

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 17th meeting
held at the Conference Room 1 of the Legislative Council Complex
on Friday, 1 June 2012, at 6:15 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
Hon LEE Cheuk-yan
Dr Hon Margaret NG
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-yeet, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP

Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon Samson TAM Wai-ho, JP
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon WONG Yuk-man

Members absent:

Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Hon James TO Kun-sun
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
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 Kwok-him, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Albert CHAN Wai-yip

Public officers attending:

Ms Esther LEUNG, 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 Michael SUEN, GBS, JP	Secretary for Education
Mr Kenneth CHEN, JP	Under Secretary for Education
Dr K K CHAN	Deputy Secretary for Education (5)
Ms Cora HO	Principal Assistant Secretary for Education (Education Infrastructure)
Dr K W CHEUNG	Principal Assistant Secretary for Education (Curriculum Development)
Mr M SHE	Chief Curriculum Development Officer (Information Technology in Education)
Ms Michelle LI, JP	Deputy Secretary for Education (1)
Mr Wallace LAU	Principal Assistant Secretary for Education (Higher Education)
Ms Pecvin YONG Pui-wan	Principal Assistant Secretary for Education (Further Education)
Mrs Dorothy MA CHOW Pui-fun	Deputy Secretary-General (1), University Grants Committee

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Ms Anita SIT	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)8

At 6:15 pm, the Chairman declared that the Finance Committee (FC) started the second meeting of the day to deliberate on the remaining items on the agenda.

Item No. 4 - FCR(2012-13)35

**HEAD 156 – GOVERNMENT SECRETARIAT :
EDUCATION BUREAU**

Subhead 700 General non-recurrent

New Item "E-Textbook Market Development Scheme"

2. The Chairman advised that the item sought FC's approval for creating a new commitment of \$50 million for launching an E-Textbook Market Development Scheme (EMADS).

3. Ms Starry LEE, Chairman of the Panel on Education, reported that the Panel discussed the matter on 14 May 2012. Panel members supported the submission of the funding proposal to FC for consideration, and they raised the following concerns / comments:

- (a) the Administration should help schools upgrade their information technology (IT) infrastructure to facilitate the use of e-textbooks;
- (b) the Administration should ensure that e-textbooks and relevant equipment would not include unnecessary material or features so as to keep the prices at a reasonable level; and
- (c) the Administration should continue to introduce measures to lower the prices of textbooks as Panel members were concerned whether the prices of printed textbooks would be lowered after the launch of e-textbooks.

4. Ms Starry LEE said that the Panel passed a motion at the meeting urging the Administration to promote textbook recycling initiatives in schools and to encourage teachers and students to use second hand textbooks. Ms LEE reported that, at the request of the Panel, the Administration had provided supplementary information on the utilization of the proposed \$50 million funding for the implementation of EMADS.

Lowering of textbook prices through promoting e-textbooks

5. Ms Starry LEE noted that the Government's textbook debundling policy had yet to achieve the result of lowering printed textbooks prices, and she expressed concern about the effectiveness of the current measure of introducing new competition into the textbook market through launching e-textbooks. Ms LEE asked if the Administration had conducted any market survey on

e-textbooks and identified whether there were non-profit making organizations interested in developing e-textbooks. She commented that it would take at least five years for the e-textbook market to become mature enough to be able to affect the prices of printed textbooks. Meanwhile, parents would still have to shoulder the heavy burden of expensive textbooks.

6. Secretary for Education (SED) said that the policy of debundling of textbooks from teaching / learning resources for textbooks pricing was introduced with a view to bringing the prices of textbooks down. He admitted that while the prices of a few textbooks had dropped slightly, the prices of most other textbooks remained unchanged and some had even increased. SED said that the use of e-learning resources to facilitate interactive and diversified learning had become a global trend in education, and Hong Kong should be well-prepared. The Administration had touched base with the academia and other relevant organizations, and noted that some were interested in developing e-textbooks on a non-profit making basis. He added that e-textbooks developed under EMADS would be tried out in partner schools, and they could be brought up to the market as early as the 2014/2015 school year.

7. Ms Starry LEE commented that the Administration was too optimistic about the progress of developing e-textbooks. Even if the timetable was realistic, the new e-textbooks would unlikely cause an immediate and significant fall in textbook prices upon launch.

8. Ms Cyd HO said that the Administration should clarify how the promotion of e-textbooks could help lower textbook prices. She commented that providing seeding grants to subsidize non-profit making organizations to develop teaching materials, and encouraging publishers to produce and distribute e-textbooks at lower prices were two separate issues. If the practice of factoring in the cost of teaching / learning materials in textbook prices remained, e-textbooks could still be expensive for students.

9. SED said that the Administration's consultants noted that comparing with printed textbooks, e-textbooks incurred lower production costs as printing, storage, transportation, retail sales, etc., would not be required. If the e-textbook market was big enough, the relative cost of developing e-textbooks would be lower than that of printed textbooks. Furthermore, e-textbooks were more flexible in addressing the needs of students with differences in learning. Ms Cyd HO pointed out that in promoting e-textbooks, the Administration should provide training for teachers to use them effectively as an interactive teaching and learning tool.

10. Mr LEUNG Yiu-chung said that the Administration should explain clearly in the FC paper what problem EMADS was intended to address: whether it was the high textbook prices or the failure of the textbook debundling policy. He asked whether the Administration had considered alternative measures, such as encouraging teachers to produce their own teaching materials, to counter the escalating textbook prices.

11. SED responded that the main reason for high textbook prices was excessive bundling of textbooks with various teaching and learning resources. As the attempt to encourage textbook publishers to debundle textbooks from learning / teaching resources for pricing had not been very effective, the Administration considered it appropriate to encourage development of e-textbooks in order to introduce more competition in the textbook market.

12. Noting that the Administration had no plan of developing e-textbooks for senior secondary schools, Mr LEUNG Yiu-chung asked how the Administration intended to help parents of senior secondary students to meet the high costs of textbooks. Ms Audrey EU asked what support would be available for students from low income families to purchase necessary equipment to use e-textbooks. SED replied that students/parents with financial difficulties in meeting the cost of textbooks could apply for subsidies from the Student Financial Assistance Agency. Subsidies were available for students from low-income families to acquire computers. A survey conducted by The University of Hong Kong had revealed that the Internet coverage rate of low-income families with students had increased from some 65% in 2005 to 97% in 2011. Most students owned a personal computer nowadays.

Provision of e-schoolbags

13. Mr CHEUNG Man-kwong said that the FC paper had not reflected his earlier views that, in addition to developing e-textbooks, the Administration should make reference to the Singapore example where each student was provided with a light-weight and low-cost e-schoolbag from which e-textbooks could be retrieved by using smart cards. He said that the e-schoolbag would only need minimal features that enabled students and teachers to interact and communicate with each other, submit and retrieve course works, and should be designed in such a way as to avoid damaging students' eyesight on prolonged reading. The equipment should also have audio capability to facilitate language learning, and course materials could be preloaded into the e-schoolbag before class to avoid overloading the school network. Mr CHEUNG suggested that the Administration should set the standard specifications of e-schoolbags to minimize production cost otherwise savings from reduced e-textbook prices would be more than offset by the cost of an e-schoolbag. He said that this

option could create a market for 700,000 to 800,000 sets of e-schoolbag. Mr CHEUNG believed that with the current technology, such equipment could be manufactured at a low cost, and each e-schoolbag could last several years.

14. Chief Curriculum Development Officer (Information Technology in Education) (CCDO(ITE)) said that e-textbooks to be developed under the Scheme would be browser-based and accessible with computing devices of basic configurations in general. The contents of e-textbooks could be downloaded to the computing devices before class to avoid overloading the school network. In view of the rapid development in the IT industry, CCDO(ITE) said it might not be feasible in setting standard specifications for computing devices concerned.

Development of e-textbooks and support to schools / teachers

15. Professor Patrick LAU noted that the Administration proposed to earmark \$50 million to provide seeding grants for at least 12 non-profit making organizations to development e-textbooks, and up to about \$4 million could be granted for each successful applicant. He asked whether one organization was expected to develop e-textbooks for one subject. As development of teaching materials was expensive, Professor LAU queried if the amount of the seeding grant available for each organization was sufficient. He and Ms Audrey EU asked what organizations were not eligible for the seeding grant as mentioned in paragraph 8 of the FC paper.

16. SED said that one of the objectives of the funding proposal was to encourage more textbook publishers to participate in the development and publication of e-textbooks so as to bring in new competition in the textbook market and, thereby, reduce the prices of textbooks. The seeding grant was not intended for existing commercial publishers, but for non-profit making academic institutes or individual academics and professional organizations that were interested in developing e-textbooks but might be less endowed financially. Some organizations had already expressed interest to participate in EMADS. SED further explained that, according to a consultancy study commissioned by the Education Bureau, the development cost of one subject set of e-textbooks at the primary to junior secondary levels was around \$8 million on average. The seeding grant would be provided on a 50:50 matching basis subject to a cap of \$4 million per subject set. A total of 24 teaching packages for primary and junior secondary levels would be open for applications, and the resources sought might be sufficient to cover the seeding grant provision from the Government.

17. In response to Professor Patrick LAU, SED said that the Administration might consider providing financial assistance under the Quality Education Fund to improve the IT infrastructure in schools to facilitate the introduction of e-textbooks if there were requests from schools to do so.

18. Ms Audrey EU commented that the FC paper did not provide sufficient information to explain how the amount of \$50 million funding requirement was arrived at. She remarked that drawing reference from past experience, such as the implementation of the Internet Learning Support Programme, the selection of participating organizations for EMADS could be controversial, particularly if they were affiliated with certain political parties. Ms EU sought clarification on the membership of the Steering Committee on the Selection, Quality Assurance and Review on EMADS (the Steering Committee).

19. SED said that the Administration intended to subsidize mainly academics from universities who were interested in writing textbooks but not for the purpose of making profit. The Steering Committee, which would be set up within weeks following FC's approval of the funding application, would comprise school principals, teachers, IT professionals and financial experts.

20. Ms Audrey EU said that the Administration should provide specific information regarding the criteria for selecting organizations to be funded to develop e-textbooks and the organizations that had actually been selected, to the Panel on Education when the next term of the Legislative Council commenced. The Chairman said that the Administration should provide the information for members' reference once it was available.

21. Ms Cyd HO noted from paragraph 14 of the FC paper that the Government might terminate the contract with a successful applicant of EMADS and the e-textbooks developed by that applicant would be excluded from the recommended e-textbook list (e-RTL) for any non-compliance with the terms under EMADS. She sought clarification on what the terms and conditions might be and whether schools were not permitted to use the e-textbook once it was delisted from e-RTL.

22. SED said that as EMADS was financed by public money, the Administration would ensure that the resources were properly used. The Administration might consider terminating the contract of an applicant if malpractice was found, for example, if the intellectual property rights of the e-textbooks was found trading by an applicant. Also, as the seeding grant was provided on a matching basis, the conditions of grant would deem to be breached if the applicant failed to provide his share of the e-textbook

development cost. Principal Assistant Secretary (Education Infrastructure) added that the terms and conditions were being prepared, taking into account the need to protect the Government interests. A due quality assurance process would be available to ensure that the e-textbooks to be developed would meet the required standard.

Promoting the use of second-hand textbooks

23. Mr LEUNG Yiu-chung asked whether the Administration would promote the use of second-hand textbooks before e-textbooks were widely used. He also enquired about the relevant strategy adopted by the Administration. He disagreed with the Administration's explanation given at an earlier occasion that students did not prefer to use second-hand textbooks because there were markings in the worksheets and exercise sets. Based on his teaching experience, students were often given separate worksheets rather than rely on those in textbooks. He commented that the Government had not put enough effort in promoting the use of second-hand textbooks.

24. Principal Assistant Secretary (Curriculum Development) (PAS(CD)) said that the Administration had been promoting the reuse of textbooks. Good practice guides on past joint co-operation efforts among schools and parents-teachers associations were provided to school authorities, and the Administration had also collaborated with the Consumer Council on encouraging the reuse of textbooks. He pointed out that the second-hand textbook market was small to be able to influence textbook prices. PAS(CD) added that many students were unwilling to use second-hand textbooks because many of the worksheets or exercise sets in those textbooks had been marked. To rectify the situation, the Education Bureau had revised the vetting criteria for new textbooks to reduce the requirements of worksheets and exercise sets in a textbook, and encourage worksheets and exercise sets to be published separately. It was expected that the revision would be reflected in future editions of textbooks.

25. Ms Cyd HO suggested that the Administration should consider subsidizing non-profit making organizations to develop worksheets and supplementary exercise sets to be published separately from textbooks. She said that if more students could use second-hand textbooks, the Administration could at least save considerable expenditure on textbook subsidy each year.

26. Mrs Sophie LEUNG supported the funding proposal and said that e-textbooks were a global trend and should be introduced at the earliest opportunity. She said, however, that it was unlikely that the introduction of e-textbooks would bring the textbook prices down significantly within the next

four or five years. Meanwhile, the Administration should encourage the reuse of textbooks. She suggested that supplementary teaching materials and worksheets could be saved in the Internet Cloud for retrieval and use by students so that they would not need to mark on textbooks. She asked how the Administration would involve people outside the Government in promoting reuse of textbooks, and whether a committee would be set up to examine the feasibility of separating worksheets from textbooks.

27. SED affirmed that it was the Administration's policy to encourage the use of second-hand textbooks. The subject matter had also been thoroughly discussed at the Panel on Education, and the Administration would continue to promote the use of second-hand textbooks. Under Secretary for Education (USED) said that the Administration had mobilized parents' groups through the Home-School Co-operation Committee to support the effort. PAS(CD) reiterated that the Education Bureau had revised the vetting criteria of new textbooks to reduce the requirement for worksheets and exercises to be included in a textbook. He added that representatives from the education sector were engaged in the vetting process.

28. The Chairman ordered that members' speaking time, including the Administration response, should henceforth be shortened to four minutes.

29. Mr LEUNG Kwok-hung commented that the price of used textbooks was substantially lower than new textbooks. He asked if the Administration would introduce measures to increase the market share of used textbooks. He also suggested that the Administration should subsidize students through the Community Care Fund for using used textbooks.

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

Item No. 5 - FCR(2012-13)33

**HEAD 156 – GOVERNMENT SECRETARIAT :
EDUCATION BUREAU**

Subhead 700 General non-recurrent

New Item "Injection into the HKSAR Government Scholarship Fund"

New Item "Injection into the Self-financing Post-secondary Education Fund"

31. The Chairman advised that the item sought the Committee's approval for a new commitment of \$1 billion for injection into the HKSAR Government

Scholarship Fund (GSF), and a new commitment of \$1 billion for injection into the Self-financing Post-secondary Education Fund (SPEF).

32. Ms Cyd HO said that some students with specific learning difficulties had to engage special services to assist them in their education process. However, these students might not be able to afford such services. She suggested that these students should be provided with dedicated scholarships and awards under GSF and SPEF to support their post-secondary studies. She stressed that the efforts made by students with special educational needs in surmounting all the difficulties and eventually managing to pursue higher education deserved recognition. She hoped the Administration would give a firm commitment to follow up on her suggestion.

33. USED said that GSF and SPEF provided scholarships and awards to students with outstanding academic performance or achievements, and talents in other non-academic fields, regardless of whether they had disabilities. Many institutions had in place special arrangements and support services for accommodating students with special learning needs with regard to their particular disability and their field of study. The Administration had encouraged post-secondary education institutions to promote and publicize the various available schemes to help these students. The Administration would also bring the suggestion for consideration by the relevant Steering Committees

34. Mr LEUNG Kwok-hung noted that the Permanent Secretary for Education Incorporated was the Trustee of GSF and SPEF, and was underpinned by two Steering Committees on the use of funds. He queried how members of the Steering Committees were selected for appointment, as the membership seemed heavily skewed towards the business and professional sectors; the number of stakeholder representatives in the Steering Committees was small by comparison.

35. USED advised that members of the two Steering Committees were appointed by SED. Each fund had an investment committee to advise on the investment strategy and investment options by which reasonable returns could be generated from the investment of the GSF and SPEF to sustain the funds' operation. USED said that it was the Administration's intention to engage some members of the Steering Committee who had the relevant financial expertise to serve in the investment committees.

36. Mr LEE Cheuk-yan said that he did not object to the proposed injection to SPEF to help students studying self-financing programmes. He commented, however, that the Administration should focus resources on expanding the number of publicly funded post-secondary places. Mr LEE

queried why the Administration had to highlight in the FC paper that the two funds would mainly benefit local students. He said that the funds should be used to give recognition to students with outstanding academic achievements on an equitable basis.

37. USED said that based on past experience, the majority of students receiving awards under GSF and SPEF were local students; there was no preference given to local students. He supplemented that, as had been discussed in LegCo, it was the Administration's established policy to implement a two-pronged strategy of promoting the development of the publicly-funded and self-financing sectors in higher education. In this connection, equal injection of \$1 billion was proposed for both GSF and SPEF.

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

Item No. 6 - FCR(2012-13)34

HEAD 190 – UNIVERSITY GRANTS COMMITTEE

Subhead 700 General non-recurrent

New Item "Sixth matching grant scheme for the post-secondary education sector"

39. The Chairman advised that the item sought FC's approval for a new commitment of \$2.5 billion for awarding grants to statutory post-secondary education institutions and approved post-secondary colleges to match the private donations they secure under the Sixth Matching Grant Scheme (MGS).

40. Mr LEE Cheuk-yan said that the MGS would aggravate the gap between resource-rich institutions and the smaller and younger institutions as evidenced by the fact that almost half of the matching grants had been received by the University of Hong Kong and the Chinese University of Hong Kong in the past. Given that institutions with longer history had large and established alumni bases, they had better capability of raising donations than the other institutions. Mr LEE suggested that the Administration should award a matching grants for smaller and younger institutions at a higher ratio against the amount of donations they could raise. Mr LEUNG Kwok-hung expressed a similar view.

41. USED explained that the amount of matching grants received and the amount of donations raised by various institution as indicated in Enclosure 1 to the FC paper represented the cumulative total from the past five rounds of MGS. Some self-financing institutions only participated since the fourth or fifth round,

and their share of the total matching grants thus appeared to be lower than the other institutions.

42. USED said that the Administration was aware that institutions with longer history and an established alumni base would have advantage over smaller and younger institutions in raising donations. In determining the criteria for awarding matching grants, the Administration was conscious of the objective to encourage institutions to raise private donations and to foster a philanthropic culture. He explained that the Government would match \$1 for every dollar of donation raised by an institution, up to \$60 million. This formula aimed to facilitate smaller / younger institutions with less fund-raising capabilities to secure a reasonable share of the matching grant. Beyond this threshold, the Government proposed to provide, on a first-come-first-served basis, \$1 for every \$2 of private donations secured in order to maximize the amount of private donations to be solicited. A limit of \$600 million was imposed as the maximum amount of matching grants receivable by an institution to prevent a few institutions with strong fund-raising ability from capturing a dominating share of the matching grants at the expense of the smaller or younger institutions.

43. USED added that the MGS had been in operation for years and the proposed modifications were made in response to the comments raised at the Panel on Education, which should help maintain a balance between encouraging private donations and reducing the gap among post-secondary education institutions.

44. Ms Audrey EU said that members' suggestion of awarding matching grants at a higher ratio against donations raised by smaller or newer institutions did not contradict the Administration's policy. On the contrary, it would encourage donors to support smaller institutions as they would realize that smaller and younger institutions would receive more grants from the Government for every dollar they donated to them.

45. Mrs Regina IP did not agree with the suggested approach of awarding matching grants at a higher ratio against donations for smaller and younger institutions because it would be a disincentive for educational institutions to raise private donations. She said that the Administration should consider providing other types of support such as subsidies for development of academic programmes.

46. USED said that the Administration took note of members' views and would consider members' suggestions when preparing for any next round of MGS.

47. Mrs Regina IP commented that she had always disagreed to allocating too many resources in developing the self-financing higher education sector. However, as the self-financing sector had admitted many students, it was necessary to provide adequate support to these students through MGS, so that some of the allocations could be used to provide scholarships for students. Mrs IP asked if the Administration would require the institutions to give preference to local students when awarding scholarships from resources under MGS.

48. USED said that donations raised by institutions could be used for a variety of purposes, and they should have the autonomy to determine how the donations and matching grants should be spent.

49. Mrs Regina IP said that she found the Administration's response unacceptable. She said that the tuition fees charged by self-financing institutions were already high. It was appropriate that the Administration should impose conditions on the self-financing institutions to accord priority on the use of the matching grants on local students. Deputy Secretary for Education (1) said that there were provisions which specified that the Government's matching grants for supporting scholarships and student exchange programmes should be used for the benefit of local students.

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

51. The meeting was adjourned at 7:50 pm.