

立法會
Legislative Council

LC Paper No. CB(2)2340/01-02

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by the Administration)

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LegCo Panel on Education

**Minutes of meeting
held on Monday, 13 May 2002 at 4:30 pm
in the Chamber of the Legislative Council Building**

Members Present : Hon YEUNG Yiu-chung, BBS (Chairman)
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 CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon Jasper TSANG Yok-sing, JP
Hon LAU Kong-wah
Hon Emily LAU Wai-hing, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Dr Hon LO Wing-lok
Hon Audrey EU Yuet-mee, SC, JP
Hon MA Fung-kwok

Members Absent : Hon SZETO Wah
Hon Abraham SHEK Lai-him, JP
Hon WONG Sing-chi

Public Officers Attending : Item IV
Mr Clement LEUNG
Principal Assistant Secretary for Education and
Manpower(1)

Mr Jeff LEUNG
Deputy Secretary General
University Grants Committee

Mr C M CHAN
Chief Technical Advisor/Subvented Projects
Architectural Services Department

Item V

Mr Clement LEUNG
Principal Assistant Secretary for Education and
Manpower(1)

Mr Peter P T CHEUNG, JP
Secretary General
University Grants Committee

Mr Eric S P NG
Senior Research Administrator
University Grants Committee

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 Nos. CB(2) 1860/01-02 and CB(2) 1861/01-02]

The minutes of the meetings held on 1 March 2002 and 15 April 2002 were confirmed.

II. Information paper issued since the last meeting
[LC Paper No. CB(2)1841/01-02(01)]

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2. Members noted that in response to Dr YEUNG Sum's request at the meeting on 15 April 2002, the Administration had provided further education statistics of selected overseas economies which was circulated to members vide CB(2)1841/01-02 on 7 May 2002.

III. Items for discussion at the next meeting

[Appendix I and Appendix II to LC Paper No. CB(2)1855/01-02]

3. The Chairman informed the meeting that the Administration had proposed to discuss "Pay structure of part-time staff of adult education courses operated by the Education Department" at the next regular meeting scheduled for Monday, 17 June 2002 at 4:30 pm. The Chairman added that members should inform the Clerk if they wished to propose additional item for discussion at the next meeting. Members raised no objection.

4. Ms Emily LAU noted that the City University of Hong Kong (CityU) had not yet established an independent committee to review the issues surrounding the recent events involving the School of Law. The committee should comprise five members, with two external members from outside the university, one external member from the Council of City, and two staff representatives who were conversant with the operation of CityU. As the employment contracts of some affected staff members would expire on 30 June 2002, early establishment of the committee would facilitate discussion with these staff members and a better understanding of the events. Ms LAU therefore suggested that the Panel should write to convey members' concerns about the slow progress of the matter. Dr YEUNG Sum expressed support for Ms LAU's suggestion.

5. The Chairman informed the meeting that the Clerk had enquired about the developments in the establishment of an independent committee, and was advised that CityU was still finding suitable persons to serve on the committee. In view of members' concerns, the Chairman instructed the Clerk to write on his behalf to the Council Chairman of CityU to express the concerns of the Panel about the matter.

Clerk

IV. The Hong Kong Polytechnic University Phase 7 development

6. At the invitation of the Chairman, Principal Assistant Secretary for Education and Manpower (1) (PAS(EM)1) briefed members on the salient points of the Administration's paper on the subject [LC Paper No. CB(2)1855/01-02(01)].

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Demolition of Pak Nin Yuen

7. Mr CHEUNG Man-kwong noted that the proposed Phase 7 development project in the Hong Kong Polytechnic University (PolyU) required the demolition of a vacant nine-storey staff quarter (Pak Nin Yuen) and a two-storey Y-Block currently used for research and professional development activities. He queried the cost-effectiveness of the original decision to construct Pak Nin Yuen and asked the Administration to provide justifications for its construction in the past, vacant possession at the present, and proposed demolition in the future.

8. Mr Tommy CHEUNG and Ms Cyd HO also asked whether the nine-storey Pak Nin Yuen was constructed to accommodate academic staff or non-academic staff. Mr MA Fung-kwok said that according to his understanding, Pak Nin Yuen was constructed to provide accommodation for those technical and security staff who were required to station within the then Polytechnic campus to help ensure continuous operation of the air-conditioning system and tackle other emergencies.

9. Deputy Secretary General of University Grants Committee (DSG(UGC)) responded that Pak Nin Yuen was constructed in 1982 to provide accommodation for technical support staff such as electrical and mechanical technicians who were required to report duty in emergency situations such as disruption of electricity supply. It was vacated in July 2001 after PolyU had contracted out the related maintenance, security and emergency support services. DSG(UGC) undertook to examine the relevant records in relation with the construction of Pak Nin Yuen and incorporate justifications for its construction in the proposal to be submitted to the Public Works Subcommittee. In response to Ms Cyd HO's request, he undertook to provide information on staff quarters for such operation staff in other institutions.

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Long-term accommodation requirements

10. Ms Cyd HO and Ms Emily LAU considered that it was important to utilise scarce land resources in the urban areas effectively. They asked whether the current proposal had taken into account the role of PolyU in the future development of higher education such as an expanding post-secondary sector and the differentiation of missions among UGC-funded institutions as recommended in the UGC's review report on Higher Education in Hong Kong (the Report). Ms HO suggested that UGC-funded institutions should conduct a comprehensive study in space requirements in the light of their future teaching and research activities and put forward a comprehensive development plan accordingly. As such, the UGC, the Administration and the Legislative Council (LegCo) would have an overall picture of their future development needs in space and accommodation. In this connection, Ms HO said that the Administration should

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provide information on space and accommodation requirements in other UGC-funded institutions when more detailed development plan and timetable to meet the shortfall were drawn up.

11. DSG(UGC) explained that the Administration, UGC and PolyU had considered the long term space and accommodation needs of PolyU. With the completion of "Phase 6 development" in September 2001, PolyU still had a space shortfall of 31 516 square metre in net operational floor area. The Phase 7 development would provide an additional 16 815 square metre of space in net operational floor area and reduce the shortfall to about 14 700 square metre. PolyU would submit further development proposals to UGC for consideration. The UGC would consider such proposal in the light of future development of higher education in Hong Kong and the strategic role of PolyU in future provision of higher education.

12. Ms Emily LAU considered that the Administration should ensure that the current proposal would match with the future development of PolyU in a cost-effective manner. She asked whether the Administration had reserved room for adjustment in case the outcome of the consultation on the Report would result in a reduction of the PolyU's space requirement. She requested that this be addressed in the proposal to be submitted to the Public Works Subcommittee for consideration.

13. PAS(EM)1 responded that with the extensive development and rapid expansion since it attained its university status in 1994, PolyU was currently suffering from acute shortage of space to provide proper accommodation for academic and research uses. PolyU needed additional space and facilities to meet its teaching and research needs, as well as to provide a congenial environment for its students and staff. The Report did not suggest that the number of students and the level of teaching and research activities in individual institutions would be substantially reduced as a result of the consultation exercise.

14. Mr Tommy CHEUNG noted that the space requirement of PolyU was projected on the basis of a study on space and accommodation at UGC-funded institutions completed in February 2000. He queried whether it was appropriate to allocate land resources simply on the basis of a single study. Mr CHEUNG considered that the Administration should carefully examine the future role and development of PolyU in the light of the current review of higher education so as to determine whether the remaining shortfall of 31 516 square metre was still necessary. He added that the President of PolyU had told the press that around 900 staff in PolyU might become redundant if its existing associate degree and sub-degree programmes were to be operated on a self-financing basis.

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15. DSG(UGC) explained that the study on space and accommodation at UGC-funded institutions was conducted by an international consultancy in 1998 and completed in 2000. The study aimed to develop an objective formula for calculation of space and accommodation requirements of local institutions. The consultancy had made references to overseas experiences and methodology in deriving the formula which was accepted by UGC-funded institutions. He undertook to provide the Panel with further information about the space and accommodation study.

16. PAS(EM)1 supplemented that the Administration considered that an expansion of the post-secondary education to achieve the 60% participation rate and the provision of associate and sub-degree programmes on a self-financing basis would not substantially affect PolyU's development needs and space requirement, as well as its student numbers and staffing establishment in the near future.

17. Ms Cyd HO said that given the concern of the President of PolyU, it appeared that the Panel should seek clarifications from PolyU about its accommodation requirements for future development. She pointed out that as PolyU's proposal was put forward well before the release of the Report, it might not have taken into account of the impact of provision of associate degree and sub-degree programmes on a self-financing basis.

18. PAS(EM)1 responded that the proposal was initiated by PolyU in 2001, vetted by UGC and supported by the Administration after detailed consideration. PolyU had not informed the Administration of the need to change the proposal so far. In view of members' concern, the Administration would re-confirm with PolyU on any necessary modifications or changes to its original proposal.

19. Mr Eric LI said that he was a member of the Council of the former Hong Kong Polytechnic and a current member of the Court of PolyU. He pointed out that the proposed site was a convenient location for students studying part-time or evening programmes. He was confident that the PolyU Council was looking forward to the early approval of the proposal by LegCo, despite the possibility that PolyU would receive less government subsidy in its provision of associate degree and sub-degree programmes in the future.

Utilisation of the vacated site

20. Mr LEUNG Yiu-chung asked whether the design of the proposed 14-storey building had fully utilised the allowed limit of plot ratio for the vacated site. Chief Technical Advisor/Subvented Projects of the Architectural Services Department responded that the plot ratio for the vacated site was 10.2 and the plot

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ratio of the proposed design was 6.25. Mr LEUNG Yiu-chung remarked that given that there would still be a shortfall of about 14 700 square metre after the Phase 7 development, members would have difficulty to approve a proposal which did not make the full use of the vacated site.

21. Mr CHEUNG Man-kwong and Dr LO Wing-lok echoed that given its convenient location, maximum utilization of the site was imperative. They urged the Administration to collaborate with PolyU and UGC to work out a re-development plan which would best meet the long-term development needs of PolyU, particularly in the provision of part-time evening associate degree and sub-degree programmes.

22. DSG(UGC) responded that the PolyU's total shortfall in accommodation provision would not be met even if the maximum plot ratio was used in the design. He pointed out that PolyU was urgently in need of additional accommodation for general and specialist teaching, research, and office accommodation. The proposed construction of a 14-storey building would alleviate the pressing space shortfall of PolyU. As regards long-term development needs, DSG(UGC) reiterated that PolyU would review its requirements and submit further development proposals to UGC for consideration taking into account future development of the university.

23. PAS(EM)1 supplemented that the Administration would have to consider the practical applications of the facilities housed in the building as well as the structural and building design constraints, such as flow of staff and students within the building, conformity with fire and building regulations and environment protection requirements, etc.

Space for extra-curricular activities

24. Mr MAK Kwok-fung opined that geographically the existing PolyU campus was surrounded by busy highways and a number of entertainment venues were located in the vicinity. He considered that re-provisioning should be the long term solution for improving the learning environment in PolyU. Mr MAK asked whether the proposed Phase 7 development would reduce the area of space for extra-curricular activities. He pointed out that comparing with other UGC-funded institutions, PolyU had a less spacious campus for students to organise extra-curricular activities.

25. PAS(EM)1 responded that the 29% shortfall of PolyU in accommodation provision as calculated by the 2000 consultancy study had taken into account all teaching and learning facilities including sufficient space for extra-curricular activities within the university campus. DSG(UGC) pointed out that the podium

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level of the proposed 14-storey building would be constructed in alignment with the podium of existing buildings of PolyU and hence would provide more open space for students and organisation of extra-curricular activities. Furthermore, the proposed 14-storey building would provide accommodation for academic activities currently occupying the space originally planned for non-academic activities. Such space would be resumed for non-academic purposes after the proposed building was available for occupation.

26. The Chairman advised the Administration to consider members' views and provide relevant information in its submission to the Public Works Subcommittee for consideration.

V. Follow-up discussion on the Report entitled "Higher Education in Hong Kong"

27. Members noted that a list of specific questions raised by deputations and individuals at the meeting on 7 May 2002 was tabled at the meeting which was subsequently issued vide CB(2)1937/01-02.

28. At the Chairman's invitation, Secretary General, University Grants Committee (SG(UGC)) made the following response –

- (a) Provision of flexible remuneration package for the recruitment of academics of the highest standing was the prevailing international trend, and delinking the terms and conditions of service of staff of the UGC-funded institutions from the civil service pay and conditions (the "delinking" proposal) provided such flexibility;
- (b) The "delinking" proposal was put forward without any regard to the fact that the Administration was going to review the civil service pay and conditions;
- (c) As there were private course providers providing associate degree and sub-degree programmes on a self-financing basis, UGC considered that UGC-funded institutions should follow the same principle with the exception of those programmes that had high start up and maintenance costs, programmes that met specific manpower needs, or programmes that contributed to the academic development or overall development of the community which required protection to survive;

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- (d) It would be difficult for UGC to give an undertaking to maintain the existing level of funding allocation for provision of associate degree programmes, but it was the UGC's position that any surplus arising should be used in the higher education sector;
- (e) UGC had decided to extend the consultation period on the Report to end of July 2002;
- (f) The overall policy and resources allocation arising from the recommendations in the Report would be decided by the Administration, but UGC would review its strategic role in the allocation of teaching and research resources;
- (g) UGC would as far as practicable provide justifications for accepting or not accepting the recommendations; and
- (h) UGC would render support for institutions to implement the recommendations in the Report.

29. PAS(EM)1 supplemented the following –

- (a) Under the "delinking" proposal, institutions were not required to link their terms and conditions of service of their staff to the civil service pay and conditions. The Administration supported the proposal from the perspective that it would enhance institution's flexibility in recruiting and retaining talents, but the Administration had no intention to reduce the funding allocation to higher education by way of implementing the proposal;
- (b) The Administration had not taken a position on the recommendation of requiring sub-degree programmes to be primarily self-financing;
- (c) UGC would review existing associate degree programmes with UGC-funded institutions to identify the programmes which should continue to be publicly funded;
- (d) The Administration provided financial assistance to eligible students in the form of grant and interest-bearing loan at 2.5% per annum by way of the Financial Assistance Scheme for post-secondary students (FASP), and a Non-means Tested Loan Scheme for post-secondary students (charged at 2% below the average best lending rate of the note-issuing banks plus a 1.5% risk-adjusted factor) for needy students studying self-financing associate and sub-degree

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programmes. With these financial assistance, students should be able to pay the fees even if the programmes were to be offered on a self-financing basis; and

- (e) The Administration would consider the recommendations of UGC after the public consultation exercise, and would decide the way forward on individual recommendations having regard to the overall policy and resources considerations.

30. Dr YEUNG Sum, Mr CHEUNG Man-kwong, Ms Emily LAU and Dr LO Wing-lok expressed appreciation of UGC's decision to extend the consultation period to the end of July 2002 so that students of the higher education sector who were currently busy with their end-of-term examinations would have sufficient time to study the recommendations in the Report.

31. At Ms Emily LAU's suggestion, members agreed that in view of the extension of the consultation period, the motion debate on the Report sponsored by the Chairman scheduled for discussion at the Council meeting on 22 May 2002 should preferably be postponed to a later date. The Chairman undertook to follow up the arrangements with the Clerk.

Delinking from civil service pay system

32. Dr YEUNG Sum said that the Democratic Party strongly opposed to the "delinking" proposal because it would eventually bring about reduction of higher education resources and decrease in staff salary levels. He pointed out that although the Administration said that it would not reduce the funding allocation to higher education, the Financial Secretary had already set a maximum increase of 1.5% in annual public expenditure based on a forecast of 3.5% economic growth. Dr YEUNG pointed out that UGC-funded tertiary institutions already enjoyed flexibility in recruitment of renowned academics. He considered that it was equally important to create a working environment that was conducive to high-level academic teaching and research. Dr YEUNG asked how the Administration could guarantee that funding allocation to higher education would remain unchanged.

33. Mr CHEUNG Man-kwong shared a similar concern. He said that higher education would be affected even if the funding allocation in absolute terms would remain unchanged because the sector would be required to provide additional services in the years to come. The primary purpose of the "delinking" proposal was to reduce government expenditure in staff costs of the subvented sector. Mr CHEUNG further pointed out that the debate on the proposal had dominated the discussion of other recommendations of the Report, which was aimed to set the

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directions for the future development of the higher education in Hong Kong. He urged the Administration to withdraw the "delinking" proposal so that the community could focus discussion on other recommendations of the Report.

34. PAS(EM)1 responded that the "delinking" proposal was put forward to provide flexibility to institutions, and not to reduce funding allocation to higher education. He, however, pointed out that funding allocation to higher education would subject to fluctuation, for example, if there was a downward adjustment of civil service pay levels. The Administration would work out the concrete funding mechanism with UGC if the "delinking" proposal was to be implemented and there would be a clearer picture by that time. PAS(EM)1 assured members that the Administration was well aware of staff's concerns and worries, and would consider the views of the community, particularly the staff and students of the higher education sector, and discuss with UGC and the UGC-funded institutions to decide the way forward. He added that the Administration considered the proposal feasible in principle and still kept an open mind at the present stage.

35. SG(UGC) stressed that the "delinking" proposal was put forward as an integral part of the strategic developments for certain UGC-funded institutions to achieve international excellence. From a strategic perspective, the Report suggested that further deregulation of the current higher education system towards providing institutions with greater freedom and flexibility in determining remuneration and terms and conditions of service for academic staff was a necessary condition to facilitate achievement of international excellence. Mr CHEUNG Man-kwong remarked that the existing system had already allowed adequate flexibility by way of the appointment of visiting professors.

36. Ms Emily LAU said that she understood that the "delinking" proposal would create adverse effects on staff morale and their feeling of security in employment. She considered that to soothe staff's resentment against the proposal, the Administration should give an assurance that funding allocation to higher education would not be reduced after the implementation of the "delinking" proposal, and UGC and UGC-funded institutions should work out a fair and transparent mechanism for making the salary differentiation when the proposal was implemented. Ms LAU cited Lord Sutherland's saying that the proposed recommendations should require additional resources for implementation. She was concerned that if the Administration could not give an undertaking to maintain the existing funding allocation to higher education in real terms, it would not be able to rely on the support of the stakeholders in higher education to push ahead with the reform measures.

37. In response, SG(UGC) considered that there must be a mechanism to provide for an adequate assurance of future funding allocation to higher education.

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He said that it was UGC's view that the Administration must give an undertaking that the funding allocation to higher education would not be affected by the implementation of the "delinking" proposal, when the budget-neutral concept was adopted in public finance. SG(UGC) pointed out that it was the duty of institutions to devise a fair mechanism for making salary differentiation, but institutions must be provided with adequate funding if they chose to retain the linkage of their terms and conditions of service of their staff with the civil service pays and conditions. SG(UGC) added that he did not anticipate that implementation of the "delinking" proposal would have an immediate impact on staff because more than 50% of serving staff of UGC-funded institutions were employed on a tenure basis and the remaining staff would be protected by the terms of their employment contracts.

38. PAS(EM)1 reiterated that it was not the policy intention to reduce funding allocation by way of the "delinking" proposal. The existing recurrent allocation for UGC-funded institutions was provided in the form of a block grant and institutions had full discretion to use the allocation. The Administration considered that the proposal was worth consideration as a further deregulatory step to provide institutions with greater freedom to decide on salary administration.

39. Dr LO Wing-lok considered that top academics would not be attracted solely by an attractive remuneration package of salary and benefits. He cited overseas experience to illustrate that an excellent teaching and research environment was equally important. He asked how the implementation of the "delinking" proposal would affect staff who were employed on a tenure basis.

40. SG(UGC) responded that a competitive salary surely was not the only consideration of top academics in their career pursuits. A "total remuneration" concept for the recruitment of academics of an international standing was prevalent, which meant that these academics would consider the overall teaching and research environment, professionalism of peer scholars, level of academic freedom and research support, etc. He also pointed out that even if institutions decided to implement the "delinking" proposal, it might not be possible to apply to staff on tenure employment.

41. Mr LEUNG Yiu-chung expressed concern about the adverse effects of implementing the "delinking" proposal on academic freedom. He said that academic staff were now required to conduct more research studies and publish more scholarly work. However, the reality was that local research projects and scholarly work did not receive equal recognition as their international counterparts. Mr LEUNG also considered that market competition would to some extent suppress academic freedom, and staff would have to flatter their superiors in order to compete for more resources to conduct research and scholarly work. He urged

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UGC to ensure a balanced developments in teaching programmes and research projects in UGC-funded institutions.

42. SG(UGC) responded that institutions would have to compete with the business sector in recruitment of top academics in an international context. He did not consider that implementing the "delinking" proposal would result in flattery among academics for the sake of competing for more resources. He pointed out that "delinking" was the trend in overseas universities and believed that academics had their professional dignity in their work. He acknowledged that there was a misperception in the academic sector about evaluation of local research projects and scholarly work. However, UGC had mechanisms in place to ensure fair evaluation of local and international research projects and a balanced provision of teaching programmes in UGC-funded institutions.

Self-financing of associate degree and sub-degree programmes

43. Dr YEUNG Sum expressed strong objection to the proposed provision of associate degree and sub-degree programmes on a self-financing basis. He considered that self-financing would create a major obstacle to development of a knowledge-based economy. Without government subsidy, less wealthy students would have to rely on loans to pay the high programme fees and related expenses. Those who did not want to be in debts would have to work until they had enough saving, or simply give up their plans for further studies. Dr YEUNG cautioned that provision of educational programmes on a self-financing basis would lead to social differentiation in the long run as social mobility for students of the low-income families would then be severely blocked.

44. PAS(EM)1 responded that the Government's policy was to ensure that no eligible students would be deprived of their right to education for a lack of financial means. In reality, Government provided financial assistance to students in commensuration with their family or personal income through the Student Finance Assistance Agency (SFAA). According to SFAA, 20% and 60% applicants of FASP were given full reimbursement of programme fees, and loans at low interest rate respectively. In addition, the Administration had set aside \$5 billion for provision of interest free loans to tertiary programme providers, assisting them to meet the initial set up costs for running tertiary educational programmes. Although the intention of Government was that some sub-degree programmes should be self-financing, the Administration would consider continuous provision of funding to programmes that met the criteria set out in paragraph 2.19 of the Report.

45. Mr CHEUNG Man-kwong considered that the policy to provide 82% subsidy to undergraduate programmes in UGC-funded institutions but no subsidy

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to associate degree and sub-degree programmes was unfair. Since very few associate and sub-degree programmes would be publicly funded, most of them would have to operate on a self-financing basis. As a result, students taking these programmes would have to pay the high programme fees, and many of them would have to apply loans to pay for their studies. Referring to the submission of Mr Ivan CHOI [LC Paper No. CB(2)1858/01-02(01)], Mr CHEUNG said that even in the United States where market competition was the accepted norm, the ratio of publicly-funded community college to private college offering associate degree programmes was 6.4 (980 colleges) to 1 (152 colleges). He urged the Administration to adopt a similar policy so that a certain proportion of the associate and sub-degree programmes in certain UGC-funded institutions were publicly funded.

46. SG(UGC) quoted the associate degree programmes provided by CityU as an example, saying that Hong Kong would have a situation where the same institution was providing both publicly-funded and self-financing programmes. He said that some associate degree programmes would remain publicly funded for the benefits of the community, but it was difficult to predetermine a ratio. In fact, UGC was collaborating with relevant UGC-funded institutions to identify associate degree and sub-degree programmes which should be publicly funded. These institutions would in turn liaise with their programme partners to ascertain the programmes which should be recommended for public funding to continue. The Education and Manpower Bureau would play a major role in the determination of providing public funding for programmes designed to meet specific manpower needs.

47. Mr CHEUNG Man-kwong asked why the average unit cost of an associate degree programme was estimated at \$110 000 a year by UGC when the annual fees for a self-financing associate degree programme offered by the Lingnan University was around \$50 000 only.

48. SG(UGC) explained that the estimate of \$110 000 for an UGC-funded associate degree programme had taken into account teaching and research activities (comprised around 25% of the total unit cost) as well as administrative and development costs incurred. However, the average unit cost of other associate degree programmes offered in the market were mainly calculated on the basis of the teaching cost incurred. SG(UGC) added that UGC would review the formulae for calculation of average unit costs of associate degree programmes which were publicly funded.

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Role of UGC

49. Ms Cyd HO noted that in accordance with Recommendation 2 of the Report, UGC would 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. She also noted that Recommendation 3 proposed the establishment of a Further Education Council (FEC) to oversee the provision of programmes at associate degree and comparable levels by both public and private providers. Ms HO considered that the future development of associate degree programmes would determine whether FEC should operate under UGC or as an independent authority. She enquired about the strategic role of UGC in the expanding post-secondary sector and asked how UGC would steer the higher education sector, without jeopardising institutional autonomy and academic freedom. She considered that UGC should play the role of a facilitator to assist institutions to compete for international excellence, and should only interfere when the mechanism failed to maintain fair competition.

50. SG(UGC) responded that the role of UGC in post-secondary education would be determined by the future developments of the post-secondary sector. In essence, the role of UGC, FEC and the Secretary for Education and Manpower in the development of the expanding post-secondary sector would have to be determined after the new landscape of the post-secondary sector had been defined. The Report proposed that UGC would be responsible for advising and steering the degree awarding sector. In other words, UGC's scope of work would cover all tertiary institutions offering degree programmes, which would include the Open University of Hong Kong, the Hong Kong Academy for Performing Arts, the continuing education sector, the community colleges and private universities, etc. If the recommendations in the Report were adopted, UGC would take a more proactive role in steering the higher education sector by means of strategic planning at a macro level. This meant that UGC would concentrate on fine-tuning the different missions of institutions, which would be driven by UGC's funding mechanisms and by the competitiveness of the market. In practice, UGC would become more concentrated in selectively identifying the strengths of institutions, and to enhance further development of such strengths towards achieving international excellence so as to promote the competitiveness of Hong Kong in the international arena. In other words, UGC would become less involved in supervision of institutions, and in this sense institutions would have greater autonomy and academic freedom.

51. Ms Cyd HO expressed reservations about the idea of fine-tuning the higher education sector through differentiation of missions, as it would to some extent affect institutional autonomy and academic freedom. SG(UGC) explained that

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there should be clear diversity of missions in publicly funded institutions to ensure cost-effective use of scarce resources and to meet the development needs of the community. In fact, UGC-funded institutions accepted the principle of mission differentiation in their future development. To facilitate further development of institutional strengths, UGC would develop performance indicators to assess the outputs of teaching and research, which would be incorporated in the development of mission- and performance-related funding mechanisms.

Other issues

52. Dr LO Wing-lok sought clarifications about the number of institutions which should be strategically identified for the purpose of achieving international excellence. SG(UGC) responded that there was not a preset number of institutions for such purpose. All UGC-funded institutions were encouraged to develop their strengths to achieve the highest international levels. While some universities had the capacity to be research-led, other would have the capacity to become centres of excellence in learning and teaching.

53. Ms Cyd HO asked whether recurrent funding allocation to UGC-funded institutions would be deducted correspondingly if they receive private endowments. SG(UGC) clarified that private endowment was not counted in an institution's recurrent budget. Institutions had full discretion on use of private endowments. He added that starting from the current triennium, the Administration had already allowed UGC-funded institutions to carry over unspent funds up to 20% of their respective recurrent grants in a triennium to the next triennium as reserves.

VI. Any other business

54. There being no other business, the meeting ended at 6:45 pm