

立法會
Legislative Council

LC Paper No. CB(2)1211/10-11
(The minutes have been seen by
the Administration)

Ref : CB2/PL/ED

Panel on Education

Minutes of meeting
held on Monday, 10 January 2011, at 4:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Starry LEE Wai-king, JP (Chairman)
Hon Cyd HO Sau-lan (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon KAM Nai-wai, MH
Dr Hon LAM Tai-fai, BBS, JP
Hon Paul CHAN Mo-po, MH, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon CHEUNG Kwok-che
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Tanya CHAN
Hon WONG Yuk-man

Member absent : Hon Andrew LEUNG Kwan-yuen, GBS, JP

Public Officers attending : Agenda item IV

Education Bureau

Ms Michelle LI, JP
Deputy Secretary for Education (1), Education Bureau

Ms Amy WONG
Principal Assistant Secretary (Higher Education),
Education Bureau

Mrs Dorothy MA CHOW Pui-fun
Deputy Secretary-General (1), University Grants
Committee Secretariat

The Hong Kong University of Science and Technology

Professor WONG Yuk-shan
Vice-President for Administration and Business, The
Hong Kong University of Science and Technology

Mr Andrew Nowak-Solinski
Associate Director of Facilities Management, The Hong
Kong University of Science and Technology

Agenda item V

Education Bureau

Ms Michelle LI, JP
Deputy Secretary for Education (1), Education Bureau

Miss Linda SO
Principal Assistant Secretary for Education (Further
Education)

The Open University of Hong Kong

Professor John LEONG Chi-yan
President, The Open University of Hong Kong

Professor Danny WONG Shek-nam
Vice-President (Academic), The Open University of
Hong Kong

Hang Seng School of Commerce

Dr CHUI Hong-sheung
President, Hang Seng School of Commerce/Hang Seng
Management College

Mr Peter WONG
Chief Financial Officer, Hang Seng School of
Commerce/Hang Seng Management College

Professor PC WONG
Associate Vice-President (Development), Hang Seng
Management College

Professor Raymond SO
Dean, School of Business, Hang Seng Management
College

Mr Martin TAM
Board Member and Chairman-Steering Committee for
Campus Expansion of Hang Seng School of
Commerce, Hang Seng School of Commerce/Hang
Seng Management College

Ms Suzanne CHAN
Acting Chairman of Finance Committee of Hang Seng
School of Commerce, Hang Seng School of
Commerce/ Hang Seng Management College

Ms Dora LAM
Associate Director, Dudley Surveyors Limited
(Consultant of Hang Seng School of Commerce)

Ms Helena TO
Director, The Architects' Mission (Consultant of Hang
Seng School of Commerce)

Agenda item VI

University Grants Committee

The Hon Laura CHA May-lung, GBS, JP
Chairman

Sir Colin Lucas
Convenor, Higher Education Review Group

Mr Michael V Stone, JP
Secretary-General

Mrs Dorothy MA CHOW Pui-fun
Deputy Secretary-General (1)

Education Bureau

Ms Michelle LI, JP
Deputy Secretary for Education (1)

Clerk in attendance : Miss Odelia LEUNG
Chief Council Secretary (2)6

Staff in attendance : Ms Catherina YU
Senior Council Secretary (2)7

Ms Judy TING
Council Secretary (2)6

Ms Carmen HO
Legislative Assistant (2)6

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I. Confirmation of minutes
[LC Paper No. CB(2)659/10-11]

The minutes of the meeting held on 8 November 2010 were confirmed.

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II. Information paper(s) issued since the last meeting

2. Members noted the following papers issued since the last meeting -
 - (a) a letter dated 31 December 2010 from The Chinese University of Hong Kong concerning Statutes of The Chinese University of Hong Kong (Amendment) Statutes 2010 (LC Paper No. CB(2)714/10-11(01)); and
 - (b) a letter dated 4 January 2011 from the Student Union of The Chinese University of Hong Kong concerning Statutes of The Chinese University of Hong Kong (Amendment) Statutes 2010 (LC Paper No. CB(2)742/10-11(01)).

III. Items for discussion at the next meeting

[Appendices I and II to LC Paper No. CB(2)718/10-11]

3. Members agreed to discuss Self-financing Post-secondary Education Fund at the next regular meeting scheduled for 14 February 2011 at 4:30 pm. Members noted that the Administration planned to submit the relevant funding proposal to the Finance Committee ("FC") on 6 May 2011.
4. The Chairman sought members' views on the proposal to discuss the provision of school places in South Lantau and to invite South Lantau Education Concern Group ("the Concern Group") and the deputations which had attended the meeting on 11 July 2009 to give oral views at the next regular meeting. She referred members to the list of deputations to be invited which was tabled at the meeting. The Chairman added that subject to members' view, notice would also be posted onto the website of the Legislative Council to invite views from members of the public. Members might propose any other organizations to be invited. Members agreed to the proposed arrangements.
5. Referring to the list of outstanding items for discussion, Ms Cyd HO enquired whether the issue of Liberal Studies ("LS") under the subject of progress on the implementation of the new academic structure could be advanced for discussion instead of in July 2011 as proposed by the Administration. She was concerned that the Administration had yet to provide some sample LS examination papers with good or bad grades for members' reference.

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6. Prof Patrick LAU was concerned about the pedagogy, content and objective of LS. As LS was a core subject under the new academic structure, he considered it necessary for the Panel to discuss the subject.

7. Mrs Regina IP expressed dissatisfaction with the non-inclusion of Chinese History as a core subject under the new academic structure. She pointed out that American history was a core subject in the United States, and it was an elective subject only for the low-achieving students. She criticized the Administration for misleading members for having provided incorrect information in this regard. She considered it unethical and unprofessional on the part of the Administration to do so. Mrs IP added that she would provide the relevant information for members' reference.

8. The Chairman advised the Clerk to follow up the matter with the Administration.

IV. Research and Academic Building, The Hong Kong University of Science and Technology

[LC Paper No. CB(2)718/10-11(01)]

9. The Chairman declared that she was a Council member and an alumnus of The Hong Kong University of Science and Technology ("HKUST"). She invited the Deputy Chairman to preside over the discussion of the item. The Deputy Chairman took over the chair.

10. The Deputy Chairman drew members' attention to Rule 83A of the Rules of Procedure ("RoP") concerning personal pecuniary interest to be disclosed which provided that "In the Council or in any committee or subcommittee, a Member shall not move any motion or amendment relating to a matter in which he has a pecuniary interest, whether direct or indirect, or speak on any such matter, except where he discloses the nature of that interest". She reminded members to declare direct or indirect pecuniary interest and the nature of that interest in the matter under discussion before speaking on the matter.

Briefing by HKUST

11. At the invitation of the Deputy Chairman, Prof WONG Yuk-shan, Vice-President of HKUST for Administration and Business, gave a powerpoint presentation to explain the proposed capital works project for HKUST to develop a new research and academic building ("the Building")

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within its campus in Clear Water Bay. The powerpoint presentation material had been issued to members vide LC Paper No. CB(2)768/10-11(01).

Energy conservation measures

12. While supporting the proposed project, Mr WONG Kwok-hing enquired whether automatic lighting systems would be installed in common areas of the Building for the purpose of energy conservation.

13 Prof WONG Yuk-shan replied that environmental-friendly automatic systems in respect of lighting, ventilation fans, escalators and self-monitoring air-conditioning would be installed in the Building for conserving energy.

New research initiatives of HKUST

14. The Chairman expressed support for the proposed project. Noting that HKUST prided itself on its Kellogg-HKUST Executive MBA Programme which ranked high among institutions worldwide, she considered that the University should also strive to achieve excellence in the area of research. As the Building was purported to address HKUST's shortage of teaching space and research facilities, she sought information on the new directions of HKUST in relation to research initiatives.

15. Prof WONG Yuk-shan responded that the new facilities to be provided after completion of the project would facilitate HKUST to pursue new research initiatives. Taking account of the global trend and the Government's promotion of thematic and large-scaled research, HKUST would undertake inter-disciplinary research projects with significant impacts. Citing the research projects on biology as an example, Prof WONG said that these projects would be multi-disciplinary involving the disciplines of biology, electronics and physics. Nanotechnology would also be one of the focused projects to be pursued by HKUST. Prof WONG stressed that owing to the physical constraints of existing laboratories and facilities, HKUST currently focused on research projects which did not require laboratories with huge space.

Funding arrangement for the project

16. Noting that 75% and 25% of the construction cost of the project would be borne by the Administration and HKUST respectively, the Chairman enquired whether this funding arrangement followed the established practice or was a special arrangement.

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17. Deputy Secretary for Education (1) ("DS(Ed)1") explained that the established formula to fund capital works projects of the University Grants Committee ("UGC")-funded institutions was based on the space requirements of the institutions. The project would provide about 10 000 square meters in net operational floor area. As the estimated space shortfall of HKUST by the 2012-2013 academic year was some 7 600 square meters, the Government would therefore fund 75% of the construction cost, i.e. \$363.7 million. HKUST would contribute 25% of the construction cost from its private funds to provide additional space to accommodate an increasing population of non-local students and privately-funded activities. DS(Ed)1 stressed that while there was no fixed ratio on the funding of capital works projects shared between the Administration and the UGC-institutions, the Administration would follow the established formula which was objective.

18. The Deputy Chairman enquired whether the funding ratio would apply in the event that the construction cost exceeded or fell below the estimated cost. She was concerned about the financial ability of HKUST to meet the additional construction cost from its private funds.

19. DS(Ed)1 reiterated that the Administration would first calculate the space shortfall of an institution before deciding on its contribution towards the construction cost of a project. The unit cost of the project concerned was some \$15,000 per square meter which was in line with that of the capital works projects of other UGC-funded institutions. Should the construction cost of the project rise in future, the Administration would follow the established mechanism in adjusting its share of contribution.

20. Prof WONG Yuk-shan said that according to his understanding, the Administration and HKUST would take into account the originally agreed ratio in meeting any additional construction cost. He recalled that the construction cost of a previous project undertaken by HKUST had increased due to the upward movement of the tender price index, and the above basis was adopted in sharing the additional cost.

21. Deputy Secretary-General (1), UGC advised that the Administration would fund 75% of the construction cost of the project, i.e. \$363.7 million. UGC would propose to HKUST to include a mechanism in the contract for price fluctuation. In the event of an increase in the construction cost, UGC would make reference to the approved funding amount by FC and explore if there was any room to take out non-essential items from the project.

22. DS(Ed)1 supplemented that the funding proposal was made having regard to the construction cost of the project. In the event of an increase in the

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construction cost and a need for a corresponding increase in the Administration's contribution, the Administration would consider seeking additional funding from FC. She stressed that the Administration would endeavour to keep its share of contribution within the amount approved by FC.

Construction cost

23. Considering that the unit cost of the project at some \$15,000 per square meter was on the high side, Prof Patrick LAU asked whether this had included the costs of facilities. He pointed out that various facilities were needed to carry out research projects, and those carried out in wet laboratories required costly facilities. He requested the Administration to provide detailed information on the costs of such facilities in its submission to the Public Works Subcommittee ("PWSC").

24. Prof Patrick LAU was concerned whether the 8-storey Building would comply with the height limit. He commented that the ceiling of laboratories had to be high, which might affect the overall height of the Building. Recalling the experience of building the campus of HKUST which exceeded substantially the estimated costs many years ago, Prof LAU opined that HKUST should be mindful of the rock base of the site and the time and cost required for building on such a base.

25. Prof WONG Yuk-shan said that the unit cost of the project was in line with those of the projects implemented by other UGC-funded institutions. He cited as an example that the unit cost of a laboratory project implemented by The Chinese University of Hong Kong was around \$15,298 per square meter, in September 2010 prices. He further said that the facilities of the Building comprised mainly wet laboratories and numerous costly ventilation units. The costs of these facilities had been included in the estimated construction cost. Prof WONG assured members that HKUST had learnt from past experiences, pointing out that the construction costs of the recently built student hostels and the coastal marine laboratory had not exceeded the respective budgets. The height of the 8-storey Building was well within the approved height limit set by the Government, and the Building would not require major rock excavation.

Laboratory space of UGC-funded institutions

26. Ms Audrey EU sought information on the criteria for determining the provision of laboratories in local universities and the situation of HKUST as compared with other UGC-funded institutions in this respect.

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27. Prof WONG Yuk-shan responded that UGC had established criteria for determining laboratory space requirements of UGC-funded institutions. The laboratory space of HKUST was in line with that of other UGC-funded institutions, although some of its laboratories were of a larger size as the focus of HKUST was on science discipline. He undertook to provide the requisite information concerning HKUST in writing.

28. To follow up, Ms Audrey EU requested written information on the criteria for determining the provision of laboratory space in local universities, how these compared with the standard of overseas universities and whether HKUST fell short of the local standard. The Deputy Chairman said that HKUST should provide the information concerning its laboratory space and the Administration should provide information relevant to other UGC-funded institutions before the PWSC meeting.

Public consultation

29. Referring to paragraph 11 of the Administration's paper concerning public consultation, the Deputy Chairman asked whether staff and students of HKUST supported the proposal, and whether HKUST had consulted the Sai Kung District Council ("SKDC"). Prof WONG Yuk-shan said that HKUST had consulted SKDC twice and had invited members of SKDC to visit the University to enable them to better understand the project. SKDC had expressed support for the project. Two consultation meetings had been held to seek the views of students and staff who had also expressed support for the proposal as the new facilities to be provided by the Building would enhance HKUST's pursuit of new research initiatives.

30. Concluding the discussions, the Deputy Chairman said that the Panel supported the submission of the funding proposal to PWSC for consideration.

V. Start-up Loan for Post-secondary Education Providers

[LC Paper Nos. CB(2)718/10-11(02) and (03)]

31. Members noted the background brief entitled "Start-up Loan Scheme for post-secondary education providers" prepared by the LegCo Secretariat.

32. The Chairman drew members attention to RoP 83A which provided that, in the Council or in any committee or subcommittee, a Member shall not move any motion or amendment relating to a matter in which he had a pecuniary interest, whether direct or indirect, or speak on any such matter, except where

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he disclosed the nature of that interest. She reminded members to declare interests in the matter under discussion, if any.

33. Prof Patrick LAU declared that he was a Council member of the Open University of Hong Kong ("OUHK").

Briefing by the Administration and the institutions concerned

34. DS(Ed)1 briefed members on the proposal to provide loans to OUHK and the Hang Seng School of Commerce ("HSSC") for the operation of Hang Seng Management College ("HSMC") from the Loan Fund as detailed in the Administration's paper.

35. Prof John LEONG, President of OUHK, said that to support the development of some of the priority industries promoted by the Government, OUHK proposed to offer three degree programmes in cultural and creative industries, two degree programmes in testing and certification technology, one degree programme and one higher diploma programme in nursing studies in the new campus.

36. Dr CHUI Hong-sheung, President of HSSC/HSMC, said that in view of globalization and the trend for a knowledge economy, it was necessary to provide adequate quality degree programmes. HSSC had endeavoured to organize such programmes to meet the need. HSSC had offered some 400 degree places in September 2010 and had received 1 700 applications from students who had acquired the minimum qualifications for university admission. The HSSC students were satisfied with the quality of the programmes and were looking forward to the provision of better facilities. Dr CHUI further said that the Hong Kong Council for Accreditation of Academic and Vocational Qualifications ("HKCAAVQ") and HSSC hoped that better facilities would be available as soon as possible for the latter to provide more quality degree programmes. Dr CHUI appealed to members to support the funding proposal for the well-being of the students and Hong Kong as a whole.

Future expansion of the new campuses

37. Mr CHEUNG Man-kwong noted that the new campuses for OUHK and HSSC were around 4 300 square meters and 6 000 square meters respectively. The new campus of OUHK could serve up to 2 400 students while that of the HSSC 1 500 students. Mr CHEUNG commented that the two campuses were too small to accommodate the expected intake of students. It would also be difficult for a post-secondary institution to provide quality teaching and a

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quality teaching environment in such a small campus. He considered it too harsh and mean on the part of the Administration in the allocation of sites. He enquired whether the Administration had reserved any sites in the vicinity of the two campuses for future expansion of the two institutions and whether it would consider allowing OUHK and HSSC to extend the loan repayment period up to 20 years so that they could have better planning for student intake and tuition fee-related arrangements.

38. DS(Ed)1 responded that the objective of the Start-up Loan Scheme ("SLS") was to help institutions develop post-secondary education. The two sites allocated were near the existing campus of OUHK and HSSC to facilitate the coherent development of the existing and the new campuses. Subject to the development plan of the institutions and competing uses, there were potential sites in the vicinity of the two new campuses for further development. The Administration would examine the need for allocation of new sites for institutions on a case-by-case basis. Mr CHEUNG Man-kwong requested the Administration to provide written information including the maps on the potential sites for future expansion of the two institutions.

39. Regarding the repayment period, DS(Ed)1 said that FC had approved and the Panel had supported that needy loan borrowers could apply for an extension of the repayment period up to a maximum of 20 years after making the first five repayment instalments. This arrangement would allow both the borrowers and the Administration the flexibility to review the borrowers' financial position.

40. Mrs Regina IP commended the enthusiasm of Prof John LEONG and Dr CHUI Hong-sheung for education development. She shared Mr CHEUNG Man-kwong's view that the two sites were too small and a small campus would hinder the future development of an institution. Mrs IP considered that university education should not be restricted to classroom learning, and there should be all-round development for students. Compared with the universities in the Mainland and overseas, the campuses of local universities were too small and lacked the venues for sports and performing activities. She quoted the remarks of a local university professor that notwithstanding the increase in the number of degree holders in Hong Kong, their salaries had decreased. She stressed the importance to ensure the quality of university education, and urged the Administration to take note of it.

Intake of non-local students and financial assistance for needy students

41. Noting the existing quota on the number of non-local students in publicly-funded university programmes, Mrs Regina IP enquired whether a

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similar quota was imposed in respect of the programmes run by OUHK and HSSC and whether financial assistance would be made available for students who had difficulties in paying the tuition fees.

42. Prof John LEONG responded that OUHK had not set any quota on the number of non-local students but targeted to admit 30 Mainland students in each academic year. The main consideration was the lack of student hostels. OUHK had to rent accommodations near the campus for some 120 non-local students and such an arrangement was undesirable. Prof LEONG added that the total number of students of OUHK was around 18 000.

43. Dr CHUI Hong-sheung said that under the existing rules set by the Education Bureau, the number of non-local students from the Mainland, Macao and Taiwan should not exceed 10% of the total number of students of an institution. HSSC had only admitted a few non-local students in the past in order to maintain the education quality. While student hostels were available, it was insufficient to meet the need. He added that HSSC would observe the 10% cap on non-local students in the new campus in order to provide the opportunity for local students for higher education on the one hand and enable students to have a global outlook on the other.

44. As regards financial assistance for needy students, Prof John LEONG said that the tuition fee of OUHK was around 10% higher than that of the UGC-funded institutions. Students in need of financial assistance could apply for bursaries or scholarships offered by OUHK and a few hundred students could be awarded. The fund for bursaries and scholarships came from donation without Government subsidy. Eligible full-time students of OUHK could also apply for Government grants or loans.

45. Dr CHUI Hong-sheung said that students with financial difficulties could apply for Government financial assistance up to \$60,000 a year. HSSC also provided scholarships for students with outstanding academic performance and students in need of financial assistance. It had all along been the HSSC's policy to set the tuition fee at a level affordable to students and comparable to that of other private post-secondary institutions.

46. DS(Ed)1 supplemented that full-time students enrolled in both self-financing and publicly-funded post-secondary programmes were eligible for the same kind of financial assistance from the Government which included grants, low-interest loans and non-means-tested loans. The Administration had encouraged the institutions to participate in the Matching Grant Scheme and set up scholarships in recent years. In the 2010-2011 Policy Address, the Chief Executive had proposed to establish an education fund for the

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development of self-financing post-secondary education. The Administration hoped that scholarships for self-financing degree programmes could be set up under the education fund.

47. DS(Ed)1 further said that quality was the most important consideration in the development of self-financing higher education. To ensure quality, all the degree programmes run by institutions without self-accreditation status would be accredited by HKCAAVQ before they could be launched. HKCAAVQ would continue to maintain a high standard in the accreditation of programmes so as to uphold the quality of local degree programmes. She added that the number of non-local students from the Mainland, Macao and Taiwan for self-financing programmes was capped at 10% of the total number of local students of an institution.

48. Ms Cyd HO said that the Administration should increase the number of publicly-funded degree places and this could be achieved quickly by way of procuring places from private universities. She was concerned that if institutions had difficulties in raising fund for their capital works projects, the only ways were to increase their tuition fee and to borrow loans. The burden of repaying the loan would then be transferred to the students and it was very unfair to them. She was of the view that the Government should be financially responsible for the capital works projects undertaken by both self-financing and publicly-funded post-secondary institutions.

49. Ms Cyd HO further said that according to the information provided to the Public Accounts Committee about the governance and administration of Direct Subsidy Scheme ("DSS") schools, HSSC had a reserve fund of \$200 million which was the surplus generated from the tuition fee of the matriculation programmes. She enquired whether there were separate accounts for the reserve fund and the capital works projects for the new campus of HSSC. She also sought information on the level of tuition fee of HSSC and the percentage of tuition fee designated for capital works projects.

50. Dr CHUI Hong-sheung clarified that there was a misunderstanding regarding HSSC's direct subsidy programmes. HSSC had run direct subsidy courses at a deficit for many years. At its establishment, some Board members of HSSC had donated a notable sum of money to the reserve fund and \$24 million of the fund had been used to subsidize the said courses. The operating expenditures of the school were covered by the investment returns from the donation and the tuition fees. There were separate accounts for sub-degree courses and matriculation courses since 2003, and starting from September 2010, matriculation programmes were run by HSSC and degree and sub-degree programmes were organized by HSMC.

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51. Dr CHUI Hong-sheung further said that the donors had specified that the donation could only be used for investments to yield returns and the returns should be used to support the running of the school. Hence, HSSC could not use the fund for its capital works projects. The Board of HSSC had decided that the tuition fee should not be used to pay for the construction costs in the coming 10 years. Dr CHUI hoped that the tuition fee would be sufficient to cover the school's operating expenses, and if not, the returns from the investments would be used to make up the shortfall.

52. The Chairman said that as this agenda item was not about DDS schools, HSSC might provide written information in this regard to the Panel.

53. DS(Ed)1 said that it was the Government's policy to develop self-financing and publicly-funded higher education in parallel. As such, the Administration had increased the UGC-funded first-year first-degree places. As Dr CHUI Hong-sheung had explained, HSSC had separated the accounts for its post-secondary programmes from other programmes.

OUHK/
HSSC

54. Ms Cyd HO requested OUHK and HSSC to provide written information on the incomes generated from tuition fees, the amount reserved for bursaries and scholarships and when the information relating to bursaries and scholarships was made known to students.

55. Prof John LEONG responded that the OUHK full-time students were treated on a par with the students of other UGC-funded institutions as far as Government financial assistance were concerned. The Government had provided a total amount of \$100 million to the University for it to establish the Student Loan Fund to provide loans to its students more than 10 years ago.

56. Dr CHUI Hong-sheung said that HSSC had a fund of over \$100 million for bursaries and scholarships. Remission of tuition fee was provided for about 20% of its sub-degree students before the availability of Government loans to them. The scholarships offered by HSSC amounted to millions of dollars annually. Dr CHUI stressed that no student would be turned away by HSSC because of a lack of means.

57. At the request of the Chairman, Prof John LEONG and Dr CHUI Hong-sheung agreed to provide written information to Ms Cyd HO's question.

The impact of loans on tuition fee

58. The Chairman said that according to her understanding, both OUHK and HSSC had borrowed another loan for the construction of new buildings. Coupled with the new loans under consideration, she was concerned whether OUHK and HSSC had to increase tuition fees resulting in a heavier financial burden on students. She sought information in this regard and enquired whether anything at the policy level could be done by the Administration to mitigate the pressure for a raise in tuition fees.

59. Prof John LEONG said that according to OUHK's assessment on the capital costs for the new campus, it would not be necessary to increase tuition fee in the run-up to 2013. Whether there was such a need in future would depend on inflation. As for HSSC, Dr CHUI Hong-sheung responded that the tuition fee would be set at a level comparable to the prevailing rate of other self-financing post-secondary institutions. HSSC would make reference to the inflation rate in case adjustment in the tuition fee was required in the next 10 years. Dr CHUI reiterated that HSSC would not turn away students with financial difficulties.

60. The Chairman remarked that members were worried that the students had to share the construction costs during the 10-year loan repayment period. She called on the Administration to allow an extension of the loan repayment period for the two institutions to alleviate their financial burden, thereby reducing the need to increase tuition fees.

61. Concluding the discussions, the Chairman said that the Panel supported the submission of the funding proposal to FC for consideration.

VI. Report on the Higher Education Review 2010

[LC Paper Nos. CB(2)718/10-11(04), CB(2)718/10-11(05) and CB(2)602/10-11(01)]

62. Members noted the background brief entitled "Higher education in the development of education services" prepared by the LegCo Secretariat.

Briefing by the University Grants Committee ("UGC")

63. At the invitation of the Chairman, the Chairman of UGC briefed members by powerpoint presentation on the issues highlighted in the UGC's report entitled "Aspirations for the Higher Education System in Hong Kong" ("the Report") as detailed in the UGC's paper (LC Paper No.

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CB(2)718/10-11(04)). The powerpoint presentation material had been issued to members vide LC Paper No. CB(2)768/10-11(02).

64. Sir Colin Lucas, Convenor, Higher Education Review Group took members through the UGC's recommendations for a unified quality assurance body and a Credit Accumulation and Transfer System ("CATS") as outlined in the Report. He said that the current progression within the post-secondary system was unclear to both learners and education providers, hence a need for a structured system across the post-secondary sector. The system should be underpinned by a comprehensive and vertical CATS. The establishment of CATS would allow learners to accumulate systematically the credits of learning and training to enhance their mobility between the self-financing and publicly-funded parts of the post-secondary education system. CATS would enhance the capacity of life-long learning and facilitate the progression of individuals who wished to return to education for further qualification at different times. Since the pace of academic development of each individual was not the same, CATS should be a fair, simple and trusted system for learners to mature at different speed. The establishment of CATS was no easy task but there were some good examples e.g. California.

65. Sir Colin Lucas added that there should be a single quality assurance body for the entire post-secondary sector so that a unified assurance structure of quality could be in place. There should also be a single framework of level descriptors which was already being taken forward in Hong Kong, definition of learning outcomes which was being worked on but would take time to develop and a commonly recognized transcript. Given the new developments in the post-secondary sector, particularly the implementation of the new academic structure and the establishment of private universities, the UGC considered it an appropriate time to implement CATS.

Accreditation of and funding for Hong Kong Academy for Performing Arts

66. Miss Tanya CHAN said that the Report was comprehensive which had covered a wide spectrum of issues. As some institutions had its own accreditation system, she enquired how the unified quality assurance body would be empowered to perform its functions and how it could facilitate the integration of different systems. She supported the UGC's recommendation that the UGC should also oversee the funding of the Hong Kong Academy for Performing Arts ("HKAPA"). Should this be the case, she enquired whether HKAPA's programmes would be subject to the accreditation by the new unified quality assurance body in future.

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67. The Chairman of UGC responded that the UGC-funded institutions had already had self-accrediting status for their existing programmes and such status need not be changed with the setting up of the unified quality assurance body. The issue at stake was the quality of sub-degree courses offered by different institutions, and accreditation by a unified quality assurance body would facilitate students and parents to make well-informed choices.

68. The Chairman of UGC further said that having regard to the unique nature of HKAPA, its accreditation status should remain unchanged. To rationalize the funding mechanism and to ensure consistency in the allocation of public resources in the publicly-funded degree sector, the Report had suggested that the UGC as opposed to the Home Affairs Bureau should oversee the funding for HKAPA.

69. In response to Miss Tanya CHAN's question concerning the accumulation of credits, the Chairman of UGC said that the details had yet to be worked out. Subject to the acceptance of the recommendations by the Administration, there would be consultation with the stakeholders to solicit their views. Miss Tanya CHAN said that she supported CATS and considered that the consultation should include students who would be directly affected by the changes.

Development of the self-financing degree sector

70. Mr CHEUNG Man-kwong said that he always bore in mind the bitter lessons learnt from the expansion of the self-financing sub-degree sector which had resulted in imbalance between supply and demand and quality non-assurance of sub-degree programmes. As pointed out in the Report, there were three obvious dangers in the growth of the private post-secondary sector. These were the financial failure of an institution, increasing confusion in the sector as a result of an uncoordinated plurality of initiatives and inadequate quality of provision. It also pointed out that simple reliance on market forces would not work and the current excessive supply of undergraduate degree and sub-degree programmes clustered almost entirely in the self-financing sector. Mr CHEUNG was of the view that these were the repercussions of the over-supply and ineffective quality assurance of the self-financing sub-degree programmes.

71. Mr CHEUNG Man-kwong pointed out that the provision of sub-degree programmes was welcome at the beginning as it had provided students who were not admitted to universities with an avenue for university education. However, the experience showed that the sub-degree qualification could not be articulated to university education in most cases. The excessive supply of

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sub-degree holders also had impacted their competitiveness. The number of sub-degree graduates had proliferated from 2 600 in the 2000-2001 school year to 24 000 in 2009. According to the survey conducted by the Ming Pao Daily, the unemployment rate of sub-degree holders was comparable to that of the undergraduates in the past decade, and starting from 2006, their unemployment rate was higher than that of matriculation graduates. As at the third quarter of 2010, the unemployment rate of sub-degree holders was 5.5% which was even higher than that of junior secondary school graduates (4.9%) and the average unemployment rate in Hong Kong (4.4%). The average monthly salary of a sub-degree holder had dropped from \$13,000 in 2000 to \$12,500 in 2008.

72. Mr CHEUNG Man-kwong said that many students had to borrow loans to pay the high tuition fees of sub-degree programmes and were in heavy debt. As it was not easy for them to find an employment or could only get a low-pay job, it was a serious blow to them. He was gravely concerned about the proposal for a further expansion of the self-financing degree sector. He envisaged that a large number of sub-degree students would try to be enrolled in the private universities because they were uncertain about their future and the status of sub-degree qualification. The problems encountered by sub-degree holders would recur in respect of the undergraduates of self-financing universities, and the undergraduates of publicly-funded universities would not be exempt from the impact. Mr CHEUNG enquired whether the UGC would consider regulating the number of sub-degree places through quality control to prevent the recurrence of the same grievous mistakes in future.

73. The Chairman of UGC acknowledged Mr CHEUNG Man-kwong's concern and said that the Report had brought out the message that sub-degree students were uncertain about their future. She hoped that the recommendations in the Report could provide a clearer blueprint of the education pathway for students and the positioning of the sub-degree qualification.

74. As regards the supply and demand of sub-degree places, the Chairman of UGC shared the view that the problems about the self-financing sub-degree sector would exacerbate if not properly dealt with. That was the reason why the UGC saw a pressing need for a new body to advise on matters relating to the private post-secondary sector including the development of the sub-degree sector.

75. Mr CHEUNG Man-kwong said that institutions which offered sub-degree courses had an incentive to admit their sub-degree graduates to

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self-financing degree courses to enhance the attractiveness of their sub-degree programmes. To ensure quality, the supply of self-financing degree programmes had to be regulated such as by imposing academic requirements for admission and graduation. He enquired about the measures to rationalize the situation and maintain the credibility of the entire degree system in the development of the self-financing degree sector.

76. The Chairman of UGC responded that some community colleges closely or loosely affiliated with the UGC-funded institutions were offering self-financing sub-degree programmes. The UGC had recommended that these community colleges should be separated from their parent institutions.

77. Mr CHEUNG Man-kwong expressed grave concern that the problems of excessive supply of self-financing sub-degree programmes might likely repeat in respect of the development of the self-financing degree sector given the large number of sub-degree graduates aspiring for university education. He called on the UGC and the Administration to take proactive steps to regulate the supply of self-financing degree places.

78. Secretary General/UGC ("SG/UGC") supplemented that the demand for degree places had already existed and many of the sub-degree students pursued franchised degree programmes provided by overseas universities in collaboration with local universities. It would be better if these students were encouraged to enroll in degree places provided by locally accredited self-financing institutions and the degrees were accredited by the recommended unified quality assurance body. There was a concern that the number of the publicly-funded degree places in Hong Kong was below the international standards. Upon the implementation of the Government's new initiatives on the development of the self-financing degree sector, about 33% of the cohort would be expected to get locally accredited degree places which was reasonable by international standards. Coupled with the single quality assurance body for locally accredited degrees and the doubling of the articulation places in the publicly-funded institutions, there would be a better articulation for sub-degree students.

Research funding

79. In response to Dr Priscilla LEUNG's question on the allocation of research funding for the UGC-funded institutions, the Chairman of UGC explained that when the UGC-funded institutions prepared for triennium funding for the 2012-2015 academic years in 2011, they were required to submit an academic development proposal. For that exercise, the percentage of the portion for competitive bidding by the UGC-funded institutions was

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reduced from 7.5% to 6%. This was a one-off arrangement for the academic development funding for the 2012-2015 academic years. The UGC introduced new initiatives every three years with a view to promoting competition among institutions and encouraging them to review their programmes.

80. The Chairman of UGC said that currently there were three main sources of research funding for the UGC-funded institutions including the research portion of the Block Grant of which 25% was for research and 75% was for teaching; the allocation of research postgraduate places to institutions; and the funding disbursed through the Research Grant Council ("RGC"). The research funding disbursed through RGC accounted for the smallest portion among the three main sources of research funding. To enhance competition for funding for research, the UGC had proposed to transfer half of the 25% research portion of the Block Grant to the RGC over a period of up to 10 years.

81. Dr Priscilla LEUNG sought detailed information on the proposal for the allocation of research postgraduate places starting from the 2012-2013 academic year. SG/UGC said that the institutions generally accepted the four new competition methods for research postgraduate places in connection with moving half of the places from historically based allocation to competition based allocation. A total of 2 800 places would be competitively allocated over a period of five years starting from 2012-2013. These places would be distributed according to the following methods:

- (a) 600 places would be allocated on the basis of the latest score the institution achieved in the Research Assessment Exercise;
- (b) 600 places would be distributed according to the institution's success in RGC-funded project schemes;
- (c) 600 places would be allocated on the basis of a scheme that the UGC would be working out with the institutions in the context of the academic development proposal exercise on outcome-based evaluation of research postgraduate programmes;
- (d) 600 places would be given to the RGC which had decided to allocate most of these places through the PhD Fellowship Scheme as a long term target. In the meantime, the RGC would allocate these places according to the institution's success in various RGC project areas; and
- (e) 400 places would continue to be allocated through the PhD Fellowship Scheme of the RGC.

82. Dr Priscilla LEUNG expressed reservations about the direction proposed by the UGC for enhancing competition such as the setting aside of 6% of the triennium funding for competitive allocation as mentioned in paragraph 79 above. In her view, such an arrangement would not only discourage competition but also arouse disputes within the institutions. Under the arrangement, the funding for individual institutions had in effect been cut. This would drive the institutions to reduce its resource allocation for certain faculties. Dr LEUNG considered that the mean to encourage healthy competition among institutions was for the Administration to allocate additional funding on top of the existing provision for competitive bidding by the institutions. She considered it important to provide an appeal channel on matters relating to the funding for the UGC-funded institutions.

83. The Chairman of UGC stressed that under the existing funding allocation mechanism, the outcome of allocation was a result of extensive discussion with the institutions concerned, and with input from experts. The mechanism was accepted by the institutions. Unless the funding was increased, the provision of an appeal channel could not resolve disputes as the increase of funding for a certain institution would inevitably reduce that for another.

Quality assurance

84. Ms Cyd HO said that it was difficult to enhance education quality through competition when the demand for education was greater than its supply. The demand for sub-degree programmes was great given the 24 000 secondary 5 graduates annually. She pointed out that the fees for sub-degree programmes varied and so did their quality. The quality of sub-degree programmes could be reflected to a certain extent in the level of tuition fees charged. While students would prefer quality sub-degree courses, they might not be able to afford the high fees. On the other hand, the quality of the sub-degree programmes might be compromised if the tuition fee was too low. Ms HO considered that the new quality assurance body had an important role to play and was concerned how it would monitor and ensure the quality of sub-degree programmes charging relatively low tuition fees.

85. Ms Cyd HO opined that the quality of teachers had a direct bearing on the performance of primary and secondary students. Unfortunately, the students of the Hong Kong Institute of Education ("HKIE") were not high achievers, at least in public examinations. She enquired how the quality of HKIE could be enhanced if it could not attract high quality students and in the absence of competition.

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86. The Chairman of UGC clarified that the UGC was not a regulatory body and its function was not to monitor the quality of sub-degree programmes. The Report had taken an overview of the entire post-secondary education sector. The UGC shared the concern that the existing admission requirements and the quality of the self-financing sub-degree programmes varied. Given the great demand for sub-degree programmes, there needed to be a regulatory body to oversee and provide a uniformed yardstick for the self-financing post-secondary sector, as recommended in the Report. The Report also recommended that a unified quality assurance body should be established to evaluate, among other matters, the self-financing post-secondary programmes so that the public would have a better idea of their quality.

87. Regarding the quality of HKIE, the Chairman of UGC pointed out that the UGC-funded institutions were required to submit academic development proposals once every three years for UGC to consider funding allocation. Through this mechanism, the UGC assessed the performance of the institutions with a view to enhancing the quality of their programmes. As regards how HKIE could attract high academic achievers, the Chairman of UGC said that she could not provide an answer as it was a social phenomenon.

88. Ms Cyd HO remarked that education policies and measures could not bear fruit in the absence of quality teachers. It was important for the Administration to provide adequate incentives to the teaching profession such as appropriate remunerations in order to retain quality teachers. A balance had to be struck between equality in the civil service pay structure and the provision of incentive to teachers. She called on the Administration to gauge views from the education sector and make reference to overseas experience in education reform.

89. The Chairman echoed the view of Mr CHEUNG Man-kwong that the problems of articulation and recognition of sub-degree qualification remained unresolved. She noted that the Report had recommended the identification of a clear progression pathway by the establishment of a transparent and credible CATS. The Chairman pointed out that the Higher Education Review 2002 had recommended the same and had explored such feasibility. Nevertheless, the recommendation had yet to be taken on board. In her view, intra-institution transfer and accumulation of credits in some institutions was difficult, not to mention inter-institution transfer of credits. She enquired about the viability of credit transfer and accumulation among local universities and the trend and experience in universities in the United Kingdom and the United States in this regard.

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90. Sir Colin Lucas responded that the recommendation about credit transfer and accumulation made in the Higher Education Review in 2002 was in respect of the UGC-funded institutions only. It was a lateral movement but in practice, there was very little lateral movement among institutions in the UGC sector. A properly organized CATS was needed for the movement of students graduating from one type of structure, such as from a community college, to a full university degree structure. CATS was not a new nor an unknown idea. There were examples of CATS in British Columbia and California and they had their positive sides and their defects. CATS was necessary if the private and public sectors were running side by side in order to give people the required transparency and the ability to navigate through the system to develop their talents at different rates. Hong Kong could lead the world in this regard as it had the internal stimulus with a new structure developing, and there was considerable work that had been done in other parts of the world which could be pulled together in Hong Kong. On the Chairman's question as to whether the universities responded positively to the recommendation, Sir Colin Lucas said that they were not against it but the problem was how to get it done.

91. In response to the Chairman's further enquiry about the timetable for the Administration to report on its views on the Report to the Panel, DS(Ed)1 said that the Administration had invited views from the stakeholders including the post-secondary sector and requested them to reply by the end of February 2011. The Administration had also posted a notice on the website of the Education Bureau to invite views from the public. The Administration would study the Report carefully and report to the Panel before the end of 2011. DS(Ed)1 added that the Administration's response to the Report would also need to be discussed by the Chief Executive in Council.

92. The Chairman and Ms Cyd HO considered the time required by the Administration to study the Report too long. Ms Cyd HO suggested that the Panel should receive views on the Report from representatives of the post-secondary sector including students, teachers, principals, etc. The Chairman supported Ms Cyd HO's suggestion and said that the subject would be included in the list of outstanding items for discussion.

93. Mr CHEUNG Man-kwong said that the Administration should seriously consider regulating self-financing degree programme providers by legislation. It had been suggested in the past that the provision of sub-degree programmes should be covered by the Post Secondary Colleges Ordinance (Cap. 320). However, the proposal was shelved as the Administration believed that the sector would be regulated by the market and would be self-disciplined. The institutions concerned had also pledged that they would ensure the quality of

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the sub-degree programmes. It had been proven by experience that self-regulation by the institutions was not workable and the problems in the sector persisted. Mr CHEUNG was gravely concerned that history would repeat itself in the development of the self-financing degree sector unless the Administration took steps to regulate the sector by legislation. He stressed the need to regulate the supply of self-financing degree programmes by legislation and that the community could not afford the recurrence of the same disaster in respect of the degree sector.

94. The Chairman of UGC concurred with Mr CHEUNG Man-kwong's views and said that the Report had made specific recommendations with regard to quality control.

95. DS(Ed)1 responded that the Administration was reviewing the Post Secondary Colleges Ordinance (Cap. 320). It would take account of the UGC's recommendations and the views of the stakeholders and make amendments to the Ordinance if necessary. She supplemented that an institution had to undergo an institutional review by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications before it could be registered as a post-secondary college. Furthermore, all sub-degree and degree programmes offered by these colleges had to be validated. The Administration would look into the existing accreditation mechanism and make improvement if necessary.

96. The Chairman said that as it took time to set up a regulatory body or to make law, she called on the Administration to expedite its examination of the recommendations in the Report.

VII. Any other business

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