

**立法會**  
**Legislative Council**

LC Paper No. FC87/11-12

(These minutes have been seen  
by the Administration)

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**Finance Committee of the Legislative Council**

**Minutes of the 6<sup>th</sup> meeting**  
**held at the Conference Room 1 of the Legislative Council Complex**  
**on Friday, 9 December 2011, at 3:00 pm**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LEUNG Yiu-chung  
Dr Hon Philip WONG Yu-hong, GBS  
Hon WONG Yung-kan, SBS, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH

Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king, JP  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-yea, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun, JP  
Dr Hon Samson TAM Wai-ho, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip  
Hon WONG Yuk-man

**Members absent:**

Hon LAU Kong-wah, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Dr Hon LAM Tai-fai, BBS, JP

**Public officers attending:**

Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Kenneth CHEN, JP	Under Secretary for Education
Ms Michelle LI, JP	Deputy Secretary for Education
Miss Jenny YIP	Acting Secretary-General, University Grants Committee
Mr CHOW Wing-hang	Principal Assistant Secretary for Security (D)
Mr Corrado CHOW, IDSM	Assistant Director of Immigration (Information Systems)
Miss Caroline FAN	Chief Systems Manager (Technology Services), Immigration Department
Dr York CHOW Yat-ngok, GBS, JP	Secretary for Food and Health
Mr Thomas CHAN Chung-ching, JP	Deputy Secretary for Food and Health (Health) 2
Dr Jenny LAM Mei-ye	Associate Consultant (Research Office), Food and Health Bureau
Dr Richard Anthony COLLINS	Scientific Review Director (Research Office), Food and Health Bureau

**Clerk in attendance:**

Mrs Constance LI	Assistant Secretary General 1
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**Staff in attendance:**

Ms Annette LAM	Chief Council Secretary (1)7
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)8

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**Item No. 1 - FCR(2011-12)55**  
**HEAD 190 – UNIVERSITY GRANTS COMMITTEE**  
**Subhead 000 Operational expenses**

**HEAD 156 – GOVERNMENT SECRETARIAT: EDUCATION**  
**BUREAU**  
**Subhead 700 General non-recurrent**  
**New Item "Injection into the Research Endowment Fund"**

The Chairman advised that the item sought the Committee's acceptance of the total recurrent grant for the University Grants Committee (UGC)-funded institutions for the 2012/13 to 2014/15 triennium, estimated at \$42,208.9 million. The item also sought the Committee's approval of a new commitment of \$5 billion for injection into the Research Endowment Fund (REF) for providing research funding to the higher education sector. The Chairman said that the item was brought forward from the last meeting on 2 December 2011 for continued discussion, and Ms Starry LEE, Chairman of the Panel on Education, had already reported on the Panel discussion of the proposal.

Provision of places for degree programmes

2. Mrs Regina IP said that she supported the funding proposal in principle. She further said that she had received complaints that the City University of Hong Kong (CityU) had drastically reduced the number of self-financing top-up degree places from 692 to 90, and this would greatly reduce the chance of students paying hefty tuition fees on sub-degree (SD) programmes to bridge over to a degree programme. She asked if the Administration had monitored the situation.

3. Under Secretary for Education (USED) responded that tertiary institutions had autonomy over the planning and operation of self-financing programmes. While the issue raised by Mrs IP was not related to the current funding proposal, he advised that the Administration targeted to double the number of publicly-funded senior year undergraduate places, which would help meeting SD students' aspiration for receiving higher education. As regards the complaint mentioned by Mrs IP, the Administration would seek more information from CityU and would encourage the institution to ameliorate the worries of SD students through better communication.

4. In response to Mrs Regina IP's further enquiry about the use of the CityU campus by the clinics and laboratories of its self-financing School of

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Veterinary Medicine, USED advised that the use of publicly-funded education facilities were subject to the conditions and requirements as presented in the papers to Finance Committee (FC).

5. While welcoming the Administration's proposal to increase the number of senior year graduate places, Ms Cyd HO relayed the view of an associate professor that the Administration's approach of expanding higher education opportunity through increasing the number of senior year graduate places was not compatible with the objective of implementing the New Academic Structure. She considered that the change from a three-year academic curriculum to a four-year one was to allow more time for students in pursuit of knowledge and personal development. She remarked that sub-degree programmes were more akin to secondary education and students focused on achieving good examination grades in order to qualify for a top-up degree place. She was of the view that if the Administration was to enhance higher education opportunities, it should increase the number of first-year-first-degree places instead.

6. USED advised that apart from increasing the number of senior year graduate places, the Administration had also increased the number of first-year-first-degree places. He did not subscribe to the view that top-up degree programmes could not provide proper learning environment for SD students. He explained that SD and degree programmes provided different pathways to meet the needs of students with different aspirations and abilities. Additional senior year places would be provided in response to the aspirations of capable SD graduates for further education.

7. Mr CHEUNG Man-kwong commented that the number of publicly-funded degree places was not sufficient to meet the demand of all holders of Hong Kong Diploma of Secondary Education who met the minimum academic requirement for admission to universities. While students not admitted to publicly-funded programmes could enrol in self-financing courses, many of them needed to finance their studies through student loans. Referring to the Administration's reply to his recent question raised at a Council meeting that tertiary institutions were able to generate \$1 billion surplus from the self-financing programmes, and that for CityU was as high as 24%, he queried that it was unfair for students to raise loans for their studies only to enrich the institutions. He asked whether the Administration considered it necessary to regulate the tuition fees policies of tertiary educational institutions.

8. USED explained that self-financing programmes included degree, sub-degree and research and taught graduate courses, and the course fees should be commensurate with the level and quality of the programmes. He added that

different tertiary institutions had different programme structures, accounting systems and financial positions, and it was not appropriate to generalize the surplus position of these institutes. He advised that the financial assistance scheme for students of self-financing programmes were comparable to that for students of publicly-funded programmes. Needy students would be eligible to receive means-tested grant to cover their tuition fees and academic expenses and low-interest loans to cover their living cost.

9. Mr CHEUNG Man-kong and Ms Audrey EU asked whether the Administration would increase the number of senior year places from the current level of 3 974 to 8 000. USED advised that the 8 000 places target increase would spread out over the coming triennium starting from 2012/13.

10. Ms Starry LEE declared that she was a member of the Council of the Hong Kong University of Science and Technology. She commented that the Government should provide funding for self-financing tertiary educational institutions also to run publicly-funded programmes in order to sustain their operation. She urged the Administration to look into the allocation of resources to UGC-funded institutions and other self-financing degree-awarding institutions.

11. USED responded that the Administration had been providing support to self-financing tertiary institutions, including granting land at concessionary rate, providing loans for academic programme development through the \$2.5 billion Self-financing Post-secondary Education Fund, and providing resources for institutions on initiatives to enhance quality assurance. The Administration would also provide grants and loans for students with financial needs studying self-financing degree programmes on the same basis as those in publicly-funded programmes.

### Research and academic resources

12. Noting that \$3 billion of the proposed \$5 billion injection into REF would be allocated to support tertiary institutions' research activities through competitive bidding, Ms Audrey EU requested the Administration to provide information on the criteria for selecting successful bids for discussion at the Panel on Education. She also asked about the long term targets for research funding and whether the Administration considered the proposed injection adequate in supporting the research work at tertiary educational institutions.

13. USED advised that research grants were allocated through the Research Grants Council (RGC) following a competitive bidding process. Of

the \$5 billion proposed injection into REF, \$2 billion would be provided to UGC-funded institutions to replace the current \$100 million recurrent funding. The remaining \$3 billion would be distributed amongst self-financing institutions on a competitive basis. Acting Secretary-General, University Grants Committee (Ag SG/UGC) advised that the allocation of research grants was determined on merit basis by a group of experts according to established procedure, and the LegCo Panel would thus not need to be involved. As regards the level of research grants provided, USED said that more than half of the research resources were public fund, and the ratio compared favourably with other countries such as Japan where the ratio was about 30%.

14. Ms Cyd HO noted that under the Competitive Allocation Mechanism, each institution was required to set aside a number of non-manpower-planned first-year-first-degree places for redistribution among all institutions on merit basis. She said that Hong Kong Polytechnic University had failed in bidding for such places which were ploughed back by UGC and redistributed to other institutions. She was concerned that in these cases, the tertiary institutions concerned would tend to offset the lost places by deleting the less popular degree places, while those institutions having additional places would likely offer more places in business, finance or technology related programmes. She said that the Panel on Education had sought detailed information on the distribution of places under the Competitive Allocation Mechanism. Although the universities representatives attended the Panel meeting were willing to provide the information in their institutions, UGC had not been forthcoming in revealing the overall picture.

15. USED advised that the details requested by the Panel were provided on 11 November 2011. He highlighted that in the case cited by Ms Cyd HO, a total of 724 places were set aside by the institutions with 90 new places added to the central pool for allocation. The outcome was that three institutions received extra places, some places were removed from two institutions, while the total number of places in three other institutions remained unchanged. Ag SG/UGC supplemented that UGC had compiled the information based on returns provided by the institutions which did not show detailed breakdown by individual programmes and subject areas. USED reiterated that tertiary educational institutions had the autonomy to determine their academic development strategy and provision of the programmes.

16. Mr WONG Yuk-man criticized that the market-oriented Competitive Allocation System had distorted the ideal and objectives of higher education. He remarked that tertiary educational institutions were bound to focus on offering subjects that meet the market needs at the expense of the development of humanities and pure science subjects.

17. Mr LEUNG Kwok-hung commented that the market-oriented approach in providing university education services had been in practice in overseas universities for several decades. In these overseas countries, academic studies that strengthen soft-power but did not contribute immediately to enhance productivity inevitably gave way to popular programmes like commerce and finance in order to secure government funding support. He said that such a trend would hinder the development of the society in the long run.

18. Ms Starry LEE noted that institutions were not permitted to seek third party sponsorship on research projects that had been funded under REF, and she queried the rationale of such restriction. Ag SG/UGC explained that the main reason was to avoid duplicate funding, but other sources of funding could be allowed if the Principal Investigator concerned had disclosed such funding in the funding application. The amount secured from other sources would be deducted from the total cost of the approved subject. Ms Starry LEE said that while she agreed that there should not be duplication of funding support for the same research project, there were cases that additional financial support was necessary where the research grants for certain projects were not adequate. She urged the Administration to re-consider the arrangements.

19. Mrs Regina IP sought clarification on whether the proposed \$42.2 billion recurrent grant excluded the adjustments for government funding support to the UGC Home Financing Scheme introduced in 1998. She also asked about the arrangements for providing accommodation for the teaching staff especially professors recruited from overseas. She said that a faculty dean had reflected to her that the university was not able to attract international renowned academics for lack of suitable quarters. She considered that this would weaken the internationalized character of Hong Kong's universities.

20. Ag SG/UGC confirmed that the recurrent grant did not include provision of quarters or accommodation for academic staff, as there was separate provisions for this purpose. She added that some tertiary educational institutions provided quarters for staff. The Home Financing Scheme was introduced, and as a result some local academic staff moved out of these quarters to make room for expatriate staff. At the request of Mrs IP, Ag SG/UGC undertook to provide information regarding the policy and resources in the provision of accommodation for expatriate academic staff.

21. Mrs Regina IP noted from paragraph 15 of the paper that the investment return from the \$18 billion REF would replace the annual recurrent subvention of \$506 million as earmarked research grants for allocation to UGC-funded institutions through RGC. The income of up to \$4 billion under

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REF would also be used to support theme-based research. She sought clarification on whether the total resources available to support research activities in universities amounted to \$18 billion, or whether the resources were only the investment income from REF. Ag SG/UGC advised that, assuming an investment return of 5%, the \$18 billion endowment would generate an annual income of about \$900 million to support research work in tertiary educational institutions. She further explained that, of the endowment, income from the portion of \$14 billion would be provided to RGC for allocation through the General Research Fund and the Collaborative Research Fund, while income from the remaining \$4 billion would be used to support theme-based research projects. Assuming an annual return of 5% from the \$4 billion under REF, about \$200 million would be available for theme-based research projects. Deputy Secretary for Education (DS(E)) added that apart from REF, about a quarter of the recurrent block grants provided to university was to support research-related activities conducted in the normal course of their academic activities.

22. In response to Mrs Regina IP's further enquiry, Ag SG/UGC said that the Hong Kong Monetary Authority (HKMA) was entrusted with the investment of REF. As return of about 6% per year was achieved by HKMA in the past two years, the targeted rate of return at 5% per year should be realistic.

Tuition fee adjustment

23. Mr CHEUNG Man-kwong expressed concern that during discussion at the Panel on Education, the Administration had hinted that tuition fees might increase following the review of the tertiary education cost recovery formula. He asked whether non-recurrent costs were excluded from the calculation of costs, and whether the cost recovery rate would also be reviewed. He was of the view that tuition fees should remain at 18% of the cost, and he urged the Administration to undertake not to increase the tuition fees in the next three academic years.

24. Ms Audrey EU expressed similar concerns and asked the Administration not to increase the tuition fees before 2015. In response, USED advised that when assessing funding allocation to tertiary educational institutions for the coming triennium, the Administration had assumed that the tuition fees would remain at their current levels. In paragraph 9(e) of the paper provided to FC, the Administration had pledged not to change tuition fees for the 2012/13 academic year. He added that in 2005 when the Government proposed the New Academic Structure, it was also suggested that the cost

would be shared by the Government, the institutions and students; the tuition fee estimated at that time was around \$50,000 per year.

25. USED further explained that the Administration had not yet reviewed how recurrent grants and non-recurrent allocations should be taken into account in the calculation of tuition fees and whether the current cost recovery rate should be revised. The Administration had undertaken not to change the levels of tuition fees before completion of the review. As to whether tuition fees would be adjusted, it would be determined in the light of the outcome of the review. He added that a portion of the recurrent grants to tertiary institutions had been replaced with allocations from REF, and since these were public resources, such allocations should be recovered from the tuition fees. However, the Administration did not intend to recover any of the matching grants.

26. Mr CHEUNG Man-kwong said that he took the Administration's response to mean that there was likelihood that the tuition fees would be raised after 2012/13.

27. Ms Cyd HO said that according to the Financial Secretary, the economic outlook in the coming year was pessimistic. She therefore urged the Administration to refrain from increasing the tuition fees in the coming five years, to increase the 82% subsidy rate and also to enhance the student financial assistant schemes.

28. Ms Starry LEE said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the funding proposal, but objected to any tuition fee increase proposal. Ms LEE urged the Administration to undertake not to raise tuition fees before there was consensus in the community and support from LegCo on the fee increase.

29. Mr WONG Kwok-hing shared the concern about possible increase of tuition fees. He asked the Administration to undertake that any proposal to raise tertiary institutions' tuition fees should first be put to LegCo for discussion and agreement before implementation. Mr CHEUNG Man-kwong expressed concern that the Administration might change the fee-setting formula without consulting LegCo. He said that he would not accept any proposal to increase the 18% cost recovery target from students.

30. USED responded that the Administration would consider the views of various stakeholders including LegCo Members, in arriving at a decision regarding adjustment of tuition fees for tertiary educational institutions. Referring to paragraph 9(e) of the paper provided to FC, he said that the

proposed level of recurrent grant to the UGC-funded sector in the triennium 2012/13 to 2014/15 was drawn up based on the assumption that tuition fees would remain at their current levels. He further advised that in 2005, there was already an understanding that the Government, tertiary institutions, community, and students would share the additional cost of implementing the New Academic Structure commencing 2012/13. While the Administration had undertaken not to adjust the tuition fees for 2012/13 academic year, it would be necessary for the Administration to review the basis of cost recovery in the light of the changes in the mode of funding tertiary institutions over the years. He stressed that the Administration would not change the level of tuition fees before the review was completed.

31. Mr WONG Kwok-hing considered the Administration's position ambiguous and urged the Administration to give a clear commitment that, before making any adjustment to the tuition fees, the Administration would first consult LegCo. USED said that the Administration would communicate with all stakeholders on matters involving major policy changes. He added that any adjustment to tuition fees must be evidence-based. The basis of cost recovery for setting tuition fees needed to be regularly and timely reviewed, and the Administration would discuss the matter with LegCo. Mr WONG Kwok-hing criticized the Administration for the evasive answer, and strongly urged the Administration to consult LegCo before adjusting the tuition fees of tertiary institutions.

32. Mr WONG Yuk-man said that he would vote against the funding proposal. He criticized the Administration for ignoring members' sentiments against increase in tuition fees, and for evading members' demand for a commitment to seek LegCo's prior agreement on fee adjustment. He surmised that the Administration planned to raise tertiary education tuition fees within the coming triennium, as it had pointed out the necessity of reviewing the 18% cost recovery target and the tuition fee adjustment mechanism. The Administration had also emphasized that the community and students had to share out the additional cost arising from the implementation of the New Academic Structure. He noted that the Administration assumed \$50,000 as the indicative tuition fee calculated at 2005 price level and which would remain unchanged pending completion of the review. As the Consumer Price Index (A) had increased by 20% over 2005 while the mid-point household income increased by only 15%, he considered that the increase in tuition fees after the review would likely pose a heavy burden on the students' families.

33. Mr LEUNG Kwok-hung said that he did not support the funding proposal and asked members to vote against it. He said that from the arguments presented by the Administration, it was evident that it would raise

tuition fees because it would not bear the sole responsibility to meet the additional costs arising from the implementation of the New Academic Structure. He criticized the Administration for not willing to give young people in Hong Kong more support for receiving higher education despite having substantial fiscal surplus. He also criticized the Administration for requiring students to share the capital cost of campus facilities. He considered the fee setting policy unreasonable.

34. Mr CHEUNG Man-kwong said that when the proposal was discussed at the meeting of the Panel on Education, members agreed that non-recurrent funding allocation should not be taken into account in the cost calculation and in setting tuition fees. He asked if the Administration agreed to this view.

35. USED confirmed that non-recurrent allocations such as the matching grants would not be regarded as recurrent funds for the calculation of cost recovery and tuition fees. However, as some of the annual recurrent subvention had been replaced by investment income from funds, such recurrent allocation would be included for cost calculation. Details of how this principle should be implemented would be considered during the review.

36. Mr CHEUNG Man-kwong said that he could not approve a proposal which would lead to an increase in tuition fees. He added that the prevailing economic circumstances were dire and many students were already heavily indebted from student loans even before they graduated. He therefore suggested members to vote against the funding proposal.

37. Ms Cyd HO suggested that the Administration should withdraw the funding proposal. She said that the Panel on Education had made it clear that the Administration should drop the plan to revise tertiary institution tuition fees, but the Administration seemed to be contemplating an increase of the tuition fees from \$42,000 to \$50,000 per year. She doubted that the Administration would give due consideration of Members' views as it had ignored those expressed by the Panel on Education. She also queried the need for a review on the cost recovery rate given the current economic situation. She urged the Administration to make it clear that it would not increase the tuition fees in the coming three years.

38. Mr WONG Yuk-man said that he would vote against the funding proposal. He considered that the Administration should undertake that the tuition fees for the first year would not be increased, and that as the review would take some time to complete, it was unlikely that fee adjustment would be proposed within the coming three years.

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39. Mr WONG Kwok-hing said that if the Administration could not undertake to consult LegCo before any adjustment was made to the tuition fees, he would vote against the proposal.

40. USED reiterated that the tuition fees would not be increased before completion of the review. As regards the review timeframe, USED said that the review had not yet started. USED emphasized that the primary objective was to promote healthy development of higher education in Hong Kong. The current funding proposal represented a substantial increase in the public sector commitment for achieving this objective. He appealed to members' support for the funding allocation and not to dwell on the issue of tuition fees adjustment at this stage. He said that there was a need to review the basis of cost recovery rate in the tuition fee calculation, and the Administration would not adjust tuition fees before the completion of the review. He also emphasized that the proposed recurrent grant for tertiary institutions in the coming triennium was based on the assumption that there would be no change to the tuition fees.

41. Mr WONG Kwok-hing said that while he supported long term development of higher education in Hong Kong, he could not support the funding proposal as the Administration was not willing to undertake to consult LegCo before implementing any tuition fee adjustments.

42. Mr Albert HO said that if the Administration did not withdraw the proposal, Members belonging to DP would vote against it. He said that members of the Panel on Education had made it clear that the funding proposal should not be submitted to FC if the Administration did not pledge to freeze tuition fees for the coming three years. He surmised that the Administration's plan to review the cost recovery formula implied a chance of increase in tuition fee. He stressed that DP would not accept any increase in tuition fees during the prevailing difficult times. He considered that the Administration should support the students to pursue higher education rather than to add to their burden.

43. USED said that the tertiary educational institutions required the approval of the proposed recurrent grant to facilitate early planning to implement the New Academic Structure in the 2012/13 academic year. As regards the review of the cost recovery formula, he did not accept the proposal that there should be a precondition of not making any adjustment, as a host of factors would have to be taken into account in the review. He added that the review would need time to complete.

44. Ms Miriam LAU said that it was important to provide funding for the operation of the tertiary educational institutions in the coming triennium.

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However, the Administration should take note of members' concern about the possible increase in tuition fees. FC might not approve the funding proposal without the Administration's assurance that LegCo would first be consulted on any tuition fee adjustment.

45. USED responded that if the Administration intended to change the basis of setting tuition fees, it would certainly bring the matter to the Panel on Education for discussion. He assured members that the Administration would first consult LegCo on major changes to the tuition fees structure.

46. Mr LEUNG Kwok-hung criticized the Administration for not making an undertaking not to raise tuition fees in the next three years. He said that any changes to the cost formula should not result in students with meagre means having to face heavier financial burden. The Administration should provide sufficient resources to tertiary institutions to enable their continued operation for the next five to ten years without having to increase tuition fees.

47. Referring to paragraph 9(e) of the paper that the funding proposal was made on the assumption that the current level of tuition fees remained unchanged, Ms Audrey EU requested the Administration to undertake that if an increase in tuition fees was necessary during these three years, it would seek the agreement from LegCo prior to making any tuition fee adjustment. She said that if the Administration did not make such undertaking, Members belonging to the Civic Party would vote against the proposal.

48. USED said that the Administration had assessed that \$42.3 billion was required for the three-year recurrent grant on the basis that the current level of tuition fees remained unchanged for the next three years. If there was a change to this basis, the Administration would discuss with the Panel on Education. He again appealed to members to support the funding proposal on this understanding.

49. Ms EU urged the Administration to make a clear commitment that LegCo's agreement should be sought before any adjustment was made to the tuition fees. Mr CHEUNG Man-kwong also urged the Administration to make a clear commitment that, if members approved the funding application of \$42.3 billion, it would not increase the tuition fees. USED said that the Administration's proposal was pragmatic and he requested members to separate the issue of tuition fees from the existing funding proposal.

50. As members did not raise further questions, the Chairman put the item to vote.

51. Ir Dr Raymond HO declared that he was a member of the Council of the City University Hong Kong. Dr PAN Pei-chyou and Mr James TO declared that they were members of the Council of the University of Hong Kong. Mr CHAN Hak-kan and Mr CHEUNG Yu-yan declared that they were members of the Council of the Chinese University of Hong Kong.

52. At the request of Mr Albert HO, the Chairman ordered a division. A total of 10 members voted for and 17 members voted against the funding proposal. One member abstained from voting. The voting of individual members was:

*For:*

Ir Dr Raymond HO Chung-tai  
Ms Miriam LAU Kin-ye  
Mr Andrew LEUNG Kwan-yuen  
Prof Patrick LAU Sau-shing  
Mr CHAN Kin-por  
(10 members)

Mr WONG Yung-kan  
Mr Tommy CHEUNG Yu-yan  
Mr WONG Ting-kwong  
Mr CHAN Hak-kan  
Dr Samson TAM Wai-ho

*Against:*

Mr Albert HO Chun-yan  
Mr James TO Kun-sun  
Mr LEUNG Yiu-chung  
Mr WONG Kwok-hing  
Dr Joseph LEE Kok-long  
Ms Cyd HO Sau-lan  
Dr PAN Pey-chyou  
Mr LEUNG Kwok-hung  
Mr WONG Yuk-man  
(17 members)

Hon LEE Cheuk-yan  
Mr CHEUNG Man-kwong  
Ms Audrey EU Yuet-mee  
Hon LEE Wing-tat  
Mr KAM Nai-wai  
Mr CHEUNG Kwok-che  
Mr Alan LEONG Kah-kit  
Mr Albert CHAN Wai-yip

*Abstained:*

Mr Paul TSE Wai-chun  
(1 member)

53. The Chairman declared that the item was not approved.

**Item No. 2 - FCR(2011-12)56**  
**CAPITAL WORKS RESERVE FUND**  
**HEAD 710 – COMPUTERISATION**  
**Immigration Department**  
**New Subhead "New Information Technology Infrastructure of the**  
**Immigration Department"**

54. The Chairman said that the item sought the Committee's approval of a new commitment of \$862,202,000 to implement a new information technology infrastructure and acquisition of data centre services for the Immigration Department.

55. Mr James TO reported that the Panel on Security had discussed the proposal at its meeting held on 7 November 2011, and Panel members supported the funding proposal in principle. Regarding the need for the data centre service, Mr TO asked why the Administration could not set up its own data centres. He said that large corporations such as Google planned to spend US\$300 million to set up its own data centre in Hong Kong. As the Government needed to handle massive amounts of sensitive and confidential data, he found it inconceivable that the Government still resorted to procuring data centre services from external service providers rather than acquiring its own facility. He suggested that the Administration should start planning for the facility at an early stage.

56. Principal Assistant Secretary for Security (D) (PAS(D)) said that the Administration would examine the feasibility of setting up its own data centre and explore different long term planning options. The Administration would put forward detailed proposals with funding assessments for LegCo's consideration when available.

57. PAS(D) further said that the Administration attached great importance to data security, and relevant Government security regulations and requirements would be strictly complied with. The Immigration Department deployed its own computer equipment and in-house staff to manage and operate the information technology systems. As the existing information technology infrastructure in the Immigration Department was becoming obsolete, a new system was being commissioned. Between 2013-14 and 2018-19, four data centres would have to be in operation at the same time. It was therefore necessary that during this period, data centre services from the private sector would have to be sought. PAS(D) said that the Administration was in the process of exploring possible sites and conducting technical feasibility studies on various solutions to set up a government-owned data centre to meet its long term needs.

58. The Chairman put the item to vote. The Committee approved the funding proposal.

**Item No. 3 - FCR(2011-12)57**

**HEAD 140 – GOVERNMENT SECRETARIAT :  
FOOD AND HEALTH BUREAU  
(HEALTH BRANCH)**

**Subhead 700 – General non-recurrent**

**New Item "Health and Medical Research Fund"**

59. The Chairman said that the item sought the Committee's approval of a new commitment of \$1,415 million for the setting up of a Health and Medical Research Fund (HMRF). She said that the Administration had provided supplementary information, which was tabled for members' reference, on the monitoring of the use the research fund, and the breakdown of additional cost and staff for the operation of HMRF.

60. There being no question on the item, the Chairman put the item to vote. The Committee approved the proposal.

61. The meeting was adjourned at 4:58 pm.

Legislative Council Secretariat  
25 April 2012