provided additional funding in support for new developments such as Areas of Excellence Scheme and other quality

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assurance initiatives. In other words, UGC-funded institutions were required to perform additional tasks at costs of around half of the savings.

70. SEM reiterated that the Administration would endeavour to identify savings during the next triennium for further allocation to UGC, should the UGC sector encountered any genuine financial difficulties. However, the amount could not be quantified at the moment. UGC would also be allowed to distribute to the institutions any savings it could achieve by the end of the triennium. She added that the number of research postgraduate students could be adjusted if institutions were really in financial difficulties. If necessary, the resources to support Areas of Excellence Scheme could be ploughed back to institutions to lessen their financial burden.

71. SEM urged that members should support the proposed recurrent funding for the 2001-02 to 2003-04 triennium as soon as possible so that UGC-funded institutions could proceed with their student admission work. Mr SZETO Wah opined that institutions could still proceed with their student admission work on the basis of the current block grant before the proposed recurrent funding for the next triennium was to be approved.

72. Deputy Chairman said that the financial proposals would be re-submitted to the Finance Committee for approval on 23 February 2001 and members could take their position accordingly. He thanked representatives of deputations and the Administration for attending the meeting.

**VI Any other business**

73. There being no other business, the meeting ended at 8:00 pm.

Legislative Council Secretariat

20 April 2001