

**立法會**  
**Legislative Council**

LC Paper No. CB(2) 1109/99-00  
(These minutes have been seen by  
the Administration)

Ref : CB2/PL/ED

**LegCo Panel on Education**

**Minutes of Meeting**  
**held on Monday, 17 January 2000 at 4:30 pm**  
**in Conference Room A of the Legislative Council Building**

**Members Present** : Hon YEUNG Yiu-chung (Chairman)  
Prof Hon NG Ching-fai (Deputy Chairman)  
Hon Cyd HO Sau-lan  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon CHEUNG Man-kwong  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon Emily LAU Wai-hing, JP  
Hon CHOY So-yuk  
Hon Andrew CHENG Kar-foo  
Hon SZETO Wah

**Members Absent** : Hon Jasper TSANG Yok-sing, JP  
Dr Hon YEUNG Sum

**Public Officers Attending** : Item III  
Mr Joseph LAI  
Deputy Secretary for Education and Manpower  
Mrs Margaret CHAN  
Principal Assistant Secretary for Education and Manpower  
Mrs Fanny LAW, JP  
Director of Education

Mr Peter P Y LEUNG  
Assistant Director of Education (Special Duties)

Mr W H CHING  
Senior Education Officer (Building)

Item IV

Mr Philip K F CHOK  
Deputy Secretary for Education and Manpower

Ms Michelle LI  
Principal Assistant Secretary for Education and Manpower

Item V

Mr Philip K F CHOK  
Deputy Secretary for Education and Manpower

Ms Michelle LI  
Principal Assistant Secretary for Education and Manpower

Mr Jack CHAN  
Deputy Secretary General  
University Grants Committee

**Clerk in Attendance** : Mr LAW Wing-lok  
Chief Assistant Secretary (2) 5

**Staff in Attendance** : Mr Stanley MA  
Senior Assistant Secretary (2) 6

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**I. Information papers issued since last meeting**  
[LC Papers Nos. CB(2) 760/99-00(01) and CB(2) 838/99-00(01)]

Members noted the papers issued.

**II. Items for discussion at the next meeting**  
[Appendices I & II to LC Paper No. CB(2) 838/99-00]

2. Members went through the list of issues suggested for discussion and agreed that

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Clerk the Clerk would liaise with the Administration on the agenda items to be discussed at the next meeting scheduled for 4:30 pm on 21 February 2000.

3. Mr Andrew CHENG suggested to discuss the Academic Aptitude Tests incorporated under the Secondary School Places Allocation System (SSPA) at a future meeting. Director of Education (D of E) said that the Education Commission's review of SSPA would be completed in April 2000. Members agreed to include the item on the list of issues suggested for discussion.

**III. Progress of the School Improvement Programme (SIP)**

[LC Papers Nos. CB(2) 831/99-00(01), CB(2) 838/99-00(02) and CB(2)869/99-00(01)]

4. Assistant Director of Education (Special Duties) (AD(SD)) introduced the Administration's paper [Paper No.CB(2)869/99-00 (01)] tabled at the meeting, which was prepared in response to Mr CHEUNG Man-kwong's enquiries set out in Paper No. CB(2)831/99-00 (01). He outlined the SIP progress for the 156 schools under phases 2A and 4 as follows -

- (a) Scope of SIP works for 10 primary and 9 secondary schools had been agreed with the schools concerned;
- (b) Reduced scope of SIP works had been recommended for 9 primary and 19 secondary schools and pending consent from the schools concerned; and
- (c) Implementation of SIP in 109 schools (65 primary and 44 secondary) was held in abeyance, pending the consultancy study on the cost-effectiveness of SIP.

5. AD(SD) explained that the reasons for putting 109 schools under review were -

- (a) cost exceeding one-third of the construction cost of a new school;
- (b) high unit cost per gross floor area;
- (c) age of the building i.e. 35 years old and above;
- (d) poor state of premises or structural problems;
- (e) minimal improvements only;
- (f) other factors such as land matters; and
- (g) long-term arrangements to be considered.

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6. Mr SZETO Wah asked about the meaning of "long-term arrangements" in paragraph 5(g) above. AD(SD) replied that some poorly maintained and aged school buildings could not be thoroughly improved through SIP, and long-term arrangements such as in-situ redevelopment or reprovisioning would need to be considered in the light of the future needs of primary and secondary classes in the districts concerned.

7. Mr CHEUNG Man-kwong noted that the Administration had commissioned a consultant to undertake a review of the cost-effectiveness of the current steps and procedures for SIP implementation. He pointed out that whilst the review was in progress, 109 school premises originally scheduled under phases 2A and 4 of SIP had not been selected for improvement works and were grouped under the lists of primary and secondary schools under review. He expressed great disappointment over the policy decision that schools with SIP project costs exceeding one-third of the construction cost of a new school, i.e. \$32 million for a primary school and \$36 million for a secondary school, would not be selected for improvement works. He asked about the rationale for arriving at such a decision.

8. In response, Deputy Secretary for Education and Manpower (DS/EM) said that the cost of SIP had been increasing in the last few years and that part of the reason for the increase was that the scope of improvement works had been expanded. However, the possibility that some of the increases were related to other factors could not be ruled out. The Administration therefore considered it necessary to review the present steps and procedures of implementing SIP to assess whether there were more cost-effective ways of carrying out SIP to ensure that public money was properly spent. He stressed that the implementation of SIP would not be discontinued and that the Administration would decide how to deliver the SIP more cost-effectively in the light of the findings of the consultancy study.

9. Mr CHEUNG Man-kwong said that the Administration was too rigid in arriving at its decision to suspend the implementation of SIP projects costing more than one-third of the construction cost of a new school pending the outcome of the consultancy review. He pointed out that if the costs ceiling for a primary school was set at \$35 million, the majority of the primary schools now excluded would have been covered. He further said that the \$70 million spent on the preliminary feasibility studies for the Phases 2A and 4 projects should be used to fund the improvement works for these schools instead. Mr Andrew CHENG echoed Mr CHEUNG's views.

10. D of E said that the cost thresholds of \$32 million and \$36 million were set without reference to the project costs of the schools concerned. She explained that the Administration was not inflexible in selecting schools for improvement works in strict accordance with the cost thresholds, as evidenced by the fact that a primary school with a total project cost of \$32.28 million was included among the 10 primary schools selected for improvement works. She added that for practical reasons it was necessary to implement the SIP in the 156 schools in stages anyway and the Administration started

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work on the more cost-effective projects first, pending the outcome of the consultancy study on the other schools.

11. D of E stressed that the implementation of SIP in the 109 schools would be put on hold only temporarily. Should the findings of the consultancy review, which were expected to be available in April 2000, confirm that the improvement works in some schools were necessary and cost-effective, the Administration would seek funding support from the Finance Committee to proceed with the improvement works immediately. She further said that pending the findings of the review, ED would continue to liaise with the 109 schools and, if certain pressing and small scale improvements were identified, the feasibility of undertaking short-term improvement measures would be considered. As for longer-term improvements, the Administration would examine whether these school premises should go through SIP or adopt other improvement options in the light of the findings of the consultancy review.

12. Mr CHEUNG Man-kwong and Mr Andrew CHENG said that there were a number of schools where the total project costs were slightly in excess of the cost thresholds and they failed to see why such schools were not selected for improvement works.

13. Responding to the Chairman's enquiry about the high consultancy fee, DS/EM explained that the \$70 million was used to appoint consultants to conduct feasibility studies for implementing SIP in the 156 schools included under phases 2A and 4 of SIP. He added that the feasibility study and the consultancy review to assess the cost-effectiveness of SIP were two different things.

14. Miss CHOY So-yuk said that it was understandable that cost thresholds for SIP should be set. However, she was of the view that some flexibility should be allowed and that ED should liaise with some schools to reduce the improvement items to bring the total project costs below the cost thresholds.

15. DS/EM responded that the Administration had been flexible in implementing the SIP. A total of 28 school premises with original SIP estimates exceeding the cost thresholds were recommended for reduced scope of works so as to bring down the cost of improvement works, such that only those items needed quickly to implement various education initiatives would be included.

16. Mr SZETO Wah declared interest as he was the supervisor of a primary school in Kwun Tong. He said that ED had previously informed the school management that implementation of SIP in the school was under review. However, ED had recently approached the school principal to discuss improvement items for the school. Mr SZETO asked whether the improvement works for the school would proceed if the school would lower the original estimated cost of \$33.66 million to below \$32 million. He also said that one reason for putting the school under the list of schools under review was that long-term arrangements for the school had to be considered. ED had not

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however explained to the school what "long-term arrangements" meant and the school was put in a difficult position in its discussion with ED.

17. D of E said that the school concerned occupied a site area of only 526m<sup>2</sup> and was too small for Category A scope of improvement works. Senior Education Officer (Building) added that ED had recently approached the school management to ascertain whether there were some short-term and small scale improvement items that needed to be undertaken urgently. The school's long-term improvement options such as reprovisioning or in-situ redevelopment would have to await the consultant's report and the school management's view in this regard would also be taken into consideration.

18. Mr SZETO Wah said that details of the discussions with the 109 schools in respect of both short-term improvement works and long-term improvement options should be provided to the school management concerned. Miss Cyd HO echoed Mr SZETO's view. The Administration noted the view expressed by Mr SZETO and Miss HO.

19. Miss Cyd HO said that she considered it inappropriate to scale down the standard improvement works in those schools where in-situ redevelopment or reprovisioning would not be considered.

20. Miss Emily LAU expressed support for improving the learning environment and increasing activity space in schools. She shared the view expressed by members that the Administration should proceed with improvement works costing slightly above the cost thresholds.

21. D of E responded that improvement works under SIP for some aged primary schools were impractical because of site constraints and poor conditions of the premises. Reprovisioning or in-situ redevelopment should be the long-term option for these old schools, particularly those with a site area of less than, say, 2000m<sup>2</sup>. She reiterated that if the findings of the consultancy review indicated that the present delivery of SIP was cost-effective, the Administration would proceed with improvement works for schools feasible for SIP.

22. D of E added that apart from SIP, a number of initiatives were being implemented to improve the learning environment in schools. These included the establishment of the School Building Design Committee in 1999 to advise on the design of an efficient and flexible school building for public sector schools, and the proposed relaxation of the height limit of 24 metres for new school buildings occupying a relatively small site area. She added that a number of existing schools in Kowloon were sub-standard and ED was looking for suitable sites for reprovisioning these schools. She also said that the Administration had accepted Members' proposal for the development of a school estate which would accommodate a number of primary and secondary schools within the estate. She anticipated that such an estate would enable more effective use of school and community facilities.

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23. Mr CHEUNG Man-kwong said that he had received a letter from 251 schools (including some in SIP phases 5 to 8) complaining about the poor SIP arrangements. He added that the schools were not informed of the reasons why implementation of the SIP was put to a halt. ED had also not consulted the schools about the basis for setting the cost thresholds. He urged the Administration to be more transparent in the implementation of SIP and improve communication with the schools concerned.

24. D of E agreed that ED would take appropriate measures to improve communication with schools to facilitate smooth implementation of SIP. She added that ED had discussed with individual school sponsoring bodies on the school improvement and reprovisioning needs of all the schools under the same sponsoring body. The comprehension approach would ensure better coordination and open up more possibilities for school improvement e.g. converting an existing secondary school into a primary school.

25. Mrs Selina CHOW considered that short-term improvement works for schools under SIP should not be delayed on account of the need to consider their long-term development plans since the latter might take some years to materialize. She was of the view that the Administration should decide on the scope of improvement works to be carried out in the 109 schools and set the timetable for their implementation after the findings of the consultancy review were known in April 2000.

26. D of E responded that the Administration would consider the long-term arrangements as well as the short-term improvement works for the 109 schools. She reiterated that the conditions of some aged school buildings were not suitable for SIP. She pointed out that the Secretary for Education and Manpower in his reply to Mr SZETO Wah's question at the LegCo meeting on 5 January 2000 had indicated that Government was working towards completing the whole SIP by 2004 as originally planned.

27. In concluding the discussion, the Chairman urged the Administration to accelerate the pace of SIP implementation and improve communication with schools.

**IV. Funding of capital works projects of the Open University of Hong Kong (OUHK)**

[LC Paper No. CB(2) 838/99-00(03)]

28. The Chairman introduced the paper and said that this item arose from a Finance Committee agenda item concerning the making of a one-off grant to the OUHK for the establishment of a Regional Learning Centre.

29. Mr CHEUNG Man-kwong was of the view that the Administration should provide sufficient funds to capital work projects of OUHK. He asked whether it was

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Government's policy to provide financial support to OUHK's capital work projects which were proposed for educational purposes. He pointed out that the Finance Committee had recently approved a new commitment of \$50 million for making a dollar-for-dollar matching grant to OUHK to support the establishment of the Regional Learning Centre at a total cost of \$100 million. He said that OUHK operate on a self-financing basis and he was concerned that OUHK was required to contribute \$35 million from its reserve fund, notwithstanding that the Hong Kong Jockey Club had pledged a grant of \$15 million to OUHK to meet part of the project cost.

30. DS/EM replied that the Planning Committee appointed by the Government to study the financial, organizational and legislative arrangements for the establishment of the former Opening Learning Institute (OLI) had recommended that the capital cost for setting up the OLI and its recurrent expenditure for the first few years should be borne by the Government, and thereafter the OLI should operate on a self-financing basis with its expenditure being met by tuition fees and other sources of income. In fact, the OLI had been self-financing since the 1993-94 academic year. In the past few years, the Government provided capital grants to support worthwhile initiatives of the OUHK. Since 1989, the Government had given a total of \$645 million to support OUHK's development. He added that the annual expenditure on higher education accounted for about one-third of the total expenditure on education and further allocation of resources to higher education should be carefully considered.

31. Mr CHEUNG enquired whether Government had already adopted a policy of providing only 50% financial support to OUHK's capital projects. DS/EM replied that the Administration would consider OUHK's funding proposals on a case-by-case basis and where justified, financial support in excess of 50% of the project cost would be granted to OUHK.

32. Mrs Selina CHOW said that the content of the Administration's paper did not appear to be relevant to the subject matter under discussion. Principal Assistant Secretary for Education and Manpower (PAS/EM) explained that the Administration's paper aimed to provide a comprehensive picture of the self-financing operation of OUHK and its source of income.

33. Mrs Selina CHOW pointed out that the Planning Committee had recommended that Government should provide financial support to capital projects of OUHK in the first few years of its operation. She asked whether the policy had changed and if so, the reasons for such a change.

34. PAS/EM said that the Planning Committee had made no recommendation on the long-term policy in regard to the provision of funds to support capital projects of OUHK. She pointed out that unlike other universities, OUHK provided tertiary education for adult learners through open access and distance learning. OUHK's lectures were mainly conducted in classrooms on weekday evenings and on Saturdays in leased premises. Rentals of these premises were counted as part of the recurrent costs of

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individual course programmes. In providing 50% financial support to OUHK for the establishment of its regional learning centre, the Administration had in effect assisted OUHK in reducing its recurrent expenditure by around \$6 million a year. She also pointed out that the Government had allocated the land site for OUHK's headquarters in Ho Man Tin at a nominal premium and borne the construction cost.

35. Mrs Selina CHOW said that it appeared that the Government had changed its funding policy on capital projects of OUHK. She pointed out that the Government had previously provided 100% funding support to the construction of its headquarters but had now pledged to support only 50% of the cost for the establishment of its regional learning centre. She asked whether the change was made as the OUHK had recorded surpluses in recent years.

36. PAS/EM replied that Government had not changed its policy and would continue to consider providing funds to OUHK's capital projects on a case-by-case basis. Insofar as the establishment of the regional learning centre was concerned, the Administration considered that OUHK was capable of contributing part of the project cost from its reserve fund.

37. Miss Emily LAU was of the view that Government should provide more financial support to OUHK, given the Government's emphasis on encouraging tertiary institutions to provide continuing learning facilities for the community's benefit. She pointed out that OUHK could have used the \$35 million to enhance its facilities instead of making a contribution to meet the cost of establishing the regional learning centre. She asked whether Government would provide 100% financial support if OUHK had not recorded surpluses in the past few years.

38. PAS/EM responded that the reason why OUHK was able to record surpluses was mainly due to the number of students enrolled in its courses being greater than anticipated. She said that if OUHK did not have a reserve fund, Government would have to carefully consider its own financial situation and that of the OUHK before determining the level of subsidy to be provided for the proposed regional learning centre.

39. Prof NG Ching-fai pointed out that the former OLI had undertaken to operate on a self-financing basis, primarily for the reason that its target students were adults in employment who should be able to pay a reasonable level of course fees. He opined that giving full financial support to capital projects of OUHK should be a subject for public debate as it would have impact on the overall allocation of education resources. He pointed out that the majority of continuing education institutes affiliated to local universities were all operating on a self-financing basis.

40. Mrs Selina CHOW said that most continuing education institutes affiliated to University Grants Committee (UGC)-funded tertiary education institutions had recorded operational surpluses. She asked about the financial arrangements for these

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self-financing institutes, given that they could use the classrooms and other teaching facilities in the universities.

41. PAS/EM said that continuing education divisions of UGC-funded institutions such as the SPACE of the University of Hong Kong maintained separate income and expenditure accounts for their own programmes and activities. These institutes had the discretion to use their reserves for the purchase of premises used for lecturing purposes. Prof NG added that these institutes were required to pay a notional rental for the use of classrooms and other facilities in the universities concerned.

42. Miss Cyd HO said that OUHK was not in the same position as these continuing education institutes which could accumulate surpluses through achieving savings in rentals. Mr CHEUNG Man-kwong added that as a result of the universities developing their own continuing education programmes, more OUHK's course lectures previously conducted in the classrooms of these universities were now held in secondary schools where the classrooms were not intended for adult students. He expressed concern that if the surpluses accrued by OUHK from its tuition fees were used to fund its capital projects, OUHK would not have sufficient resources for educational development in the future.

43. The Chairman urged the Administration to consider members' views in providing financial assistance to capital projects of OUHK in the future..

**V. Home Financing Scheme (HFS) for eligible staff in the University Grants Committee (UGC)-funded institutions : Progress Report on its implementation**

[LC Paper No. CB(2) 838/99-00(04)]

44. The Chairman invited members' views on the implementation of the HFS in UGC-funded institutions which would reduce Government's long-term expenditure on the provision of housing benefits to eligible staff.

45. Noting that only 371 of the 759 surplus quarters would be returned to the Government or converted into student residence and academic support facilities, Mr CHEUNG Man-kwong asked about the disposal of the remaining 388 vacated quarters.

46. In response, PAS/EM said that since the introduction of the HFS, the Administration had considered both short-term and medium to long term proposals from institutions on the disposal or alternative uses of surplus quarters. She added that the Administration and the institutions had taken the following short-term measures-

- (a) staff quarter projects under consideration had been stopped;
- (b) a total of 69 leased quarters had been released; and

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- (c) surplus quarters were rented out to staff members and, where appropriate, outsiders.

47. Mr CHEUNG Man-kwong was of the view that UGC-funded institutions should not be required to pay the Government 70% of the notional rental income if the vacated quarters could not be rented out after the grace period of 12 months. He pointed out that there would be difficulty to rent out those large quarters located within the institutions' campus. He asked whether the institutions concerned were required to pay the notional rental income in cases where the institutions had agreed to surrender the surplus quarters, but it took the Government Property Agency (GPA) some months to take over the quarters.

48. DS/EM responded that excluding those already under short-term leases, the actual number of unoccupied surplus quarters would be smaller. He pointed out that a Task Force chaired by the Secretary-General of UGC had been established to consider and advise on proposals from UGC-funded institutions on disposal plans or alternative uses of surplus quarters. Where the proposal for disposal or alternative usage was accepted by the Task Force, the Task Force's share of the notional rental income from these quarters would be waived. If the surplus quarters could not be rented out after a year, the institutions could consider converting them into student residence, academic facilities, etc. Alternatively, they might reduce the rentals to attract tenants. If all these options were not feasible, the Task Force would be prepared to consider institution's proposals on other more flexible arrangements on the use of these surplus quarters.

49. Mrs Selina CHOW said that the Administration should have a detailed plan on the disposal of surplus quarters arising from the implementation of HFS. Otherwise, substantial public revenue would be lost as a result of a large number of surplus quarters being left vacant. She was of the view that the Education and Manpower Bureau (EMB) should coordinate with GPA and provide more detailed information on the disposal of surplus quarters in its submission to the Finance Committee seeking approval for supplementary provision. She also said that the progress of disposing surplus quarters should be followed up by the Panel on Financial Affairs. Mr CHEUNG Man-kwong and Miss Emily LAU echoed Miss LAU's views.

50. Miss Emily LAU enquired about the reasons for the underestimate of the take-up rate. She also asked why the other three institutions shown in the table set out in paragraph 10 of the paper did not follow the Chinese University of Hong Kong (CUHK)'s example and submit proposals converting surplus quarters into student residence and academic support facilities.

51. PAS/EM said that the initial projection of financial requirements for HFS was based on the forecasts provided by the institutions in 1998. The HFS had been well received by eligible staff and the take-up rate of 54% in 1999-2000 far exceeded the original projection of slightly more than a third of total eligible staff joining HFS. The

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higher than expected take-up rate of HFS would help advance the materialisation of savings from the HFS. As regards the disposal of surplus staff quarters, she pointed out that much would depend on the need and circumstances of individual institutions. As staff quarters of CUHK were located within the university campus and that there was still shortfall in the provision of student hostels, CUHK had proposed to convert some surplus quarters into student hostels. However, staff quarters of the Hong Kong Baptist University, Hong Kong Polytechnic University and University of Hong Kong were located outside the campus of the universities. Under such circumstances, other disposal plans would be more appropriate. She added that the institutions and the Administration had drawn up medium and long-term timetables for the disposal of these surplus quarters. Short-term measures such as renting out quarters to staff members on short-term lease basis had also been implemented.

52. Members expressed support for the Administration's request to seek supplementary provision for the implementation of HFS, but expressed reservations about the estimated saving of \$5.6 billion over a 15-year period based on the cost and benefit analysis as presented in FCR(98-99)30. They urged the Administration to provide a more comprehensive analysis of the estimated savings arising from the introduction of HFS in its submission to the Finance Committee, which should take into account the loss of income due to surplus quarters being left vacant. Members also agreed that the issue of disposal of surplus quarters should be referred to the Financial Affairs Panel for follow-up.

Adm

Clerk

**VI. Any other business**

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

Legislative Council Secretariat

15 February 2000