

立法會
Legislative Council

LC Paper No. CB(2)2434/04-05
(These minutes have been
seen by the Administration)

Ref : CB2/PL/ED

Panel on Education

**Minutes of special meeting
held on Tuesday, 11 January 2005 at 8:30 am
in the Chamber of the Legislative Council Building**

- Members present** : Dr Hon YEUNG Sum (Chairman)
Hon Audrey EU Yuet-mee, SC, JP (Deputy Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Tommy CHEUNG Yu-yan, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon Patrick LAU Sau-shing, SBS, JP
- Members attending** : Hon LEE Cheuk-yan
Hon LEUNG Kwok-hung
- Members absent** : Hon MA Lik, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
- Public Officers attending** : Professor Arthur K C LI, GBS, JP
Secretary for Education and Manpower
- Ms Irene YOUNG
Principal Assistant Secretary for Education and
Manpower (Higher Education)
- Mr Michael STONE, JP
Secretary-General, University Grants Committee

Miss Charmaine WONG
Deputy Secretary-General (2), University Grants Committee

Resource Person

City University of Hong Kong

Mr Gabriel CHAN
Director of Finance

Hong Kong Baptist University

Mr Alex SHUEN
Director of Finance

Lingnan University

Mr Herdip SINGH
Comptroller

The Chinese University of Hong Kong

Mr Terence CHAN
University Bursar

The Hong Kong Institute of Education

Professor Paul MORRIS
President

Professor Bernard LUK
Vice-President (Academic)

Mr Norman NGAI
Vice President (Resources & Administrative Services)

The Hong Kong Polytechnic University

Mr Chris C MONG
Associate Vice President and Director of Finance

The Hong Kong University of Science & Technology

Mr Philip WONG
Director of Finance

The University of Hong Kong

Mr Philip B L LAM
Director of Finance

Attendance by invitation : The Federation of the Hong Kong Higher Education Staff Associations

Professor SHUM Kar-ping
Chairman

Mr Fred CHIU
Member of Executive Committee

Academic Staff Association, University of Hong Kong

Mr CHAN Che-wai
Chairman

Mr Albert YEUNG
Member of Executive Committee

Hong Kong Professional Teachers' Union

Mr CHAN Kwok-kuen
Publication Department Director

Miss YUNG Hau-heung
Education Research Department Deputy Director

The Chinese University of Hong Kong Employees General Union

Miss NG Hiu-chun
President

The Teachers' Association of The Chinese University of Hong Kong

Professor WONG Chi-sum

Staff Association of The Chinese University of Hong Kong

Mr Aaron LI
President

The Academic Staff Association of the Hong Kong
Institute of Education

Dr LEUNG Yan-wing
President

Mr WONG Ping-ho
Vice-President

Lingnan University Staff Representatives

Mr LI Pang-kwong
Associate Professor

Mr NG Kwai-wah
Senior Research Administration Officer

Staff Association of Hong Kong Baptist University

Dr Jack CHAN Cham-kit
Chairman, 2005 Executive Committee

Hong Kong Baptist University Faculty and Staff Union

Mr TO Yiu-ming
Assistant Professor

Mr Mark LEE Kin-yin
Assistant Professor

The Hong Kong University of Science & Technology
Staff Association

Mr LAM Kin-lai
Chairman

Mr SIU Koon-ming
Treasurer

Non-Academic Staff Association, University of Hong Kong

Mr Stephen CHAN Chi-kwai
President

Mr LEE Chun-min
Executive Committee Member

The University of Hong Kong Employees Union

Mr CHU Kee-tung
Chairman

Mr KWOK Yuk-sang
Secretary

City University of Hong Kong Staff Association

Mr W W FUNG
Treasurer

Hong Kong Polytechnic University Staff Association

Dr CHAN Chun-wah
Chairman

Dr Joseph LEE
Assistant Secretary

Hong Kong Federation of Students

Miss Connie LO
Member

Mr Chris LO
Member

Hong Kong Baptist University Student Union

Mr CHAN Kai-chun
President

Mr CHU Kin-hang
University Affair Secretary

City University of Hong Kong Students' Union
Executive Committee

Mr Douglas WONG Chi-yeung
Internal Vice President

Mr Eric CHU Lai-ming
External Vice President

The Hong Kong Institute of Education Students' Union

Miss WONG Yuen-mei
President

Hong Kong Polytechnic University Students' Union

Mr LAI Chun-kit
President

Mr Sin Ka-kui
Deputy-President (External)

World Organization for Early Childhood Education

Ms Gloria LEUNG Chi-kin
Committee Member

Mr Simon HUNG Ling-fat
Student Representative in the Council, Hong Kong
Institute of Education

Hong Kong Youth & Tertiary Students Association

Miss Joe LO Hin-kwan
Internal Vice-President

Miss Shannon CHEUNG Ching-yi
Member

The Alumni Association of Pre-School Administration
and Management Course, SPACE – University of Hong
Kong

Ms Emmy CHOW
Chairman

Ms WONG Siu-fung
Vice-Chairman

The Hong Kong Institute of Education Past Student's
Association of Early Childhood Teacher Education

Mrs MAK TSE How-ling
Chairman

The Non-Profit-Making Kindergarten Council of Hong Kong

Ms Harlanna YEUNG Chui-chun
Chairman

Ms CHENG Sau-yan
Vice-Chairman

Hong Kong University Students' Union

Mr CHAN Chi-kin
President

Mr Ronald TSE Chi-hang
External Affairs Secretary

Clerk in attendance : Miss Flora TAI
Chief Council Secretary (2)2

Staff in attendance : Mr Stanley MA
Senior Council Secretary (2)6

Miss Sherman WOO
Legislative Assistant (2)2

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- I. Recurrent funding for University Grants Committee-funded institutions in the 2005/06 to 2007/08 triennium**
[File Ref : EMB (MPE) CR 8/2041/03, LC Paper No. CB(2)554/04-05(01)]

The Chairman welcomed representatives of deputations to the meeting. He informed the meeting that the Administration intended to submit its proposal on provision of recurrent funding for University Grants Committee (UGC)-funded institutions in the 2005-06 to 2007-08 triennium to the Finance Committee (FC) for consideration at its meeting on 14 January 2005.

Statement of the President of the Hong Kong Institute of Education (HKIEd)
[LC Paper Nos. CB(2)610/04-05(01) and CB(2)624/04-05(01)]

2. Professor Paul MORRIS said that the proposed recurrent funding for HKIEd in the 2005-08 triennium, if approved by the FC of the Legislative Council (LegCo), would mean a cumulative 47% reduction of recurrent funding in four academic years. He stressed that the substantial reduction of funding in

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four years would seriously affect the quality of teacher education in Hong Kong.

3. Professor MORRIS pointed out that 63% of the students in HKIEd were serving teachers in schools. As 60% of the proposed 33% reduction of funding for the 2005-08 triennium were related to the provision of upgrading programmes for serving teachers, the reduction would have substantial impact on the implementation of education reforms, the success of which hinged on the continuous upgrading of serving teachers. On institutional collaboration, HKIEd would operate education programmes in collaboration with all other UGC-funded institutions without a faculty in education by the end of the next triennium. He, however, pointed out that HKIEd had proposed a number of innovative and collaborative programmes for the 2005-08 triennium, but these programmes were not supported by the Administration for provision of funds. He considered that any suggestion that HKIEd had not been innovative and collaborative had little resemblance to the reality.

4. Professor MORRIS further said that HKIEd was aware of the need to reduce recurrent funding in the light of a 14% decrease in student population. However, it was impossible for HKIEd to continue normal operation and maintain the existing quality of teacher education, if there was a 47% reduction of funding in four years as a result of the removal of the front-end loading, the reduction of student unit costs for the UGC sector and civil service salaries which happened to coincide in timing. To cope with the proposed budget cut in the 2004-05 academic year, HKIEd had already reduced its non-academic staff establishment and expenses by 22% and 25% respectively. The proposed 33% funding cut for HKIEd in the new triennium was unreasonable, and would severely damage its capacity to upgrade the quality of teacher education and support schools in the implementation of education and curriculum reforms.

5. Professor MORRIS pointed out that the average reduction of recurrent funding for UGC-funded institutions in the 2005-08 triennium was 11%, and no institution could survive a 47% funding cut in four years. He requested the LegCo to assist in capping the funding cut for HKIEd at 22% for the 2005-08 triennium, and deferring further reduction to the next triennium.

Views of deputations

6. At the invitation of the Chairman, deputations presented their views and suggestions as summarised in paragraphs 7 to 34.

Federation of Hong Kong Higher Education Staff Associations

7. Professor SHUM Kar-ping said that the Federation of Hong Kong Higher Education Staff Associations (the Federation) considered that the proposed reduction of recurrent funding for the UGC sector in the 2005-08 triennium was not in line with the Government policy to increase investment in education.

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Given the recent economic recovery, the Federation did not accept the “0-0-X” model for the allocation of recurrent funding to the UGC sector. The Federation also shared the concern of the President of HKIEd about the adverse impact of the proposed 33% funding cut for HKIEd on teacher education.

Academic Staff Association, University of Hong Kong

8. Mr CHAN Che-wai said that the Academic Staff Association, University of Hong Kong considered the substantial reduction of recurrent funding for the UGC sector in recent years unacceptable. The Association suggested that the Administration should adopt a “0-0-0” model for the 2005-08 triennium and review in the 2006-07 academic year the need to adjust the level of recurrent funding in the 2007-08 academic year.

*Hong Kong Professional Teachers' Union
[LC Paper No. CB(2)624/04-05(02)]*

9. Mr CHAN Kwok-kuen presented the views of the Hong Kong Professional Teachers' Union as detailed in its submission. He highlighted that the Union strongly opposed further reduction of funding for the UGC sector and the proposed 33% funding cut for HKIEd in the 2005-08 triennium. Miss YUNG Hau-heung supplemented that the Administration should not reduce the number of places in upgrading programmes for in-service teachers in early childhood education, in particular the number of places in certificate programme on early childhood education for serving kindergarten teachers.

The Chinese University of Hong Kong Employees General Union

10. Miss NG Hiu-chun said that the Chinese University of Hong Kong Employees General Union opposed the proposed “0-0-5” model. She pointed out that UGC-funded institutions would be forced to recruit more temporary and contract staff whose services would be terminated if the outcome of the review in mid-2006 confirmed the need of a 5% reduction of recurrent budget. The Union considered that the Administration should explain in more detail the criteria and principles of funding allocation, and review the role of UGC and the mechanisms in place for monitoring the use of the resources allocated to institutions.

The Teachers' Association of The Chinese University of Hong Kong

11. Professor WONG Chi-sum said that the Teachers' Association of the Chinese University of Hong Kong requested LegCo Members to urge the Administration to adopt a “0-0-0” model in the light of the favourable economic outlook. The Association considered that the Administration should provide a blueprint for the long-term development of teacher education in Hong Kong, before proposing a 33% reduction of funding for HKIEd.

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Staff Association of the Chinese University of Hong Kong

12. Mr Aaron LI said that the Staff Association of the Chinese University of Hong Kong (CUHK) opposed the “0-0-5” model as it deviated from the previous consensus on the adoption of a “0-0-X” model which would allow a positive or negative adjustment of the recurrent funding for the 2007-08 academic year on the basis of the review outcome in 2006. He added that CUHK had tried its best to reduce its recurrent expenditure and could hardly survive a further 5% reduction of recurrent funding in the 2007-08 academic year.

Academic Staff Association of Hong Kong Institute of Education

[LC Paper Nos. CB(2)517/04-05(01), CB(2)610/04-05(02) and CB(2)624/04-05(03)]

13. Dr LEUNG Yan-wing and Mr WONG Ping-ho presented the views of the Academic Staff Association of HKIEd as detailed in its submissions. Dr LEUNG said that the Association was shocked and anguished over the substantial funding cut from \$633 million in the 2004-05 academic year to \$422 million in the 2007-08 academic year. He pointed out that frontline teachers were disappointed and frustrated with the proposed 33% reduction of recurrent budget for HKIEd, and the proposal had conveyed a misleading message to the community that professional development of teachers was not important.

14. Dr LEUNG stressed that no institution could survive a 47% reduction of recurrent funding in four years without sacrificing the quality of education. The Association strongly urged the Administration to review the reduction of places in upgrading programmes for in-service teachers in the light of the education reforms and the implementation of the proposed new academic structure for senior secondary education and higher education (the “3+3+4” academic structure), extend the removal of the remaining front-end loading to 2011, and adopt a “0-0-0” model for the recurrent funding in the 2005-08 triennium for the UGC sector.

World Organization for Early Childhood Education

15. Ms Gloria LEUNG said that the World Organization for Early Childhood Education considered that the provision of quality education programmes for pre-service and in-service teachers was pivotal to the provision of quality early childhood education. The Organization requested UGC to review the percentage and timing for reduction of HKIEd’s recurrent funding, having regard to the impact of such reduction on teacher development and quality of early childhood education in the long term.

Lingnan University Staff Representatives

16. Mr LI Pang-kwong suggested that the Administration should improve

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transparency of the funding mechanisms of UGC. He considered that the Administration should review the reduction of recurrent funding for HKIEd in the light of the role of HKIEd on provision of teacher education and development of early childhood education in Hong Kong.

Staff Association of Hong Kong Baptist University

17. Dr Jack CHAN said that compared to the recurrent allocations in the 2004-05 academic year, the actual recurrent grants for UGC and the eight UGC-funded institutions in the 2005-08 triennium followed a “0-0-5” model and “0-0-10” model respectively. Referring to Appendix B of the LegCo Brief (EMB(MPE)CR8/2041/03), Dr CHAN pointed out that institutions had to suffer a greater reduction in recurrent funding because the recurrent grants centrally reserved by UGC had been increased in the 2005-08 triennium. He considered that the Administration should explain the justifications for increasing the central provision of recurrent grants to UGC, including the recurrent grants for restructuring and collaboration activities, and research development activities.

*Hong Kong Baptist University Faculty and Staff Union
[LC Paper No. CB(2)624/04-05(04)]*

18. Mr TO Yiu-ming presented the views of the Hong Kong Baptist University Faculty and Staff Union as detailed in its submission. He highlighted that the Union suggested that UGC-funded institutions should reform their governance structures and increase staff participation in their decision-making process in order to enhance transparency and accountability of institutional management.

Hong Kong University of Science and Technology Staff Association

19. Mr LAM Kin-lai said that the Hong Kong University of Science and Technology Staff Association shared the view of the Federation that the Administration should adopt the “0-0-0” model for provision of recurrent funding to UGC-funded institutions in the 2005-08 triennium. He stressed that LegCo should support the “0-0-X” model which was supported by LegCo of the previous term after thorough discussions in early 2004, and reject the “0-0-5” model which was now proposed by the Administration.

*Non-Academic Staff Association, University of Hong Kong
[LC Paper No. CB(2)624/04-05(05)]*

20. Mr Stephen CHAN presented the views of the Non-Academic Staff Association, University of Hong Kong as detailed in its submission. He highlighted that in the face of a balanced budget in the 2004-05 fiscal year, the Government should not reduce the recurrent budget for the UGC sector in the 2005-08 triennium. The Association considered that any further reduction of

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recurrent funding would jeopardise staff morale in UGC-funded institutions.

*The University of Hong Kong Employees Union
[LC Paper No. CB(2)624/04-05(06)]*

21. Mr CHU Kee-tung presented the views of the University of Hong Kong Employees Union as detailed in its submission. He highlighted that the Union strongly opposed the adoption of a “0-0-5” model for allocation of recurrent funding to UGC-funded institutions in the 2005-08 triennium. He considered that the management of institutions should do their part in urging the Administration to adopt the “0-0-X” model.

City University of Hong Kong Staff Association

22. Mr W W FUNG said that the City University of Hong Kong (CityU) Staff Association supported the suggestion of the Federation that given the favourable economic outlook, a “0-0-0” model should be adopted for allocation of recurrent funding to UGC-funded institutions in the 2005-08 triennium. He then described the situation of a high staff turnover, the heavy workload, the increase in number of contract staff and self-financing programmes, and the large class sizes in the Community College of CityU to illustrate the adverse impact of funding cuts on staff morale and the quality of education. Mr FUNG said that he also shared the view that it was impossible for HKIEd to survive a 47% reduction of recurrent funding in four years.

Hong Kong Polytechnic University Staff Association

23. Dr CHAN Chun-wah said that the Hong Kong Polytechnic University (PolyU) Staff Association supported the suggestion of the Federation that the Administration should adopt a “0-0-0” model for provision of recurrent funding to UGC-funded institutions in the 2005-08 triennium in the light of an economic recovery. The Association was also extremely concerned about the substantial reduction of funding for HKIEd in the 2005-08 triennium. He considered that HKIEd should be recognised for its contributions in the provision of quality education programmes for pre-service and in-service teachers.

*Hong Kong Federation of Students
[LC Paper No. CB(2)600/04-05(01)]*

24. Miss Connie LO presented the views of the Hong Kong Federation of Students as detailed in its submission. She highlighted that the Federation of Students strongly opposed the adoption of the “0-0-5” model, instead of the “0-0-X” mode which had been accepted by the UGC sector and supported by the LegCo for allocation of recurrent funding in the 2005-08 triennium. The Federation of Students had launched an overnight demonstration outside the LegCo Building to urge the Administration to withdraw its proposal on recurrent

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funding for institutions in the 2005-08 triennium. The Federation of Students also requested the Secretary for Education and Manpower (SEM) to meet with students on the matter before 12:00 noon on 12 January 2005, and the Panel to move a motion to defer the discussion of the Administration's proposal by the Finance Committee on 14 January 2005.

Hong Kong Baptist University Student Union

25. Mr CHAN Kai-chun said that the Hong Kong Baptist University Student Union strongly opposed the adoption of the "0-0-5" model for the provision of recurrent funding to UGC-funded institutions in the 2005-08 triennium. The Student Union also considered it unfair and unacceptable to impose a 33% reduction of recurrent funding for HKIEd in the 2005-08 triennium. The Union requested LegCo to urge the Administration to withdraw its proposal and conduct extensive consultation on the matter.

City University of Hong Kong Student Union

26. Mr Eric CHU said that the City University of Hong Kong Student Union opposed the "0-0-5" model. The Student Union suggested that the Administration should provide support to sub-degree programmes offered by CityU.

Hong Kong Institute of Education Students' Union
[LC Paper No. CB(2)528/04-05(01)]

27. Miss WONG Yuen-mei presented the views of the Hong Kong Institute of Education Students' Union as detailed in its submission. She highlighted that the Students' Union strongly urged the Administration to withdraw its proposal on the provision of recurrent funding to UGC-funded institutions in the 2005-08 triennium. The Students' Union also requested SEM to meet with students on the matter before 12:00 noon on 12 January 2005.

The Hong Kong Polytechnic University Students' Union

28. Mr LAI Chun-kit said that the Hong Kong Polytechnic University Students' Union requested the Administration to withdraw its proposal on recurrent funding for UGC-funded institutions in the 2005-08 triennium and consult the stakeholders and the community with a view to coming up with a better proposal. The Students' Union anticipated that SEM would discuss the matter with students before 12:00 noon on 12 January 2005.

Mr Simon HUNG Ling-fat, Student Representative in the Council, HKIEd

29. Mr Simon HUNG said that the proposed 33% reduction of recurrent budget for HKIEd in the 2005-08 triennium would seriously affect the quality of

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teacher education in Hong Kong. Mr HUNG expressed concern as to whether HKIEd could attract high calibre students in its annual student intake given a proposed 33% reduction of recurrent budget. He considered that the proposed 33% reduction of recurrent funding would convey a message to the community that teacher education was not important. He also requested members to carefully consider the Administration's proposal and the impact of the 33% funding cut for HKIEd on the quality of teacher education in the long run.

Hong Kong Youth and Tertiary Students Association
[LC Paper No. CB(2)624/04-05(07)]

30. Miss LO Hin-kwan presented the views of the Hong Kong Youth and Tertiary Students Association as detailed in its submission. She highlighted that the Association suggested that the Administration should prudently consider the impact of reduction of recurrent funding for the UGC sector in the 2005-08 triennium on the implementation of the education reforms, the quality of education and students' motivation to learn. The Association was also concerned about the adverse impact of a 33% reduction of funding for HKIEd on the quality of teacher education. The Association suggested that the Administration should review the co-ordination of the provision of teacher education and related resources to enhance cost-effectiveness and quality of teacher education.

The Alumni Association of Pre-School Administration and Management Course
SPACE-University of Hong Kong
[LC Paper No. CB(2)610/04-05(03)(revised)]

31. Ms Emmy CHOW and Ms WONG Siu-fung presented the views of the Alumni Association of Pre-School Administration and Management Course, the School of Professional and Continuing Education of the University of Hong Kong as detailed in its submission. They highlighted that the Alumni Association strongly opposed the proposed 33% reduction of recurrent funding for HKIEd in the 2005-08 triennium. The Alumni Association suggested that the Administration should allocate sufficient resources for professional upgrading of teachers in early childhood education.

The Hong Kong Institute of Education Past Student's Association of Early Childhood Teacher Education

32. Mrs MAK TSE How-ling said that HKIEd enjoyed a reputation in provision of teacher education programmes, in particular its certificate programme in early childhood education. She highlighted that the Hong Kong Institute of Education Past Student's Association of Early Childhood Teacher Education considered it unreasonable to reduce HKIEd's recurrent budget by 33% in the 2005-08 triennium and its certificate programme places from 600 to 200 places, given that more than 6 000 serving kindergarten teachers had not

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completed a certificate programme in early childhood education. The Association requested members to vote against the Administration's proposal on recurrent funding for UGC-funded institutions in the 2005-08 triennium.

*The Non-Profit-Making Kindergarten Council of Hong Kong
[LC Paper No. CB(2)624/04-05(08)]*

33. Ms Harlanna YEUNG presented the views of the Non-Profit-Making Kindergarten Council of Hong Kong as detailed in its submission. She highlighted that the Kindergarten Council considered that the proposed reduction of recurrent funding for UGC-funded institutions in the 2005-08 triennium would affect teachers' morale and motivation to pursue continuing professional development, and would jeopardise the quality of education in the long run. The Kindergarten Council requested the Administration to withdraw its proposal on reduction of recurrent funding for the UGC sector.

Hong Kong University Students' Union

34. Mr Ronald TSE said that the Hong Kong University Students' Union opposed the proposed "0-0-5" model for provision of recurrent funding in the 2005-08 triennium, in particular the 33% reduction of recurrent funding for HKIEd. The Students' Union considered that the proposed reduction of recurrent funding would affect academic freedom and autonomy. The Students Union suggested that the Administration should withdraw its proposal and discuss with students before 12:00 noon, 12 January 2005.

The Administration's response to the major concerns of deputations

35. In summing up the views expressed by deputations, the Chairman said that all the 27 deputations attending the meeting had expressed objection to the proposed "0-0-5" model and the proposed 33% reduction of recurrent funding for HKIEd in the 2005-08 triennium. In particular, the Federation of Students and the Student Unions had unanimously requested the Administration to withdraw its proposal on recurrent grant for the 2005-08 triennium and SEM to discuss the matter with students before 12:00 noon, 12 January 2005.

36. In response, SEM said that while recurrent funding for UGC-funded institutions in the 2004-05 academic year was reduced by around 1.2 billion, institutions had managed to secure some \$2.3 billion through the first Matching Grant Scheme in the same year. He explained that when discussing the recurrent funding for the 2004-05 academic year, the Administration, UGC and the heads of Universities Committee (HUCOM) reached a consensus that the eight UGC-funded institutions would try their best to work with a "0-0-X" funding arrangement for the 2005-08 triennium. The arrangement had assured that there would be no reduction in recurrent grant for efficiency savings in the first two years of the triennium, but the grant might be reduced in the third year of the

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triennium by an undefined percentage, which should be no more than 5% and would be determined on the basis of the outcome of a review to be conducted in mid-2006.

37. SEM further said that the proposal which would be discussed by FC on 14 January 2005 had reflected the above consensus. The current estimates were made on the basis of a 5% efficiency savings in 2007-08 (the “0-0-5” model) which was only the worst case scenario adopted for planning purpose. The proposal indicated the minimum level of recurrent grant in the 2005-08 triennium to facilitate institutions and the Administration to budget in a prudent manner. The Administration had undertaken to review the planning assumption in mid-2006, and hoped that circumstances then would allow the Administration to recommend a higher level of recurrent grant for 2007-08 to reflect the “0-0-0” model. In brief, the proposal had not departed from the “0-0-X” consensus. It sought to implement the consensus in accordance with prudent financial management principles, and at the same time provide certainty of funding for planning purpose.

38. SEM noted the HKIED’s view that the proposed 33% reduction of recurrent funding had significant impact on its operation. He explained that UGC had arrived at the estimate in accordance with the established principles and funding methodology. He pointed out that the bulk of the downward adjustment was a result of the cessation of special funding which was time-limited in nature, including the front-end loading and exemption from the unit cost reduction of 10% which had been applied to all other institutions since the 1998-2001`triennium, and common planning parameters for all institutions such as civil service adjustment. HKIED had been in close dialogue with the Administration and UGC from early 2004 onwards about the 14% reduction in student numbers which basically reflected reduced demand for teachers as a result of the declining student population and adjustments to training mode in certain areas.

39. SEM further said that UGC triennium funding was not the only source of funding for HKIED. He pointed out that HKIED was separately funded by the Education and Manpower Bureau (EMB) for commissioning courses and proposals which might straddle three to five years. SEM anticipated that HKIED would continue to share the non-UGC recurrent funding set aside for various teacher training and professional development, including a \$500 million provision for school-based professional support and the allocation for professional development of teachers for implementing the “3+3+4” academic structure.

40. As regards students’ request of the Administration to withdraw the funding proposal and SEM to discuss the matter with student representatives, SEM said that deferring the consideration of the proposal by FC on 14 January 2005 would affect institutions’ academic planning work. He also said that he

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welcomed the opportunity to discuss the matter with students, but would have to check his availability after the meeting before giving a reply to students.

41. Secretary General, University Grants Committee (SG(UGC)) supplemented that the current triennium funding system was developed in 1994 and had been well received by institutions in the assessment of their triennial recurrent grants. He added that UGC hoped that the review in mid-2006 would lead to the adoption of a “0-0-0” model for allocation of recurrent funding to institutions in the 2005-08 triennium.

Recurrent funding for UGC-funded institutions in the 2005-08 triennium

42. Ms Emily LAU sought clarification from UGC on the increase in recurrent grants for UGC in the 2005-08 triennium, in view of an allegation that UGC might make use of the allocation of the recurrent grants for re-structuring and collaboration activities, and research development activities to induce institutions to plan their research and development activities in accordance with UGC’s expectations. She considered that such practice would affect institutional autonomy and academic freedom of UGC-funded institutions. Dr Fernando CHEUNG and Mr CHEUNG Man-kwong expressed a similar concern.

43. SG(UGC) responded that the source of funding for the setting up of the Restructuring and Collaboration Fund (RCF) and the Research and Development Fund (RDF) was from the savings which the Administration had allowed UGC to retain from phasing out publicly-funded Taught Postgraduate places in general. UGC was not sure whether the funds would be provided on a recurrent basis, and considered that the funds should not be allocated to institutions simply on a pro-rata basis.

44. SG(UGC) further explained that RDF was mainly used for supporting significant research projects including the Areas of Excellence projects and supporting research development activities such as the provision of 450 additional Research Postgraduate marginally funded places in the 2005-08 triennium. About one-third of the 450 places would be allocated to institutions on a pro-rata basis, and another one-third on the basis of their performance in competing bids under the Earmarked Research Grants which were assessed by way of peer reviews. The remaining places were allocated to institutions through competing bids which had just been evaluated by way of peer reviews at the UGC meeting in January 2005. The research strengths and roles of institutions in the higher education sector had been considered in the evaluation.

45. Ms Emily LAU and Dr Fernando CHEUNG requested UGC to elaborate on the formula, criteria and principles for allocating funds to UGC-funded institutions to facilitate members’ consideration of its proposal on recurrent funding for the 2005-08 triennium. Dr CHEUNG pointed out that many staff of

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UGC-funded institutions involved in the preparation of the academic development proposals said that they were not familiar with the formula, criteria and principles for allocating funds within UGC-funded institutions.

46. Mr CHEUNG Man-kwong considered that UGC should also elaborate on the need to operate a Performance and Role-related Funding Scheme and reserve 10% of the recurrent funding requirements for allocation to institutions on the basis of institutional performance in fulfillment of their roles in the provision of higher education.

47. SG(UGC) responded that the general principles of funding methodology adopted for the 2005-08 triennium recurrent grant assessment exercise were basically the same as those set out in the UGC's 1996 Report on Higher Education in Hong Kong, with values of the parameters in the funding formula appropriately updated based on decisions made in the relevant UGC meetings.

UGC 48. The Chairman requested UGC to provide an information paper on the funding mechanism and formula, criteria and principles adopted by UGC for allocating funds within UGC-funded institutions, and a breakdown of the specific recurrent funding for UGC-funded institutions covering the 2003-04 and 2004-05 academic years. SG(UGC) agreed.

49. Dr Fernando CHEUNG considered that all UGC-funded institutions should publicise the agendas and minutes of meetings of their governing bodies to enhance transparency of institutional management. Being an elected staff representative in the PolyU Council, he considered that institutions should also improve the transparency of their resources allocation mechanisms and processes. The Chairman asked whether UGC would consult institutions in this regard.

50. SG(UGC) responded that he could not give an undertaking on the disclosure of the agendas and minutes of the meetings of the governing bodies of UGC-funded institutions. He pointed out that institutions might not consider it appropriate to do so. He agreed to convey the view of Dr Fernando CHEUNG to institutions for consideration. SEM added that Professor Paul MORRIS was the convenor of HUCOM and might be in a better position to relay Dr CHEUNG's view to institutions.

51. Mr LEUNG Kwok-hung considered that the Administration aimed to reduce funding for provision of higher education and the "0-0-5" model was proposed as a delaying tactics to reduce recurrent funding for the UGC sector. He suggested that the Administration should fulfil its undertaking to propose the "0-0-X" model which was given to LegCo and students in return for their acceptance of the 10% reduction of recurrent funding for the 2004-05 academic year. He considered that SEM would be in great trouble if students of the eight institutions decided to hold a joint demonstration against the "0-0-5" model

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outside the university campuses.

52. Mr LEE Cheuk-yan queried the need to budget the recurrent funding for UGC-funded institutions in the 2005-08 triennium on the basis of a worst case scenario, given a favourable economic outlook. He considered that the current economic situation was a result of inadequate investment in education in the past. He suggested that the Government should increase investment in education. Mr LEE also considered it unreasonable that while there were some 20 000 sub-degree places in the market, only 800 subsidised places were provided for direct entry of sub-degree graduates to second-year undergraduate programmes in institutions.

Reduction of recurrent funding for HKIEd

53. Ms Emily LAU expressed grave concern about the impact of a 47% reduction of recurrent funding for HKIEd in four years on the quality of early childhood education. She said that she had all along supported raising the entry qualifications of kindergarten teachers to degree level and upgrading the qualification of in-service teachers in early childhood education. She considered that quality early childhood education was crucial to the development of young children for smooth transfer to primary and secondary education.

54. Professor Paul MORRIS remarked that the 47% reduction of recurrent funding had adversely affected student enrolment, staff morale and turnover in HKIEd. He pointed out that 42% of the proposed reduction in student numbers were made in the area of early childhood education, which would substantially affect the provision of upgrading programmes for in-service teachers in the sector.

55. SEM responded that although HKIEd would have fewer places in certificate programmes for in-service teachers in early childhood education funded through UGC, the total supply of government-subsidised places would actually increase by about 150 places. He considered that the total supply of in-service teacher training places would be determined by the demand in the market.

56. Dr Fernando CHEUNG expressed support for students' demonstration against further funding cuts for higher education. He cited his personal experience in PolyU to illustrate the adverse impact of funding cuts on the operation of UGC-funded institutions and the financial burden of in-service teachers in pursuit of upgrading training in early childhood education. He expressed strong objection to the proposed reduction of recurrent funding for HKIEd, in particular the reduction of upgrading programme places for serving teachers in early childhood education.

57. Professor Bernard LUK said that HKIEd had discussed with UGC the

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recurrent funding for the 2005-08 triennium in a series of meetings held between February and May 2004, but was disappointed with UGC's decision on provision of funding to its teacher education programmes. He pointed out that acting upon the instruction of EMB, UGC had initially proposed to reduce the number of places in certificate programme for in-service kindergarten teachers in HKIEd from the current 600 to zero in the 2007-08 academic year. The retention of 200 places beyond the 2006-07 academic year was finally approved in response to the strong objection and persistent request of HKIEd.

58. Professor Bernard LUK further said that HKIEd had also proposed a number of upgrading programmes for in-service school and kindergarten teachers, including the provision of training courses on teaching Liberal Studies and Career-oriented studies in support of the proposed "3+3+4" academic structure, for operation in the 2005-08 triennium. However, these proposals had failed to obtain approval of UGC, which was advised by the Administration that the policy to implement the "3+3+4" academic structure had yet been concluded and education programmes for primary school teachers should concentrate on English teaching. Professor LUK considered that UGC was dominated by EMB in deciding the allocation of recurrent funding in the 2005-08 triennium. He stressed that a 47% reduction of recurrent funding in four years would severely affect the development and ability of HKIEd to provide quality training to pre-service and in-service teachers in the long run.

59. SG(UGC) responded that Professor Bernard LUK should be well aware that for the purpose of the 2005-08 triennium recurrent grant assessment exercise, UGC-funded institutions submitted to UGC in mid-2004 their student load matrices and simplified format of cost estimates based on the approved Academic Development Proposals which had earlier been discussed and agreed between UGC and individual institutions. UGC had make reference to this information during its compilation and consideration of the recurrent funding requirements of the institutions in August 2004. SG(UGC) acknowledged the complexity involved in the assessment exercise, but stressed that UGC had worked out the recurrent budgets for individual institutions on a collaborative basis.

60. Mr CHEUNG Man-kwong considered that judging from the negotiation between UGC and HKIEd on allocation of recurrent funding for the 2005-08 triennium, the role of UGC as a buffer between the Administration and UGC-funded institutions to safeguard academic autonomy and ensure values for money in the allocation of public resources for the higher education sector had diminished. He considered that UGC should phase out and leave the future allocation of recurrent funding for higher education to the Administration and institutions.

61. Mr LEE Cheuk-yan, Mr CHEUNG Man-kwong and Mr LEUNG Yiu-chung expressed reservations about the need to reduce the number of places

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in HKIEd in order to resolve the problem of surplus teachers in the school sector. Mr LEE considered it illogical to resolve the problem by reducing the number of teacher graduates. Mr CHEUNG and Mr LEUNG considered that the Administration should focus on upgrading the quality of in-service teachers and henceforth enhance the quality of school education in the long term. Mr LEUNG also suggested that recurrent funding should be provided for HKIEd to provide training for pre-service and in-service teachers on the necessary skills and knowledge in the provision of integrated and special education for children with special educational needs.

62. Mr CHEUNG Man-kwong and Mr LEE Cheuk-yan considered it unrealistic to expect HKIEd to survive a 47% reduction of recurrent funding in four years. They also considered it unacceptable to reduce the number of certificate programme places for in-service teachers in early childhood education from 600 to 200, given that more than 6 000 in-service kindergarten teachers had not completed a certificate programme in early childhood education.

63. SG(UGC) responded that UGC had maintained a close dialogue with HKIEd from early 2004 onwards about the reduction of recurrent funding in the 2005-08 triennium. Referring to Professor Bernard LUK's letter to the Chairman dated 10 January 2005 [LC Paper No. CB(2)610/04-05(01)], SG(UGC) pointed out that according to the financial projection attached to the letter, HKIEd would encounter no major financial difficulty in the 2005-06 and 2006-07 academic years. As regards an estimated deficit of \$94 million in the 2007-08 academic year, SG(UGC) said that UGC funding was not the only source of funding for HKIEd and the Institute could apply for funding from alternative sources such as funds set aside for the provision of school-based support to schools and implementation of the "3+3+4" academic structure. UGC would work closely with HKIEd during the 2005-08 triennium and provide assistance in case HKIEd had genuine financial difficulty in the final year of the 2005-08 triennium.

64. Profess Paul MORRIS pointed out that he was notified of the shocking 33% funding cut only before the Christmas holidays and was shocked by the news. Mr Norman NGAI supplemented that no institution was able to fully understand how UGC had worked out the recurrent budgets for UGC-funded institutions. In the light of a 47% reduction of recurrent funding in four years, HKIEd had managed to maintain marginally balanced budgets for the 2005-06 and 2006-07 academic years through a 22% reduction in academic and non-academic staff establishment and a 25% reduction in non-academic expenses in the 2003-04 academic year, and a further 10% savings within the 2005-08 triennium. However, HKIEd had already been pushed to the limit in efficiency savings, and could not avoid a deficit budget of about \$94 million in the 2007-08 academic year.

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Submission of the proposal to FC

65. Ms Emily LAU referred to the circular issued by the Clerk to FC [LC Paper No. FC29/04-05] and explained that at the request of the Administration, the financial proposal on recurrent grant for UGC-funded institutions in the 2005-08 triennium had been issued on 8 January 2005, before the Panel had discussed and indicated its position on the proposal to be submitted to FC for consideration. She pointed out that the proposal would only be included for discussion at the FC meeting on 14 January 2005 upon the recommendation of the Panel.

66. SEM said that submission of the financial proposal was made in accordance with the relevant procedures. He understood that under the Finance Committee Procedures, only the Financial Secretary or, in his absence, the designated officers had the authority to introduce or withdraw a proposal at a FC meeting.

67. Ms Emily LAU pointed out that the proposal had not been included in the agenda for the FC meeting on 14 January 2005 and SEM had the discretion to defer the discussion of the item to a future FC meeting.

68. Mr CHEUNG Man-kwong and Mr LEUNG Yiu-chung considered that SEM should discuss with students and HKIEd with the aim of resolving the conflict arising from the proposed 33% reduction of recurrent funding for HKIEd in the 2005-08 triennium. They urged the Administration to consider the circumstances of HKIEd and work out funding alternatives for HKIEd to survive the necessary funding cuts in the 2005-08 triennium. They asked whether SEM would take the initiative to withdraw its proposal on recurrent grant and submit a revised proposal for FC's approval at a later date.

69. SEM responded that neither the Administration nor UGC would like to reduce recurrent funding for higher education. He pointed out that in view of members' strong views, the Administration might further clarify its intention to adopt a "0-0-0" model on the condition that a 5% reduction of funding would be made in the 2007-08 academic year if the economic conditions then were unfavourable. SEM considered it unnecessary to continue the debate on the adoption of a "0-0-0" or "0-0-5" model, given that no reduction of recurrent funding would be made in the 2005-06 and 2006-07 academic years and a review would be conducted in mid-2006 to determine whether there was a need to reduce recurrent funding in the 2007-08 academic year.

70. Members in general considered that the Administration should defer submission of its proposal on recurrent funding for UGC-funded institutions in order to allow more time for stakeholders and the community to discuss the matter. The Chairman invited members to indicate their support or objection to the consideration of the proposal at the FC meeting on 14 January 2005.

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All members present had indicated objection.

71. Mr CHEUNG Man-kwong said that he hoped that members' objection to further reduction of recurrent funding for the UGC sector would not be interpreted as delaying the approval of the recurrent funding for institutions. Dr Fernando CHEUNG suggested that the Administration should work out a "0-0-0" model for consideration by FC, taking into consideration the need for implementation of the "3+3+4" academic structure and the continuing development of UGC-funded institutions in the long term. The Chairman pointed out that FC had approved the Administration's proposal on provision of the 2004-05 recurrent funding for UGC-funded institutions on the understanding that the Administration would propose a "0-0-X" model for the recurrent funding in the 2005-08 triennium. It was unlikely that members would support the "0-0-5" model.

72. SEM responded that the Administration would consider the views of members on the proposal on recurrent grant for UGC-funded institutions in the 2005-08 triennium. The Administration might revise the proposal and defer its submission to FC for funding approval if necessary.

[*Post-meeting note* : The Administration subsequently decided to submit its proposal on recurrent grants for UGC-funded institutions in the 2005-08 triennium to FC for consideration at its meeting on 25 February 2005.]

73. The Chairman also urged the Administration and UGC to discuss with HKIEd and work out an appropriate reduction of recurrent funding for HKIEd in the 2005-08 triennium. He also requested the Administration to inform the Panel of the outcome of its discussion with HKIEd before submitting a revised proposal to FC for funding approval. Mr CHEUNG Man-kwong suggested that the discussion should be held as soon as practicable, as any delay might affect the retention of quality staff in HKIEd who might decide to leave in the face of a possible 33% reduction of funding.

II. Any other business

74. There being no other business, the meeting ended at 12:15 pm.