

For discussion on 8 May 2006

Legislative Council Panel on Education

Grant to support the Hong Kong Examinations and Assessment Authority in establishing its centralised onscreen marking centre on Hong Kong Island

Purpose

This paper seeks advice of Members on a proposal to provide the Hong Kong Examinations and Assessment Authority (“HKEAA”) with a non-recurrent grant of about \$16.0 million (for commercial rental of temporary accommodation) and a capital grant of about \$5.9 million (for the related fitting out costs) to support the establishment of a centralised onscreen marking centre on Hong Kong Island (“Island Centre”) for a period of four years.

Proposal

2. The Secretary for Education and Manpower proposes to make a grant to HKEAA to meet the four-year rental and one-off renovation expenses required to establish the Island Centre, with specific requirements as follows -

- (a) A net usable area of about 1 500 sq.m. for housing about 366 workstations and a range of associated facilities;
- (b) Available by June/July 2006 for preparation of the site and premises, and to install and test systems;
- (c) Easily accessible by MTR or bus on Hong Kong Island; and
- (d) Reasonably good condition to keep costs and time for renovation to a reasonable level.

Justification

Shortage of space for setting up centralised onscreen marking centres and the need for specific location

3. The Finance Committee approved vide FCR(2005-06)33 on 2.12.2005 a capital grant of \$198.87 million to support the modernisation and development of the examination systems of HKEAA. One of the initiatives is to introduce centralised onscreen marking for our public examinations. In March 2007, HKEAA will implement the first phase of centralised onscreen marking for the Hong Kong Certificate of Education Examination (“HKCEE”) Chinese and English Language subjects. It plans to include more subjects in subsequent years, paving the way for full implementation for the Hong Kong Diploma of Secondary Education (“HKDSE”) under the new senior secondary education structure in 2012.

4. HKEAA has projected that for the 2007 HKCEE Chinese and English language subjects, the number of markers required will be about 1 200 and 1 000 respectively. For the full launch of onscreen marking for all subjects, more than 5 000 markers will be required. HKEAA has secured funding for installing up to 1 600 computers vide FCR(2005-06)33 and this should cater for full launch in 2012. By March 2007, 1 000 computers will be needed to kick-start onscreen marking.

5. HKEAA’s plan is to provide four centralised onscreen marking centres, respectively on Hong Kong Island, the New Territories, Kowloon West and Kowloon East. Of these, the first three need to be operational by March 2007 in order for marking of the 2007 HKCEE Chinese and English Language subjects to commence, in line with its pledge to LegCo and the community at large. At the moment, funding for renovating two centres, namely those in Kowloon West and the New Territories, has been approved (vide FCR(2005-06)33). With the two vacant school premises in Kowloon West and the New Territories allocated by the Government, around 634 computers and associated facilities (marker’s reception, briefing and training rooms, markers’ lounges, server rooms, etc) could be installed. However, there is still a shortage of about 1 500 sq.m. to accommodate about 366 computers and associated facilities needed by March 2007.

6. As centralised onscreen marking is a new mode of operation the success of which is contingent on markers’ acceptance, HKEAA has pledged to LegCo and the education sector to provide marking centres which will be as

reasonably accessible as possible, and be strategically located to be able to attract markers from different areas of Hong Kong. This key objective should be achieved when onscreen marking is launched in 2007, as well as in the long-term steady state. A centre on the Hong Kong Island is therefore vital in support of the implementation of centralised onscreen marking.

7. While the Administration is considering a long-term accommodation plan for HKEAA, HKEAA proposed to start setting up the short-term Island Centre from June/July 2006 to meet the first phase of implementing onscreen marking in March 2007. Briefly, the long term accommodation plan features a suitable premises as HKEAA's headquarters which would consolidate its existing scattered offices, and would free up its current offices in Southorn Centre and San Po Kong (provided by Government at nominal rent) for conversion into a permanent Hong Kong Island onscreen marking centre and a Kowloon East onscreen marking centre by 2010.

8. The short-term Island Centre is proposed for operation for four years taking into account a reasonable time needed to identify suitable accommodation (including possibility of surplus government accommodation) which could meet HKEAA's long-term accommodation plan, to go through the necessary procedures and to arrange for necessary funding; and that at the same time it is to be used as a buffer for office relocation when HKEAA takes forward its long term accommodation plan.

No appropriate vacant school premises or other suitable surplus government accommodation available for setting up the short-term Island Centre

9. As the only assessment authority in Hong Kong and a strategic partner of Government in education, HKEAA has been assisted by Government in terms of accommodation. The Government has provided HKEAA with the ex-San Po Kong Primary School in Kowloon and two and a half floors in Southorn Centre on Hong Kong Island for offices and operations at nominal rent. In support of onscreen marking, the Government has also allocated HKEAA two vacant school premises at nominal rent for accommodating the Kowloon West and the New Territories centralised onscreen marking centres.

10. We have been making the best efforts to identify suitable vacant school premises or other surplus government accommodation for the short-term Island

Centre, with due regard to the long term accommodation plan of HKEAA and its service needs. However, as no vacant school premises or other suitable surplus government accommodation can be identified for immediate use by HKEAA, HKEAA has to resort to commercial leasing for setting up the short-term Island Centre. For such commercial lease, termination by the tenant after the first two years of fixed term is usually allowed. HKEAA can therefore have the option to terminate the lease accordingly and hence save commercial rental if the aforementioned long-term accommodation plan could be materialised in less than four years.

HKEAA's financial capability is unable to meet the proposed funding amount

11. HKEAA has critically reviewed its existing resources, and came to the conclusion that it could not absorb the costs of renovating and renting the Island Centre without any drastic increase in its service charges and fees. HKEAA is a self-financing organisation, the main funding source of which is public examination fees. HKEAA does not achieve full cost recovery on the two public examinations, having frozen the examination fees for seven consecutive years since 1999. After the introduction of a 5% fee increase in 2006, HKEAA will still be incurring a loss in the operation of the public examinations. Its current income stream cannot support the costs of setting up the Island Centre, especially with the prospective increase in recurrent expenditures arising from its various new initiatives to improve IT infrastructure and public examinations systems.

12. In HKEAA's approved estimates for the 2005/06 financial year (ending 31.8.2006), the reserve is estimated as \$45.7 million, which has taken into account the 5% public examination fee increase in 2006. This reserve balance (about 16.8% of its annual recurrent expenditure) is only able to meet HKEAA's recurrent expenditure for about two months. HKEAA suggests and EMB supports that the reserve should be deployed to meet the new recurrent implications which will arise out of HKEAA's various initiatives including the improvement of HKEAA's IT infrastructure and examination systems. HKEAA would therefore not be able to afford the 4-year commercial rental and renovation costs of the short-term Island Centre from its reserve.

13. As public examination is a core component of the public education system, the Government aims to provide support to HKEAA by means of capital expenditure and one-off developmental funding where justified, and in this case, the

proposed one-off grants to set up the short-term Island Centre. This will help to avoid the need for fee hikes due to one-off developmental tasks. HKEAA will continue to work towards full cost recovery for its recurrent expenditure from examination fees and other income sources.

Utilisation of accommodation

14. The centralised onscreen marking centres, including the Island Centre, will provide access and convenience to more than 5000 markers per year when onscreen marking is in full launch. Outside the annual public examination period, the centres will be utilised throughout the year for other examinations and assessments such as the Territory-wide System Assessment and the more than 200 international and professional examinations which HKEAA administers for its clients; and for conducting training and briefings for teachers, markers and examination/assessment personnel.

Schedule of implementation

15. The centralised onscreen marking centres need to be in place on a timeline to commence onscreen marking from 2007, as well as to build sufficient experience in onscreen marking to ensure a smooth transition to full implementation for the first examination of HKDSE in 2012.

16. Tendering for renovation of the Island Centre has to start in July 2006 for works to complete by February 2007, in order for the centre to be operational by March 2007. The project schedule is at Enclosure.

Financial implications

17. A tentative breakdown of the proposed grant is as follows:

	Items	Estimated Cost (\$ million)
(i)	Capital grant – fitting out costs	5.9

(ii)	Non-recurrent grant - commercial rental	16
	Total amount of proposed grant	21.9

18. The estimate for the non-recurrent grant of \$16 million is based on rental of average commercial premises off prime sites on Hong Kong Island which is suitable for the needs of HKEAA for four years, at an estimated prevailing market rate of \$230 per sq. m. (net usable area) per month, including management fee and air conditioning charge.

19. Apart from commercial rental, HKEAA has committed to fully bear the recurrent consequences arising from operating the short-term Island Centre.

20. On the long-term accommodation plan, we will consult the Panel of Education and seek necessary approval in the normal manner when ready.

Monitoring the use of the Grant

21. In respect of the Government's role of monitoring, EMB is represented on the Council and its committees. HKEAA is required to submit its annual estimates of income and expenditure and programme of its proposed activities to the Administration for approval, and to table its annual audited accounts and report of activities at the Legislative Council every year, under the HKEAA Ordinance (Cap. 261).

Background

22. HKEAA is a statutory body established in 1977 under the HKEAA Ordinance (Cap. 261). Its statutory responsibility is to conduct the specified examinations of the Hong Kong Certificate of Education Examination and the Hong Kong Advanced Level Examination. It operates on a self-financing basis and does not receive any recurrent subvention from the Government. HKEAA is governed by a Council appointed by the Chief Executive with members drawn from various sectors, including tertiary institutions, schools, business and the Government.

23. HKEAA also runs a number of assessment services including the Territory-wide System Assessment, Language Proficiency Assessment for Teachers; and a range of professional and international examinations.

The Way Forward

24. Subject to Members' comments, we plan to submit the funding proposal to the Finance Committee for consideration and approval.

Education and Manpower Bureau
May 2006

Enclosure: Project schedule of establishing the short-term centralised onscreen marking centre on Hong Kong Island

	Tasks	2006 Quarter 3			2006 Quarter 4			2007 Quarter 1		
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
1.	Signing of tenancy agreement									
2.	Demolition and verification of dimensions on site									
3.	Design approval by landlord									
4.	Tendering and approval by Tender Board									
5.	Mobilisation of main contractor									
6.	Renovation on site									
7.	Installation of furniture									
8.	Installation of PC and system									
9.	Relocation of pilot site									
10.	System test and rectification									
11.	Commencement of the operation of the Hong Kong Island centralised onscreen marking centre									