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LegCo Panel on Education

**Minutes of special meeting
held on Tuesday, 26 March 2002 at 1:00 pm
in Conference Room A of the Legislative Council Building**

Members Present : Hon YEUNG Yiu-chung, BBS (Chairman)
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon Jasper TSANG Yok-sing, JP
Hon Emily LAU Wai-hing, JP
Hon SZETO Wah
Hon Audrey EU Yuet-mee, SC, JP
Hon MA Fung-kwok

Members Absent : Dr Hon YEUNG Sum (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Cyd HO Sau-lan
Hon Eric LI Ka-cheung, JP
Hon LAU Kong-wah
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Dr Hon LO Wing-lok
Hon WONG Sing-chi

Public Officers Attending : Mr Peter CHEUNG, JP
Secretary General
University Grants Committee

Mr Jeff LEUNG
Deputy Secretary General
University Grants Committee

Attendance by Invitation : Lord Stewart R SUTHERLAND
Principal and Vice-Chancellor
University of Edinburgh, United Kingdom

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. Briefing on the Higher Education Review

The Chairman welcomed Lord Stewart R Sutherland and representatives of the University Grants Committee (UGC) to the meeting.

2. At the Chairman's invitation, Secretary General, UGC (SG(UGC)) briefed members on the background of the UGC's report on Higher Education in Hong Kong 2002 (the Report) [LC Paper No. CB(2)1463/01-02]. He highlighted that the review on higher education in Hong Kong was commissioned by the Secretary for Education and Manpower (SEM) in May 2001. He said that extensive consultation had been conducted in the course of the review, and the views and aspirations of all stakeholders were listened to. A public consultation forum was held in October 2001. In the preparation of the Report, Lord Sutherland, the author of the Report, worked to a Steering Committee of UGC comprising local UGC members and a management expert. SG(UGC) further said that recommendations in the Report had been endorsed by the full UGC. The Report had been submitted to the SEM, and would be released to the public at a press conference to be held shortly after the meeting. UGC would collate views in the months of April and May 2002 before taking further the recommendations in the Report.

3. With the aid of a power-point presentation, Lord Sutherland then gave a preview of the Report which covered structure of the review, and major

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recommendations in the Report. The presentation materials were tabled at the meeting and subsequently issued vide LC Paper No. CB(2)1462/01-02(02).

Discussion

Expanding and supporting the post-secondary sector

4. Mr CHEUNG Man-kwong expressed concern about the policy implications of providing 60% of students with the opportunities to pursue post-secondary programmes on a self-financing basis. He pointed out that such a policy would give rise to a number of controversial issues. First, UGC-funded institutions currently receiving public funds for provision of sub-degree programmes would be severely affected during the transition from full subsidy to self-financing. Second, the provision of 82% subsidy to first-year-first-degree programmes and none to sub-degree programmes would mean an unfair distribution of educational resources for eligible students. Lastly, about 30% of associate degree holders would target at pursuing further university studies in UGC-funded institutions. However, only around 2% of the 14 500 first-year-first-degree places per year were available for enrolment of associate degree holders. If these first-year-first-degree places did not increase correspondingly, many of them would have to seek university education elsewhere.

5. Lord Sutherland responded that UGC would recommend continuation of funding support for existing sub-degree programmes in UGC-funded institutions, if necessary. According to the Chief Executive's Policy Address 2001, funding support for increasing the percentage of those receiving post-secondary education and training to 60% should come from both the public and private sector. While the details and funding patterns for this had not yet been comprehensively established, certain points were clear. The first was that a number of community colleges would be created, some of them would grow from the current UGC-funded institutions which were already offering sub-degree, continuing education and lifelong learning programmes, and some would be new institutions. He explained that the evidence from elsewhere was that private sector providers focused upon courses that offered a high market volume and low cost courses. It was therefore important for some associate degree programmes to remain publicly funded if they were to survive. However, it must be stressed that money to support these programmes were not cross-subsidised by other areas of university activity.

6. Lord Sutherland further said that UGC recognised the demand of associate degree holders for entry into the advanced years of university programmes and was working on the recommendation to establish a credit accumulation and transfer system (CATS). In alignment with the establishment of CATS, second-year places in university programmes should also be increased to meet the expectations of associate degree graduates. The prospect of funding by credit

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units as a corollary of CATS was discussed in chapter 4 of the Report. In the long run, CATS would facilitate student mobility and provide better articulation arrangements between the community colleges and the universities.

7. Mr CHEUNG Man-kwong stressed that if the number of first-year-first-degree places at the eight UGC-funded institutions continued to be fixed at 14 500, UGC-funded institutions could hardly provide sufficient second-year places for the graduates of associate degree programmes. Without government subsidy, only students with a better financial background could afford to pay the high cost of an associate degree programme. Mr CHEUNG therefore expressed doubts whether the policy objective of enabling 60% secondary school leavers to receive tertiary education could be achieved.

8. Lord Sutherland responded that UGC was examining the possible alternatives for providing public funding support to additional second-year places. He anticipated that the government policy of enabling 60% of secondary school leavers to pursue tertiary education would ultimately create a market of different tertiary programmes to balance the demand of graduates of associate degree programmes in the long run.

Delinking from civil service pay system

9. Ms Emily LAU asked about the rationale for recommending to delink the remuneration package of both academic and non-academic staff in UGC-funded institutions from the civil service pay and conditions. Mr LEUNG Yiu-chung added that such delinking would adversely affect staff morale. In particular, the lack of job security might consequently create a culture of flattery which in turn would have adverse effect on academic freedom and institutional autonomy.

10. Lord Sutherland responded that the proposal of delinking was not intended to reduce allocations for staffing establishments in UGC-funded institutions. In fact, the financial implication of the recommendations in the Report was quite the opposite. He explained that in the context of tertiary education, the best international practice accepted the need for differential salaries and rewards for recruitment and retention of high quality academics. In order for institutions to compete at international level, they must have the freedom and flexibility to determine the appropriate terms and conditions of service for staff employment. A linkage to civil service pay system was an impediment to international competitiveness, and delinking would give institutions the freedom to devise their own remuneration packages. In response to Ms Emily LAU's further question, Lord Sutherland stressed that the exact level of remuneration package for the best academics would have to be determined by the market. He cited the shortage of expert manpower in the field of Information Technology to illustrate the extremely fierce competition for talents in a global market.

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11. Mr CHEUNG Man-kwong pointed out that UGC-funded institutions were facing multi-faceted reforms at the moment. Apart from their own internal reform review, the Education Commission had already put forward reform proposals which would have significant impacts on the system of higher education such as the possibility to implement a 4-year academic structure and the increase in post-secondary learning opportunities. UGC now had published the Report which was of great significance to the future of higher education in Hong Kong. Mr CHEUNG expressed grave concern as to whether the institutions would be able to face all these impacts, given the proposal to delink the staff remuneration package of UGC-funded institutions from the Civil Service pay and conditions represented a fundamental blow to the existing system.

12. Lord Sutherland responded that the Report had not recommended any reduction of resources for the higher education sector. He did not consider that delinking the staff remuneration package from the civil service pay system would cause a blow to UGC-funded institutions. He pointed out that the review on higher education in Hong Kong was commissioned in response to the request from SEM. The Report had contributed to a wider debate on the future development of higher education and highlighted the important role of institutions in the future development of Hong Kong.

Appeals and grievance mechanism

13. Ms Emily LAU asked whether the Report had recommended the establishment of any mechanisms for resolving disputes and conflicts between the staff and management of tertiary institutions on administrative and employment-related issues. She stressed that Legislative Council (LegCo) Members did not consider LegCo an appropriate venue to discuss these issues, but it appeared that there was no other alternative when a dispute related to social injustice could not be settled by the institution concerned. She cited the recent events involving non-renewal of contract for 10 staff members of the School of Law in the City University of Hong Kong to illustrate the need for establishing an external body to handle staff complaints and grievances within the tertiary education sector.

14. Lord Sutherland responded that the Report had recommended each university to carry out a review of its governance and management structures. The establishment of a mechanism to settle internal disputes or to review administrative decisions should be included in these reviews. He pointed out that the Report had suggested to establish an external mechanism for settling disputes within the tertiary education sector. Extending the remit of the existing Office of the Ombudsman to cover the UGC sector was an option worthy of consideration. The current consultation would also assess public views on providing an adequate external mechanism for settling disputes within the tertiary sector.

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15. SG(UGC) supplemented that the core question should be whether the governance structure of individual institutions was operating in an open, transparent and accountable manner. In other words, institutions should carry out an internal review of its governance and management structures with a view to improving transparency and accountability so that external interference would be minimised.

Institutional Autonomy, Academic Freedom and the role of UGC

16. Ms Audrey EU asked how many universities in Hong Kong could achieve world-class status if they were differentiated by mission. Lord Sutherland responded that the number of world class universities in Hong Kong would depend on the level of resources which could be allocated for the recruitment of the best academics in the key areas of teaching and research.

17. Ms Audrey EU asked how academic freedom and institutional autonomy could be achieved in the context of limited resources and mission differentiation. Lord Sutherland said that the purpose of mission differentiation among UGC-funded institutions was to strategically identify their strengths as the focus of public and private sector support with the explicit intention of creating institutions capable of competing at the highest international levels. The long-term objective was to increase the proportion of public funding which was distributed according to performance and mission. Ms EU further asked how mission differentiation would be achieved. Lord Sutherland replied that universities had their own strengths and some universities had the capacity to be research-led whereas others would want to become centres of excellence in learning and teaching. Given the limited resources available, the missions of universities should be differentiated in the light of the community's needs and expectations. In this connection, UGC should play the role of an effective coordinator to coordinate discussions among institutions for identification of their missions and collaboration of efforts in case of similar strengths. In essence, UGC should continue to play the role of "honest broker" or "buffer" which stood between the Government and the institutions to safeguard academic autonomy on the one hand and ensure values for money for taxpayers on the other. When the new landscape of the post-secondary sector was defined, UGC should conduct an internal review of its procedures, and publish a clear statement of its responsibilities in the light of new challenges, emphasizing an enhanced strategic role for steering the higher education sector.

18. Mr TSANG Yok-sing noted that the Report had cited the experience of Singapore and the People's Republic of China to support that "selectivity" was now an international trend for cost-effective use of limited research funding. He questioned whether the recommendation to create institutions capable of competing at the highest international levels would eventually rank the UGC-funded institutions.

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19. Lord Sutherland responded that attempts to rank the universities were normally made on the assumption that universities could be ranked with respect to a single activity or output performance. However, he considered that some universities in Hong Kong had the capacity to become centres of excellences in certain areas of research, and some should contribute to the policy objective of providing 60% of secondary school leavers with associate and sub-degree programmes. He pointed out that "selectivity" was mission-related and the identification of a variety of missions for UGC-funded institutions would benefit the future development of Hong Kong. There was no reason why UGC-funded institutions should not be financially assisted to achieve, through appropriate funding policies and mechanisms, international excellence in what they did best.

20. Mr TSANG Yok-sing remarked that the reality was that some missions might be more valuable than others in terms of attracting funding support. Lord Sutherland responded that UGC's funding policies and mechanisms should aim to create diversity in areas of teaching and research. He stressed that universities should engage in both teaching and research work, and that it was not easy to procure funding support for research projects.

21. Ms Audrey EU sought clarifications about the meaning of "earned autonomy" and "negotiated freedom" in the context of academic freedom and institutional autonomy. Lord Sutherland responded that the fostering of trust and understanding between the tertiary education sector and other sectors of the community was imperative for institutional autonomy to flourish. All institutions must value and practise probity. They should operate with a high degree of transparency and openness, and assume final responsibility for their academic commitments. Given the substantial resources required for researches and the important element of public accountability, the autonomy of the researcher had to be earned. Within funds available, institutions must set priorities and take difficult decision of affordability. In this context, academic freedom still existed for individuals, but it was a negotiated freedom that could not ignore other factors, including public accountability. In brief, operating in a knowledge-based environment, university management had to be sensitive to the needs of the individual scholars as well as to the expectations of the community. They had to prove themselves capable of contributing to the development of a knowledge-based society and economy.

22. Mr LEUNG Yiu-chung expressed concern that academic freedom and institutional autonomy might be sacrificed in the pursuit of international excellence and resources allocation. He pointed out that the core role of UGC was to examine the academic development proposals of the institutions with the aim of determining the appropriate level of funding support which covered research grants. In competing for resources allocation, institutions might become obsequious to UGC and propose research projects in the light of UGC's preference, which would jeopardise institutional autonomy and academic freedom.

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23. Lord Sutherland responded that according to his interactions with Heads of UGC-funded institutions during the course of the review exercise, his observation was quite the opposite. He considered that both Heads of institutions and UGC had demonstrated a high level of professionalism and objectivity in their discussions for allocation of funds. He stressed that the operation of the allocation mechanism was sufficiently transparent and a strong leadership of UGC throughout the allocation process was essential. Although subjective judgement was inevitable in decisions for allocation of resources, the quality of teaching and research performance supported by these decisions would be subject to internal assessments as well as external recognition by the relevant international community.

24. Mr LEUNG Yiu-chung asked how UGC would ensure impartiality in its judgements on the use of public funds. He pointed out that UGC's decisions would determine the types of courses offered and the research projects that would be conducted. Given the subjective elements in these judgements and decisions, institutions' research projects might become predominately determined on socio-economic rather than academic grounds.

25. SG(UGC) responded that according to academics in the higher education sector, the existing funding mechanism for UGC-funded institutions was one of the best of its kind. UGC-funded institutions currently received a triennial recurrent block grant on a one-off basis. They had wide discretion and autonomy in the use of the funding which could ensure academic freedom and institutional autonomy. For the research part of the recurrent grants, UGC had introduced Research Assessment Exercise (RAE) in 1992 so that the funding level was connected to performance and research activeness of the staff. RAE was conducted on the basis of peer review. Similarly, for competitive grants, the special subject panels under the Research Grants Council would work through a network of referees comprising recognised experts in the fields both in Hong Kong and overseas.

26. Mr LEUNG Yiu-chung also asked how institutional autonomy could be properly balanced and checked in order for academic freedom to survive. Lord Sutherland responded that at one extreme institutional governance could take the form of a wholly hierarchical structure in which power and authority resided ultimately at the top, or at the other extreme the form of a collegiate and collegial academic group in which the decision-making process involved all members with an equal vote. He considered that neither of these extreme models was appropriate to the future development of UGC-funded institutions which were heavily dependent on public sources of funding. In practice, no academic could have complete freedom of choice without regard to the wishes of the stakeholders. UGC-funded institutions would have to determine their governance structure in the light of their missions which should be sufficient to enable efficient and

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effective decisions to be made. Such decisions should allow their academics to conduct such kinds of teaching and research projects which would benefit the ongoing development of the community.

Funding for higher education

27. Mr SZETO Wah asked how UGC-funded institutions could decrease their dependence on the public purse by increasing the proportion of income from private sources. He also asked whether corporations providing financial support would interfere with institutional autonomy and academic freedom in the determination and implementation of research projects.

28. Lord Sutherland responded that UGC-funded institutions should take the initiative to approach prospective multi-national corporations for funding support on research areas appealing to these corporations. He cited the Hong Kong Jockey Club as an organization which had made substantial donations to the higher education sector. He considered that so long as institutions had a set of rules and guidelines to safeguard institutional autonomy and academic freedom, there should be no fear of being forced to succumb to the improper wishes of the corporations in joint research projects.

29. SG/UGC supplemented that one of the objectives of creating institutions capable of competing at the highest international levels was to create diversity in research activities in higher education sector. This would be driven both by the UGC's funding mechanisms and by the competitiveness of the market. Based on their distinguished research output performance, some institutions would be funded to achieve internationally competitive research levels, and would then be able to attract funding support from the private sector in the form of joint research projects or others.

30. Ms Emily LAU asked whether implementation of the recommendations in the Report would bring about budget cuts in funding for UGC-funded institutions. Lord Sutherland clarified that as highlighted in the Report, implementing the recommendations would essentially require additional resources.

31. Mr SZETO Wah noted with concern that it was stated in paragraph 6.5 of the Report that in many courses, especially taught postgraduate courses, fees would be charged at full cost rate or above. SG(UGC) clarified that full cost rates were recommended only for taught postgraduate courses such as the Master degree programme in Business Administration which had a large community demand. These rates would not apply to other taught postgraduate courses which were intended to meet specific needs of the community. Research postgraduate courses were not included.

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32. Mr LEUNG Yiu-chung expressed concern that for the sake of competing for resources, UGC-funded institutions might concentrate on popular programmes such as Information Technology and Business Management and ignore the values of arts programmes with emphasis on civil education and anthropology. Lord Sutherland responded that arts programmes also had significant contributions to the development of a healthy community. He considered that institutions would not ignore the importance of these programmes in the fostering of the community's civil, cultural and social values.

33. The Chairman thanked Lord Sutherland for giving a briefing on the Report to the Panel. He said that the Panel would continue its discussion on the Report at its future meetings.

II. Any other business

34. There being no other business, the meeting ended at 2:25 pm.

Council Business Division 2
Legislative Council Secretariat
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