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Panel on Education

Background brief prepared by the Legislative Council Secretariat for the meeting on 14 December 2009

Development of education services

Purpose

This paper provides background information on the development of education services, and summarizes the concerns of the Panel on Education (the Panel) on the subject.

Background

2. In response to the global financial tsunami, the Chief Executive announced in his 2008-2009 Policy Address that he would establish and chair a task force to continually monitor and assess the impact of the financial tsunami on local and global markets, and provide timely evaluation of its impact on the local economy and major industries. The task force would propose specific options for the Government and business community to address the challenges.

3. In October 2008, the Chief Executive established the Task Force on Economic Challenges (TFEC). Members of the TFEC comprised government officials, finance experts, economists and representatives of major industries. One of the major objectives of the TFEC was to identify economic areas which had great development potential and comparative advantages.

4. After its Fourth Meeting held on 3 April 2009, the TFEC proposed six economic areas where Hong Kong enjoyed clear advantages as the priority areas for focused study. These were education services; medical services; testing and certification services; environmental industries; innovation and technology; and cultural and creative industries.

5. In his 2009-2010 Policy Address, the Chief Executive announced that the

objective of developing education services was to enhance Hong Kong's status as a regional education hub, thereby boosting Hong Kong's competitiveness and complementing the future development of the Mainland through internationalization of schools and institutions and diversification of the education sector. The Administration would explore the possibility of allowing Mainland students to pursue studies in non-local courses at degree level or above in Hong Kong; continue to identify more suitable sites to facilitate the development of self-financing degree-awarding institutions; take advantage of the new policy on revitalizing industrial buildings to enable institutions to run self-financing programmes; and provide loans to help institutions meet the costs of purpose-built accommodation and facilities. The Administration would also explore the possibility of allowing Mainland senior secondary students to study in Hong Kong, for example by taking short-term courses offered by degree-awarding tertiary institutions or pursuing senior secondary education at non-public schools in Hong Kong.

Deliberations of the Panel

6. Members raised various concerns about the development of education services when the Secretary for Education briefed the Panel on the new education initiatives on the 2009-2010 Policy Agenda. The issues of concern raised by members are summarized below.

Reasons for developing education services

7. Members had queried the reasons for developing education services. Criticism was laid on the Administration for proposing the development of education services without undertaking any studies or public consultation and thorough consideration of the impact of the policy. Members noted that according to a Mainland article, Mr WANG Yang, Secretary of Guangdong Provincial Party Committee, requested the Hong Kong Government to expand the education market to absorb more Mainland students. Following that, the Chief Executive requested the Bauhinia Foundation Research Centre to look into the feasibility of the idea. Subsequently, a study report entitled "Hong Kong-Shenzhen Education Cooperation" was released which called for the enhancement of Hong Kong's long-term competitiveness and consolidation of its role as a regional education hub. Members requested the Administration to clarify the matter, and the Administration had yet to give a response.

Impact on local students

8. Members noted that to internationalize the education sector, the non-local student quota of the publicly-funded programmes had been increased to 20%. The number of non-local students in Hong Kong had increased from 7 900 in the 2007-2008 academic year to 9 200 in the 2008-2009 academic year, representing a rise of 16%. Members pointed out that notwithstanding the substantial increase of non-local students in Hong Kong in recent years, the publicly-funded first-year-first-degree places had been kept at 14 500 without adjustment. The total

number of students admitted through the Joint University Programmes Admission System had reduced from 13 092 in 2000 to 12 038 in 2009. Some 5 600 local students who had attained the minimum qualification for university education were not admitted to publicly-funded degree programmes every year. Members were concerned that internationalization of the education sector would further limit the opportunities of local students, such as sub-degree holders, to attend universities.

9. Members were also concerned that the University Grants Committee (UGC)-funded institutions were only recovering the marginal cost from the tuition fees paid by non-local students. The annual tuition fees paid by non-local students for attending the publicly-funded degree programmes offered by the UGC-funded institutions were in the range of \$80,000 to \$100,000 which were not sufficient to meet the average university student unit cost of \$200,000. Hong Kong taxpayers had been subsidizing non-local students studying in Hong Kong. Members called on the Administration to consider allowing local students who had attained the minimum requirements for university admission but without being offered publicly-funded university places to pay the marginal cost for attending the publicly-funded degree programmes offered by the UGC-funded institutions. Alternatively, the Administration might consider providing these local students with fee subsidies to pursue self-financing degree programmes offered by local private universities.

10. The Administration explained that the focus of internationalization of the education sector was to develop self-financing post secondary institutions. Both local and non-local students could attend such institutions, and there would be a prescribed percentage for non-local students. Non-local students enrolled mainly in self-financing places. Local students who were qualified for but were not admitted to publicly-funded degree programmes could pursue further study by enrolling in self-financing post secondary programmes. That explained the growth of the self-financing post secondary sector in recent years. In the Administration's view, the issue at stake was not subsidization of non-local students but a need for an increase of university places. As the current fiscal position did not allow any further increase in publicly-funded degree places, the Administration considered it an appropriate approach to internationalize the educator sector by developing the self-financing post secondary institutions to increase university places. The Administration had reserved two urban sites in Ho Man Tin and Wong Chuk Hang for the purpose. It had also proposed to increase the total commitment of the Start-up Loan Scheme by \$2 billion. The Administration stressed that internationalization of the education sector would not adversely affect local students' opportunities to study in local universities.

11. Members maintained the view that allowing local students to take up the untaken places reserved for non-local students for attending publicly-funded degree programmes would not incur additional public resources as the Administration had already subsidized the fixed cost of the UGC-funded institutions.

New sites for self-financing post secondary institutions

12. Members were concerned whether the two urban sites reserved for the development of self-financing post secondary institutions in Ho Man Tin and Wong

Chuk Hang were large enough for the purpose. They were of the view that it would be difficult for self-financing post secondary institutions with a small campus to compete with the UGC-funded institutions.

13. According to the Administration, the two sites would provide about 4 000 self-financing degree places without boarding facilities. The student size of the institutions to be built would be comparable to that of the Lingnan University. Apart from these two sites, the Administration would identify more suitable sites to facilitate the development of degree-awarding institutions in future.

Revitalizing industrial buildings

14. Members noted the new policy of revitalizing old industrial buildings to facilitate institutions to run self-financing programmes. Members were concerned about the feasibility of converting industrial buildings for education purpose as the Administration had all along adopted stringent requirements for school premises. Members enquired whether the Administration would take proactive steps to identify suitable industrial buildings for the consideration of school sponsoring bodies.

15. The Administration explained that the policy objective of revitalizing the old industrial buildings was to release the potential of these buildings for utilization. The existing usage and ownership of industrial buildings would have a bearing on whether they would be suitable for conversion for other uses. The Administration had no intention of identifying certain industrial buildings for conversion or redevelopment for certain purposes. Interested parties had to identify the industrial buildings suitable for certain industries and make applications to the Administration.

Relevant papers

16. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Relevant papers on development of education services

Meeting	Date of meeting	Paper
Legislative Council	2.5.2007	Motion moved by Hon CHEUNG Man-kwong on increasing the number of local university places Hansard (English) (page 224)
Legislative Council	22.4.2009	[Question 10] Identification of Six Economic Areas by Task Force on Economic Challenges for Further Development (Hansard English - page 44-47)
Legislative Council	10.6.2009	[Question 7] Six Economic Areas Identified by Task Force on Economic Challenges (Hansard English - page 68-70)
Panel on Education	15.10.2009	Minutes Agenda
Panel on Education	20.10.2009 (Policy Briefing)	Minutes Agenda
Panel on Education	9.11.2009	Minutes Agenda