

**立法會**  
**Legislative Council**

LC Paper No. CB(2)2071/02-03  
(These minutes have been seen  
by the Administration)

Ref : CB2/PL/ED

**Panel on Education**

**Minutes of special meeting  
held on Monday, 7 April 2003 at 4:30 pm  
in the Chamber of the Legislative Council Building**

- Members Present** : Dr Hon YEUNG Sum (Chairman)  
Hon YEUNG Yiu-chung, BBS (Deputy Chairman)  
Dr Hon David CHU Yu-lin, JP  
Hon Cyd HO Sau-lan  
Hon Eric LI Ka-cheung, JP  
Hon CHEUNG Man-kwong  
Hon LEUNG Yiu-chung  
Hon Emily LAU Wai-hing, JP  
Hon SZETO Wah  
Hon Tommy CHEUNG Yu-yan, JP  
Hon WONG Sing-chi  
Hon Audrey EU Yuet-mee, SC, JP  
Hon MA Fung-kwok, JP
- Members Attending** : Hon LEE Cheuk-yan  
Hon Andrew WONG Wang-fat, JP  
Hon Albert CHAN Wai-yip  
Hon Frederick FUNG Kin-kee
- Members Absent** : Hon Jasper TSANG Yok-sing, GBS, JP  
Hon CHOY So-yuk  
Dr Hon LO Wing-lok

**Public Officers  
Attending : Item I**

Mr CHENG Man-yiu  
Deputy Secretary for Education and Manpower (3)

Mrs Betty IP  
Principal Assistant Secretary for Education and  
Manpower (School Administration and Support)

**Item II**

Mr Philip CHOK  
Deputy Secretary for Education and Manpower (1)

Mr Clement LEUNG  
Principal Assistant Secretary for Education and  
Manpower (Higher Education)

Mr Peter CHEUNG, JP  
University Grants Committee  
Secretary-General

**Attendance by  
Invitation : Item I**

**Representatives of the 12 Centre Officers in-charge of  
the Government Evening Secondary Schools**

Mr MA Kin-kwan  
Centre Officer in-charge, Sha Tin Government Evening  
Secondary School

Mr LEE Yiu-kwong  
Centre Officer in-charge, Tsuen Wan Government  
Secondary School

**Coalition of the Government Evening Secondary Schools  
官立夜中學大聯盟**

Ms HO Po-lin  
Convenor

Mr FAN Kai-man  
Executive Committee Member

A group of adult students from Government Evening  
Secondary Schools

Ms Wini TSANG Yuk-fun  
Student

Mr CHOI Kwong-fai  
Student

Pak Kau Educational Organization Limited

Professor TAM Man-kwan, BBS, JP  
Chairman

Mr KONG Hon-sum  
Member

Hong Kong College of Technology

Mr CHAN Cheuk-hay  
President and Principal

Ms SZETO Lai-ping  
Head, School of Higher and Continuing Education

Caritas Adult and Higher Education Service

Dr MA Yat-bong  
Co-ordinator

Mr YAU Sun-kit  
Organizer for Administrative Affairs

Hong Kong Young Women's Christian Association

Ms Sicilia LAM  
Principal, Continuing Education Centre

Ms Beth YIP  
Course Co-ordinator

Po Leung Kuk

Mr MAK Kwai-po  
Principal Education Secretary

Mr CHAN Wing-kwong  
Headteacher

Hong Kong Professional Teachers' Union

Miss SY On-na  
Executive Committee Member

Student representatives from the Yuen Long  
Government Evening Secondary School

Mr LEUNG Ho-yan

Mr WONG Hing-chun

Student representatives from the Yuen Long  
Government Evening Secondary School (English  
Course)

Mr MAO Hin-fung

Mr CHONG Yu-fat

A group of students from the New Territories Heung  
Yee Kuk Tai Po District Government Evening  
Secondary School

Miss YEUNG Suet-heung  
Student

Miss YIM Yip-ho  
Student

Teacher and student representatives from the New  
Territories Heung Yee Kuk Tai Po District  
Government Evening Secondary School (Primary  
Division)

Mr LEUNG Kin-ming  
Student

Ms CHAN Lai-sim  
Student

Student representatives from the Tuen Mun  
Government Evening Secondary School

Ms CHEUNG Choi-wan

Student representatives from the South Tuen Mun  
Government Evening Secondary School (Primary  
Division)

Ms YAU Yim-wah

Ms LEUNG Lai-yan

Evening School's Students Union

Mr YIP Wah  
Vice Chairman

Ms TANG Sum-king  
Representative

Student representatives from the Kowloon Technical  
Government Evening Secondary School

Mr LUI Siu-kwong

*Individual*

Mr KO Hon-yue, Lecturer of the Queen Elizabeth  
Government Evening Secondary School

**Item II**

Federation of Hong Kong Higher Education Staff  
Associations

Professor SHUM Kar-ping  
Chairman

Academic Staff Association, The University of Hong  
Kong

Mr CHAN Che-wai  
Chairman

Mr SZE Wing-suen  
Vice Chairman

Non-Academic Staff Association, The University of  
Hong Kong

Mr Stephen CHAN Chit-kwai, JP  
President

Mr Stephen CHEUNG Pok-yin  
Executive Committee Member

Teachers' Association of The Chinese University of  
Hong Kong

Professor KWAN Hoi-shan  
President

Staff Association of The Chinese University of Hong  
Kong

Mr Aaron LI  
President

City University of Hong Kong Staff Association

Mr Nicholas TAM  
Chairman

Mr MAK Hoi-wah  
Representative of Concern Group

Hong Kong University of Science and Technology  
Staff Association

Professor Raymond WONG Sze-chung  
Chairman

Mr K L LAM  
Executive Committee Member

Hong Kong Polytechnic University Staff Association

Dr CHAN Chun-wah  
Chairman

Dr Gillian HUMPHREYS  
Vice-Chairman

The Academic Staff Association of the Hong Kong  
Institute of Education

Mr WONG Ping-ho  
President

Dr Ken VOLK  
Secretary

Hong Kong Professional Teachers' Union

Mr CHAN King-ming  
Executive Committee Member

City University of Hong Kong Students' Union

Mr CHENG Cheuk-him  
External Vice President

Mr HO Wing-wai  
Internal Vice President

The Hong Kong Polytechnic University Students'  
Union

Mr OR Pok-man  
President

Miss YUEN Wing-shuen  
PolyU Affairs Secretary

Hong Kong University of Science and Technology  
Students' Union

Mr Enrico LI Lok-wai  
External Vice-President

Mr Raymond LAU Kai-chung  
External Secretary

Hong Kong University Students' Union

Mr Raymond MAK Ka-chun  
President

Mr Alex HUI Yiu-sing  
University Affairs Secretary

**Clerk in Attendance** : Miss Flora TAI  
Chief Assistant Secretary (2)2

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

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**I. Follow-up discussion on the review of the adult education courses operated by the Education and Manpower Bureau**

The Chairman welcomed representatives of deputations to the meeting.

Meeting with deputations

2. Members noted the submissions from students of the Tai Po Government Evening Secondary School (GESS), Hotung GESS and Mr Eric LEUNG which had been issued under LC Paper Nos. CB(2)1679/02-03(01), CB(2)1673/02-03 (02) and CB(2)1700/02-03(02) respectively.

3. At the invitation of the Chairman, representatives of the deputations briefed members on their views and concerns on the Administration's proposal to outsource the adult education courses (the Proposal) operated by the Education and Manpower Bureau (EMB), the gist of which is summarized in paragraphs 4 to 22.

*Representatives of the 12 Centre Officers in-charge of the Government Evening Secondary Schools*

4. Representing the 12 Centre Officers in-charge of GESSs, Mr MA Kin-  
kwan said that the 12 Centre Officers were dissatisfied with the Administration's handling of the matter. He pointed out that EMB had not consulted the 12 Centre Officers, teachers and learners of the adult education courses before making the decision to introduce the Proposal. Referring to

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paragraph 11 of the Administration's paper [LC Paper No.CB(2) 1125/02-03(04)] submitted to the Panel for the meeting of 17 February 2003 which implied that the 12 Centre Officers were in support of the Proposal, he said that as a matter of fact, they were opposed to the Proposal.

5. Mr MA Kin-kwan further said that the 12 Centre Officers had reservations about whether private operators could maintain the quality of existing Government Evening Secondary School Course (GESSC) after the take-over, which was essential for graduates to pursue further studies and advancement in the community. He considered that if the purpose of outsourcing was to alleviate fiscal deficit, EMB should liaise with Centre Officers and teachers for a reduction in staff cost and students for an increase in tuition fees. If the purpose was not to alleviate fiscal deficit, EMB should continue to operate the adult education courses for two years pending the results of a comprehensive review of the Proposal. He suggested that an open and independent committee comprising Legislative Council (LegCo) Members and representatives from EMB, Centre Officers, teachers, students and alumni of adult education courses should be set up to review and make recommendations on whether EMB should continue to operate these adult education courses in a year's time. Mr MA also cited the preface of “星月集” published by the then Education Department in May 2000 to illustrate that the Administration had previously affirmed the values and contributions of the adult education courses to adult learners and the community.

*Coalition of the Government Evening Secondary Schools (the Coalition)*

官立夜中學大聯盟

[LC Paper No. CB(2)1664/02-03(01)]

6. Ms HO Po-lin and Mr FAN Kai-man presented the views of the Coalition as detailed in its submission. Ms HO stressed that most students of GESSC would be unable to pay the high tuition fees charged by private operators after the take-over. Mr FAN questioned whether the quality of adult education programmes operated by private operators would be better than that of the existing courses run by EMB. Referring to the “春風集” published by the Tsuen Wan GESS, he said that many graduates of GESSC had pursued higher level studies and developed a successful career in different sectors of the community. Ms HO and Mr FAN concluded that Government should continue to subsidize low income adult learners to attend conventional secondary school education. They also requested LegCo Members to assist in urging EMB to continue its operation of the adult education courses.

*A group of adult students from Government Evening Secondary Schools*

[LC Paper No. CB(2)1664/02-03(02)]

7. Mr CHOI Kwong-fai presented the views of his student group as detailed in the submission. He expressed concern about the transitional

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arrangements and continuity of GESSC after the take-over. He pointed out that only 0.2% of the education resources was allocated to adult education. He cited the allocations in other educational sectors and the student unit costs of various educational programmes to illustrate that the Administration had given the least subsidization to adult learners. Referring to the findings of the 2001 Population Census, he said that 70 001 of the population between the ages of 15 to 34 had only completed primary education and many of them would consider attending the adult education courses run by EMB. Mr CHOI urged the Government to continue the provision of adult education courses and requested the Panel to closely follow up the matter. Ms Wini TSANG supplemented that although different progression paths were available for adult learners as highlighted in the Administration's paper, existing students of GESSC would like to complete their secondary education in GESSs.

*Pak Kau Educational Organization Limited*

8. Professor TAM Man-kwan said that he personally supported that the society should provide equal education opportunities to everybody. He considered that successful operation of an evening school would largely depend on the curricula, tuition fees and quality of its programmes. He pointed out that the level of tuition fee for a particular programme should be determined by a number of factors including the operational overheads such as rent and the number of classes and students. He also pointed out that the introduction of a qualifications framework and the concept of career-oriented curriculum would provide clear and flexible progression pathways for adult learners, including those who were unsuccessful in academic studies at their early ages, to draw up their own road maps to upgrade skills and knowledge. He added that the quality of an adult programme would depend on the operator's experience, the quality of teachers and the support measures to enhance the teaching and learning activities. Professor TAM concluded that whether EMB should continue to run the adult education courses was a policy decision which had implications on the allocation of education resources and the role of the Government in education.

*Hong Kong College of Technology (HKCT)*

9. Mr CHAN Cheuk-hay said that continuing education played an important role in the provision of lifelong learning opportunities to meet the diversified needs of adult learners, in particular vulnerable groups in need of a second learning opportunity. He highlighted the importance of providing multi-channel access to continuing education in a knowledge-based economy as well as the establishment of a supporting infrastructure to facilitate the provision of diversified continuing education opportunities to adult learners. He stressed that HKCT was not a selected operator and his views were not expressed in response to whether adult education courses run by EMB should be outsourced or not.

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*Caritas Adult and Higher Education Service (Caritas)*

10. Dr MA Yat-bong said that at this stage Caritas had not worked out an estimate of the levels of tuition fees for taking over the adult education courses run by EMB. He stressed that Caritas would continue to operate a wide range of education programmes for adult learners regardless of whether the existing adult education courses run by EMB would be outsourced or not. He suggested that the Panel should discuss with the Administration on whether the scope of the Continuing Education Fund (CEF) should be expanded to benefit more adult learners.

*Hong Kong Young Women's Christian Association*

11. Ms Sicilia LAM said that adult learners should continue to be subsidized by way of the existing adult education courses or through the CEF. She stressed that the curricula for adult education programmes should be flexibly designed to meet the changing and diversified needs of adult learners under a knowledge-based economy, and that effective utilization of existing school resources would help reduce the costs of the evening adult education courses after outsourcing.

*Po Leung Kuk*

12. Mr MAK Kwai-po said that the costs of running the evening adult education courses operated by EMB could be reduced if selected operators would be allowed to use the school premises at no charges. He pointed out that private operators would be more flexible and responsive in development of programmes to meet the diversified needs of adult learners. He estimated that the annual unit cost for provision of primary, secondary 1 to 3, secondary 4 to 5 and secondary 6 and 7 classes were around \$6,000, \$6,000-7,000, \$7,000-8,000 and \$10,000-12,000 respectively. He concluded that outsourcing would enhance flexibility in provision of adult education programmes, and the selected operators should provide scholarship and fee remission schemes to help needy learners to ensure that a second learning opportunity would be provided.

*Hong Kong Professional Teachers' Union (the Union)*  
*[LC Paper No. CB(2)1700/02-03(01)]*

13. Miss SY On-na presented the views of the Union as detailed in its submission. She concluded that EMB should review the Proposal with a view to addressing the concerns of the stakeholders and providing diversified curricula to suit the different needs of adult learners.

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*Student representatives from the Yuen Long Government Evening Secondary School*

14. Mr LEUNG Ho-yan described two real-life cases to illustrate the importance of GESSC to adult learners who for various reasons had left school after completing only primary or junior secondary education, or were unsuccessful in secondary school studies at their young ages.

*Student representatives from the Yuen Long Government Evening Secondary School (English Course)*

15. Mr MAO Hin-fung referred to a newspaper report to illustrate the fact that evening adult education courses operated by EMB had provided aspirated adult learners with a progression path to obtain higher qualifications and develop a successful career.

*A group of students from the New Territories Heung Yee Kuk Tai Po District Government Evening Secondary School  
[LC Paper No. CB(2)1664/02-03(03)]*

16. Miss YEUNG Suet-heung presented the views of her student group as detailed in the submission. She concluded that EMB should listen to the voices of vulnerable communities and continue to operate the evening adult education courses.

*Teacher and student representatives from the New Territories Heung Yee Kuk Tai Po District Government Evening Secondary School (Primary Division)  
[LC Paper No. CB(2)1664/02-03(04)]*

17. Mr LEUNG Kin-ming presented the views of the students and teachers of the New Territories Heung Yee Kuk Tai Po District GESS (Primary Division) as detailed in the submission. He pointed out that students of adult education courses run by EMB were mostly low-income adults, housewives and youths who needed a second opportunity in education. He said that teachers and students in the primary division of the School hoped that EMB would continue to operate the adult education courses and drop the Proposal.

*Student representatives from the Tuen Mun Government Evening Secondary School  
[LC Paper No. CB(2)1664/02-03(05)]*

18. Ms CHEUNG Choi-wan introduced the views of the students of the Tuen Mun GESS and said that the quality of the adult education courses provided by selected operators after the take-over would unlikely be maintained at the current level. She concluded that the Government had an obligation to provide nine-year free primary and junior secondary education

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and should not outsource the provision of adult education courses for a saving of \$74.6 million.

*Student representatives from the South Tuen Mun Government Evening Secondary School (Primary Division)*

19. Ms YAU Yim-wah said that she shared the views of the Union. Representing the students of the South Tuen Mun GESS (Primary Division), she said that adult learners of GESSC were low-income people who were unable to pay high tuition fees which would be charged by private operators two years after the take-over. Ms YAU also described her personal experience to illustrate the importance of GESSC to aspired adult learners. She urged that EMB should continue to operate the existing adult education courses.

*Evening School's Students Union  
[LC Paper No. CB(2)1673/02-03(01)]*

20. Mr YIP Wah and Ms TANG Sum-king presented the views of the Evening School's Students Union as detailed in its submission. Mr YIP was concerned about whether the selected operators would still follow the existing secondary school curriculum to prepare adult learners for taking the Hong Kong Certificate of Education Examination (HKCEE) after the two years' transitional period. They stressed that the Students Union strongly objected to the Proposal and urged the Government to continue the provision of GESSC and a stable learning environment to adult learners.

*Student representatives from the Kowloon Technical Government Evening Secondary School*

21. Mr LUI Siu-kwong said that students of Project Yi Jin had a lower completion rate than students of GESSC in the 2000-01 school year. He questioned whether the Administration would consider outsourcing Project Yi Jin on such ground.

*Mr KO Hon-yue, Lecturer of the Queen Elizabeth Government Evening Secondary School*

22. Mr KO Hon-yue said that GESSC followed the full-time school curriculum designed to prepare students for HKCEE and the Hong Kong Advanced Level Examination (HKALE). The supply of GESSC places had also been flexibly adjusted to meet the demand of adult learners. He, however, considered it unlikely that the current quality of GESSC lessons could be maintained after the take-over since private operators would offer lower salaries and less attractive terms and conditions of employment to their teaching staff. He added that serving GESSC teachers were mostly registered graduate teachers who conducted no more than two evening lectures a week,

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whereas teachers employed by selected operators in future would probably have a very heavy teaching load.

Meeting with the Administration

*Members' views and concerns*

23. The Chairman said that the submission made by representatives of deputations had vividly reflected the perseverance of adult learners that had contributed to the development of Hong Kong in the past decades. He then invited members to express their views and concerns on the Proposal.

24. Mr LEE Cheuk-yan asked how the Administration would respond to the views and concerns of deputations on the Proposal. Given that most employers would set a requirement of five passes in HKCEE for recruitment of staff, he considered it inappropriate to outsource the adult education courses operated by EMB and ignore the right of hardworking adult learners to attend subsidized GESSC after day-time work.

25. Mr Tommy CHEUNG expressed support for the Proposal. He considered that the quality of a teacher should not hinge on his salaries. He asked whether GESSC curriculum after outsourcing would remain unchanged, i.e., prepare adult learners for HKCEE and HKALE. He queried whether graduate teachers would be employed by selected operators after outsourcing. He also asked how the Administration would provide subvention to selected operators and how fee remission and scholarships would be provided to needy adult learners after outsourcing.

26. Mr Andrew WONG considered that the Government had an obligation to provide subsidized primary and secondary school education to adults who for various reasons had lost such learning opportunities during their early ages. He pointed out that the Proposal, if implemented, would mean cessation of Government subsidization in adult education after a transition period of two years. Since selected operators might discontinue running these courses in future, Mr WONG urged the Administration to consult the affected parties on the Proposal in an extensive and sincere manner.

27. Mr WONG Sing-chi said that the Administration should prepare a comprehensive outsourcing plan and conduct an extensive public consultation, instead of introducing the Proposal in a hasty manner. He pointed out that people with educational attainment below secondary level might need to apply for the Comprehensive Social Security Assistance when they became unemployed. If it was the case, the costs incurred for providing assistance to these unemployed people might exceed the savings of \$74.6 million to be achieved as a result of implementing the Proposal.

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28. Mr SZETO Wah and Mr CHEUNG Man-kwong requested the Administration to clarify whether and when it had consulted the 12 Centre Officers in-charge on the Proposal. Mr CHEUNG held a strong view that the Administration should consult the views of the centre heads and regional supervisors of the existing adult education courses before introducing the Proposal. He considered that given the budget cut in education resources, the primary concern should be how the quality of adult education courses could be maintained after the take-over through appropriate subsidization policy. He considered whether adult education courses should be operated by EMB or private operators was a matter of secondary importance. He suggested that EMB should consider extending the ambit of CEF to subsidize adult learners who had the aspirations to pursue continuing education.

29. Mr LEUNG Yiu-chung said that the primary and secondary education courses operated by EMB were not vocation-related courses, and were designed to provide a wide range of general studies which would enable adults to attain all-round development in various domains so that they could develop the basic knowledge and skills to pursue lifelong learning. He stressed that GESSC operated by EMB had a long history and hitherto made substantial contributions to the development of the community, and should not be discontinued without proven justifications.

30. Ms Cyd HO said that the Panel should follow up why the Administration had informed the Panel that the heads of the three adult education courses supported the direction of change and the transitional arrangements, and adult learners that the Panel had discussed and supported the Proposal at the meeting held on 17 February 2003. The Chairman also confirmed that the Panel had not indicated its support for the Proposal at the meeting.

31. Ms Cyd HO said that she did not oppose participation of the private sector in the provision of adult education courses. She queried whether private operators receiving the current level of subvention (\$5,240 per student per school year) and charging the current level of tuition fee (\$140 a month) could maintain the quality of GESSC after the take-over.

32. Mr YEUNG Yiu-chung considered that the Administration should improve communications with affected parties on the Proposal. He suggested that EMB should adopt a gradual approach in implementation and continue to operate a number of GESSC classes which would serve as a quality benchmark for selected operators to follow. He concurred with Mr Tommy CHEUNG that the Administration should give an undertaking that any change in the provision of adult education courses would not affect the right of existing adult learners to continue their GESSC studies at the current level of tuition fees.

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33. Mr Frederick FUNG said that he would not support the policy direction to discontinue subsidization for the provision of adult education courses after the two years' transitional period. He considered that outsourcing should only be implemented on the conditions that the Administration would continue to provide subvention, and the quality and tuition fees of the courses would be maintained at the current level. He pointed out that apart from the provision of a second learning opportunity to adults with the aspirations to learn, some of the 150 new immigrants admitted from the Mainland on a daily basis would need to attend the evening adult education courses run by EMB to facilitate their integration into the local community.

34. Mr Frederick FUNG further said that the various vocation-related courses in paragraph 7 of the Administration's paper could not substitute the conventional primary and secondary education which aimed to provide all-round education to students and were well-accepted by employers as basic requirements for employment, i.e., five passes in HKCEE or completion of primary or junior secondary education. He asked whether completion of these vocation-related courses would be recognised by overseas institutions for admittance to higher level studies.

Way forward

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35. In view of the time constraint, members agreed that the Panel should discuss the proposal with the Administration at the next regular meeting scheduled for 28 April 2003 at 8:30 am. The Chairman requested the Administration to provide a written response to the views and concerns of members expressed to facilitate discussion at the meeting.

36. Some members expressed concern that in the mean time the Administration might proceed with the Proposal. Mr LEUNG Yiu-chung moved and Mr SZETO Wah seconded the following motion –

“That the Panel on Education opposes to the Proposal of the Financial Secretary, Mr Antony LEUNG Kam-chung to reduce education funding, and demands that the Education and Manpower Bureau shelve the outsourcing of adult education courses and determine the course of action after a review and consultation for one year.”

37. Mr Tommy CHEUNG held the view that the Panel should defer a vote on Mr LEUNG Yiu-chung's motion to the next regular meeting on 28 April 2003 when the Administration's response to members' views and concerns would be available for discussion.

38. Mr SZETO Wah, Mr LEUNG Yiu-chung, Ms Cyd HO and Mr CHEUNG Man-kwong held a different view. They expressed support for taking a vote on Mr LEUNG Yiu-chung's motion at the meeting. Mr Tommy

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CHEUNG then moved a motion to defer a vote on Mr LEUNG Yiu-chung's motion to the meeting on 28 April 2003.

39. The Chairman ordered a vote to be taken on Mr Tommy CHEUNG's motion by a show of hands. Mr Tommy CHEUNG and Mr YEUNG Yiu-chung voted in favour of the motion and Mr LEUNG Yiu-chung, Mr SZETO Wah, Mr CHEUNG Man-kwong, Ms Cyd HO and Mr WONG Sing-chi voted in opposition. The Chairman declared that the motion moved by Mr Tommy CHEUNG was not carried.

40. The Chairman then ordered another vote on Mr LEUNG Yiu-chung's motion by a show of hands. Mr LEUNG Yiu-chung, Mr SZETO Wah, Mr CHEUNG Man-kwong, Ms Cyd HO and Mr WONG Sing-chi voted in support of the motion and Mr Tommy CHEUNG and Mr YEUNG Yiu-chung voted against it. The Chairman declared that the motion proposed by Mr LEUNG Yiu-chung was carried.

41. Mr Andrew WONG said that although he was not a Panel member, he wished to put on record his support for Mr LEUNG Yiu-chung's motion.

**II. Funding cuts for University Grants Committee (UGC)-funded institutions**

42. The Chairman declared interest as a staff member of the University of Hong Kong (HKU).

43. Members noted the submissions from the Teachers' Association of the Chinese University of Hong Kong and the Staff Association of the Chinese University of Hong Kong respectively which were tabled at the meeting [LC Paper Nos. CB(2)1715/02-03 (01) and (02)].

44. At the invitation of the Chairman, representatives of the deputations briefed members on their views and concerns on the proposed 10% reduction in UGC's block grant for the rollover year 2004-05 and other funding cuts for the UGC sector in the next few years. A summary of the views and concerns is in paragraphs 45 to 65.

Meeting with deputations

*Federation of Hong Kong Higher Education Staff Associations (the Federation)*  
*[LC Paper No. CB(2)1700/02-03(03)]*

45. Professor SHUM Kar-ping presented the views of the Federation as detailed in the submission. He stressed that the Federation opposed deregulation of university salaries and the proposed 10% reduction in UGC's

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block grant for the rollover year 2004-05 and other funding cuts for the UGC sector. He suggested that EMB and UGC should collaborate with the Federation to establish a working group to consult the staff associations of UGC-funded institutions on problems arising from the proposed deregulation of university salaries and funding cuts for the UGC sector and, after reaching a consensus, recommend feasible options to resolve the problems.

46. Professor SHUM Kar-ping also expressed disappointment that the Secretary for Education and Manpower (SEM) had so far refused to discuss with the Federation on higher education policies and related issues. He said that the Chief Executive had undertaken in his letter to the Federation that the Administration would not initiate any change to higher education policies without reaching a consensus with the Federation and the higher education sector, but SEM had acted against such undertaking.

*Academic Staff Association, The University of Hong Kong (ASA(HKU))*  
*[LC Paper No. CB(2)1679/02-03(02)]*

47. Mr CHAN Chei-wai presented the views of ASA(HKU) as detailed in the submission. He said that the ASA(HKU) objected to the proposed 10% reduction in UGC's block grant for the rollover year 2004-05 and other funding cuts for the UGC sector. He concluded by saying that ASA(HKU) supported the Federation's suggestion that EMB and UGC should collaborate with the Federation to establish a working group to consult the staff associations of UGC-funded institutions on problems arising from the proposed deregulation of university salaries and funding cuts for the UGC sector and, after reaching a consensus, recommend feasible options to resolve the problems.

*Non-Academic Staff Association, The University of Hong Kong (NASA(HKU))*  
*[LC Paper No. CB(2)1664/02-03(07)]*

48. Mr Stephen CHAN Chit-kwai presented the views of NASA(HKU) as detailed in the submission. He stressed that NASA(HKU) opposed the proposed 10% reduction in UGC's block grant for the rollover year 2004-05 and other funding cuts for the UGC sector. He concluded by saying that NASA(HKU) supported the Federation's suggestion that EMB and UGC should collaborate with the Federation to establish a working group to consult the staff associations of UGC-funded institutions on problems arising from the proposed deregulation of university salaries and funding cuts for the UGC sector and, after reaching a consensus, recommend feasible options to resolve the problems.

49. Mr Stephen CHAN further said that ASA(HKU) objected to the proposed deregulation of housing benefits because non-academic staff would eventually suffer as a result of the use of the recurrent block grant by institutions to provide competitive housing benefits to renowned academics

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recruited from overseas. Mr Stephen CHEUNG added that deregulation of university salaries and housing benefits should not have been proposed for implementation during a period of economic downturn.

*The Teachers' Association of The Chinese University of Hong Kong (TA(CUHK))*

*[LC Paper No. CB(2)1715/02-03(01)]*

50. Professor KWAN Hoi-shan presented the views of TA(CUHK) as detailed in the submission. He stressed that TA(CUHK) opposed the proposed 10% reduction in UGC's block grant for the rollover year 2004-05 and other funding cuts for the UGC sector.

*Staff Association of The Chinese University of Hong Kong (SA(CHUK))*

*[LC Paper No. CB(2)1715/02-03(02)]*

51. Mr Aaron LI presented the views of SA(CUHK) as detailed in the submission. He stressed that SA(CUHK) opposed the proposed 10% reduction in UGC's block grant for the rollover year 2004-05 and any unilateral decision on redundancy of staff and reduction of salaries.

*City University of Hong Kong Staff Association (CityUHKSA)*

52. Mr Nicholas TAM said that if sub-degree programmes were made self-financing, CityU would suffer an about 60% reduction of recurrent block grant and some 5 000 sub-degree places would be cut and some 250 staff would lose their jobs. He stressed that given its well-established sub-degree programmes, CityU would suffer the most in the proposed funding cuts for the UGC-funded institutions.

53. Mr MAK Hoi-wah supplemented that the Administration intended to discontinue subsidization for 80% of the existing sub-degree programmes operated by CityU. He explained the importance of maintaining the current level of subsidisation for existing sub-degree programmes of CityU and PolyU which were designed for graduates to pursue higher level studies and were recognised by local and overseas universities for admission to their programmes. He pointed out that in the absence of sufficient support from the public and private sectors, City U might cease the operation of its sub-degree programmes. Mr MAK also suggested that the Administration should re-consider the proposed deregulation of university salaries in the light of the budgetary constraints. He considered that in the face of the proposed funding cuts, the provision of competitive remuneration packages to attract renowned academics from overseas would adversely affect the remuneration packages for local academics.

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*Hong Kong University of Science and Technology Staff Association (HKUSTSA)*

54. Professor Raymond Wong said that the proposed funding cuts would seriously affect the operation and development of HKUST since 75% of its operating expenditure was pay-related. He asked how the Administration would help staff members who would be adversely affected by the two salary reductions of broadly equal amount to be implemented from 1 January 2004 and 1 January 2005 respectively. He also asked about the percentage of funding cuts in other subvented sectors. Mr K L LAM supplemented that achieving an overall 10% saving from the 75% pay-related and the remaining 25% non-pay-related expenditure would be extremely difficult. It was very likely that HKUST would have to achieve the savings by way of a substantial reduction in staff establishment. He urged the Administration to work out measures to help staff members who would become unemployed as a result of the proposed funding cuts.

*Hong Kong Polytechnic University Staff Association (PolyUSA)*

55. Dr CHAN Chun-wah said that apart from the proposed 10% funding cut and a 6% reduction in staff salaries, the withdrawal of Government support for most taught postgraduate and sub-degree programmes would mean a further 20% to 25% reduction in resources allocation for PolyU. In addition, a further 10% or more reduction in recurrent funding for the 2005-08 triennium would probably be imposed. These would mean an aggregate reduction of some 50% in operating expenditure for PolyU which was apparently beyond the capacity of any UGC-funded institution to sustain.

56. Dr Gillian HUMPHREYS supplemented that the proposal to make sub-degree programmes self-financing would severely affect the quality of the sub-degree programmes offered by the PolyU, CityU and the Hong Kong Institute of Vocational Education. More importantly, low-income people would have difficulties to pay the higher tuition fees and some of them would not want to run into debts for pursuing further studies. She considered it unfair to sacrifice the rights of the less wealthy to pursue sub-degree programme studies purely on financial grounds. She added that the society would suffer from such move in the long term.

*The Academic Staff Association of the Hong Kong Institute of Education (ASA(HKIEd))*

*[LC Paper No. CB(2)1690/02-03(01)]*

57. Mr WONG Ping-ho presented the views of ASA(HKIEd) as detailed in the submission. He stressed that investment in education was crucial to the long-term development of Hong Kong in a knowledge-based economy. He urged the Administration to fulfil the Chief Executive's policy pledge that priority would be given to education in resource allocation.

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*Hong Kong Professional Teachers' Union (the Union)*  
*[LC Paper No. CB(2)1700/02-03(04)]*

58. Mr CHAN King-ming presented the views of the Union as detailed in the submission. He considered it unfair to say that the salaries of university staff were too high. He also considered it unreasonable to require local universities to step up fund-raising efforts to reduce the fiscal deficit as academics should concentrate on teaching and research work. He stressed that the proposed funding cuts would seriously affect the quality of higher education and the competitiveness of Hong Kong in the long term.

59. Mr CHAN King-ming also expressed disappointment that both EMB and UGC had failed to convince the Financial Secretary that education resources should not be reduced. He suggested that the higher education sector should join together to express objection to the proposed funding cuts and deregulation of university salaries.

*City University of Hong Kong Students' Union (CityUSU)*

60. Mr HO Wing-wai said that CityUSU objected to the proposed funding cuts for UGC-funded institutions which would severely affect the development of higher education in the long run. He stressed that the Administration should provide a stable teaching and learning environment for staff and students in the higher education sector. He considered that the proposed funding cuts, which were contrary to the policy commitment that the Government would continue to invest in education despite the budget deficits, had created confusions and uncertainties to the future development of higher education in Hong Kong. He added that arising from the proposed funding cuts, sub-degree programme places in CityU would be reduced from around 4 700 to 700 in the next few years.

61. Mr CHENG Cheuk-him said that the proposed 10% reduction in UGC block grant should be equally shared by all institutions, instead of being absorbed by institutions on the basis of their programme developments and financial positions. He pointed out that institutions such as CityU and PolyU which operated a large number of sub-degree programmes would suffer a substantial reduction in budget provisions. He considered that the provision of a matching fund of \$1 billion to encourage institutions to seek private endowments would drive institutions to concentrate on researches favoured by the commercial sector. He urged the Administration to shelve the proposed funding cuts and consult staff and students on an appropriate level of reduction in budget provisions which would not affect the quality of higher education.

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*The Hong Kong Polytechnic University Students' Union (PolyUSU)*

62. Mr OR Pok-man said that the proposed funding cuts as a result of fiscal deficit would jeopardise PolyU's future development and restrict students' choices in pursuit of higher education. Given the policy direction that taught postgraduate and sub-degree programmes should operate on a self-financing basis, PolyU would have to discontinue the operation of many sub-degree programmes on a gradual basis. To cope with an overall 50% reduction in funding support, PolyU would also have to reduce its staff establishment and concentrate on the operation of popular programmes to attract private endowments. As a result, the quality of education and staff morale in PolyU would be adversely affected, and the provision of programmes would be dominated by commercial considerations in the long run. He added that the Administration should provide details of the proposed funding cuts to facilitate public scrutiny.

63. Miss YUEN Wing-shuen supplemented that the proposed funding cuts would force universities to increase tuition fees and adopt differential fees for different programmes in the future. She stressed that PolyUSU strongly objected to the proposed funding cuts and urged the Administration to continue to provide subvention to sub-degree programmes. She considered that the Administration had made use of the proposed funding cuts to interfere with institutional autonomy.

*Hong Kong University of Science and Technology Students' Union (HKUSTSU)*  
*[LC Paper No. CB(2)1700/02-03(05)]*

64. Mr Enrico LI and Mr Raymond LAU presented the views of the HKUSTSU as detailed in the submission. They stressed that the Government should provide a clear blueprint for the future development of higher education, and explain how it could promote the quality and development of higher education in the light of the proposed funding cuts.

*Hong Kong University Students' Union (HKUSU)*

65. Mr Raymond MAK said that HKUSU objected to the proposed funding cuts on the ground that they were contradictory to the Government's policy commitment to increase investment in education. He considered that the Government had sacrificed the interests of higher education for the sake of improving basic education. He also considered that the establishment of the \$1 billion matching fund would divert institutional attention to areas which could attract more private endowments, which would in turn affect institutional autonomy and quality of higher education in the long run. He expressed disappointment that EMB had not consulted institutions and staff in proposing the funding cuts, which would ultimately lead to increases in university tuition fees. Mr Alex HUI supplemented that the adoption of the self-financing policy

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for the provision of sub-degree programmes would close the access for low-income people to climb up the social ladder.

Meeting with the Administration

*Members' views and concerns*

66. The Chairman informed the meeting that the eight Heads of UGC-funded institutions had written a joint letter to the Secretary, University Grants Committee (SG(UGC)) expressing their views and stance on the proposed funding cuts for the UGC-funded institutions [LC Paper No.CB(2)1664/02-03(08)].

67. Ms Audrey EU requested the Administration to provide a clear picture on the percentages of the funding cuts proposed for individual institutions in 2004-05 and subsequent years. She pointed out that while deputations had given different percentages of funding cuts for their institutions, the Administration had only indicated that a 10% reduction in UGC's block grant was expected for the rollover year 2004-05. Referring to the joint letter from the Heads of the eight UGC-funded institutions, Ms EU doubted how Heads of UGC-funded institutions could effectively plan the future development of their institutions in the light of the proposed 10% and other possible funding cuts in the 2005-08 triennium.

68. Deputy Secretary for Education and Manpower (1) (DS(EM)1) responded that the Administration had yet to determine the education budget for the 2004-05 financial year. He pointed out that the 10% reduction in UGC's block grant was an estimate proposed to facilitate discussions between UGC and individual institutions on apportionment of the reduction based on their academic development programmes. He stressed that the 10% reduction was targeted at efficiency savings and would not be applied across the board to include items such as funding for the Home Financing Scheme (HFS), reimbursement of government rent and rates paid by the institutions, staff pay adjustments, etc. He added that more information on the education budget for the 2004-05 year would be available in mid-2003.

69. The Chairman requested the Administration to respond to paragraph 3 of the joint letter from Heads of the eight UGC-funded institutions, which indicated that the overall funding cuts for 2004-05 would in fact be more than the proposed 10% reduction in UGC's block grant as it did not include the reductions arising from the policy for taught postgraduate and sub-degree programmes to operate on a self-financing basis, a 3% reduction in staff salaries and deregulation of housing benefits, and further reduction likely to be imposed in the 2005-08 triennium.

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70. DS(EM)1 clarified that the 3% salary reduction would apply to all Government bureaux and departments as well as the subvented sectors. He confirmed that the Administration intended to put the operation of taught postgraduate and sub-degree programmes on a self-financing basis gradually. He explained that to cope with an expanding post secondary sector, there was a need to free up resources so that more students would benefit from public subsidy in one form or another. To address the concerns of the stakeholders, the affected institutions and their staff, the Government had undertaken that most of the savings achieved would be used to benefit students in the sub-degree sector. He added that UGC was collaborating with the affected institutions to review their sub-degree programmes for such purpose.

71. DS(EM)1 also clarified that the deregulation of housing benefits did not constitute further funding cuts to UGC-funded institutions. He explained that the recurrent block grants of UGC-funded institutions were calculated on the basis of the overall student unit cost which already incorporated an element of housing benefits. The introduction of HFS for eligible staff in October 1998 had necessitated the Government to provide a top-up allocation to meet the additional upfront costs in implementation. The original objective of introducing HFS was to meet the home ownership aspirations of eligible staff of the UGC-funded institutions and to reduce the Government's long-term expenditure on housing benefits in the UGC sector. However, it would not be in line with the objective of deregulating remuneration systems in the sector if the Government continued to mandate HFS as the only form of housing benefits to new staff appointed on or after the effective date. The deregulation proposal would provide flexibility to institutions in putting together an integrated total remuneration package for their staff. After deregulation, the institutions would continue to use resources within the block grant for providing housing benefits to their staff.

72. The Chairman said that according to Dr CHAN Chun-wah, PolyU would suffer a 50% reduction in budget allocation as a result of the self-financing policy for taught postgraduate and sub-degree programmes. He sought clarifications about the actual extent of funding cuts for the affected institutions.

73. SG(UGC) responded that UGC had conducted a number of consultations with UGC-funded institutions on identification of sub-degree programmes which should operate on a self-financing basis and the determination of an implementation timetable up to the 2007-08 academic year. He pointed out that the cumulative percentages of funding cuts for the affected institutions would increase with the year of implementation. Given the prevailing economic conditions, the Government would adopt a gradual approach in implementing the self-financing policy, taking into account the market demand of individual sub-degree programmes. In addition, the Government had undertaken that most of the savings achieved would be

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ploughed back to the sub-degree sector. He added that the estimated percentages of funding cuts quoted by deputations appeared to be more on the upper extreme and UGC would anticipate a lower percentage of reduction.

74. Mr CHEUNG Man-kwong expressed strong objection to the Financial Secretary's proposal to reduce education resources. He asked how the Administration would respond to the unanimous opposition of Heads, staff and students of UGC-funded institutions to the proposed 10% reduction in UGC's block grant in the 2004-05 rollover year, the provision of taught postgraduate and sub-degree programmes on a self-financing basis, the deregulation of university salaries and housing benefits, and further reduction in recurrent funding for the 2005-08 triennium. Referring to paragraph 5 of the joint letter from Heads of UGC-funded institutions, Mr CHEUNG also asked whether the Administration would freeze the above proposals on funding cuts and consult stakeholders on the appropriate reduction of funding support for UGC-funded institutions.

75. The Chairman also asked whether the Administration would respond to the request of the Heads of UGC-funded institutions to review its plans so as to ensure that any decision relating to funding would be the result of an open and transparent dialogue, any reduction in funding would not unduly damage any institution, and any funding cuts would be phased in gradually.

76. DS(EM)1 responded that the proposed funding cuts were proposed in response to the target set by the Financial Secretary to reduce total government operating expenditure from \$220 billion, as originally estimated, to \$200 billion by 2006-07. He pointed out that while all bureaux and departments would strive to achieve all possible savings, the UGC sector would also have to share the responsibility. Whilst UGC would proceed to discuss with institutions on the apportionment of the 10% reduction in UGC's block grant on the basis of their academic development programmes and financial position, the Administration had proposed a number of measures to assist institutions. These included allowing institutions to retain 20% of their savings in the 2001-04 triennium for use in the 2005-08 triennium and suspending the requirement of achieving a 1.8% saving in the operating expenditure on the existing and new or improved services as planned in 2003-04. With one year of advance notice and the establishment of the \$1 billion matching fund, the Administration hoped that institutions would be able to cope with the funding cuts by adjusting their academic and resource plans and stepping up fund-raising efforts. He added that the savings generated from the provision of taught postgraduate programmes on a self-financing basis would be ploughed back to the UGC sector.

77. Mr CHEUNG Man-kwong remarked that the proposed relief measures could hardly assist the UGC-funded institutions in resolving the difficulties arising from the proposed funding cuts. He held a strong view that UGC

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should continue to liaise with the Financial Secretary on appropriate reduction of funding support for UGC-funded institutions.

78. Mr MA Fung-kwok said that the development of higher education in Hong Kong was crucial to the future success of Hong Kong in the face of an increasingly knowledge-based global environment. He held the view that the UGC sector was well aware of the need to share the responsibility of achieving efficiency savings during a period of fiscal deficit and economic downturn. He expressed sympathy for the Heads of UGC-funded institutions for having to tackle the difficult management issues arising from the proposed funding cuts. He stressed that the Administration should consult UGC-funded institutions and their staff on the feasibility of the proposed funding cuts. In view of deputations' concerns, he urged the Administration to seriously re-consider the feasibility and timing for implementing the various proposals such as deregulation of university salaries on 1 July 2003.

79. SG(UGC) responded that the 10% reduction in UGC's block grant was only an initial estimate and there should be room for discussion and possible adjustment. He pointed out that pay-related expenditure and non-pay-related expenditure provisions in the recurrent grants would be separately adjusted following the change in civil service pay levels and the consumer price index respectively, outside the proposed 10% reduction in 2004-05. He stressed that the proposal to deregulate university salary was cost neutral and institutions would not be worse off because of the proposal in terms of the public funds they received. He added that the proposal to deregulate the salary scales on 1 July 2003 was the first step to allow deregulation of salary in the UGC-funded sector. Given the complicated planning and consultation work involved, institutions should be given sufficient time to design their new remuneration systems and prepare the necessary implementation plans.

80. The Chairman said that it was the first time that Heads of the eight UGC-funded institutions had written to express their worries and concerns over a reduction of funding proposed by the Administration. He suggested that staff and students attending the meeting should assist in circulating the joint letter to their colleagues and fellow students in UGC-funded institutions so that the views and stance of the Heads on the proposed funding cuts would be made known widely.

81. The Chairman, Mr SZETO Wah and Mr CHEUNG Man-kwong urged EMB and UGC to convey the views and concerns of members and deputations to the Financial Secretary for consideration. The Chairman suggested that SEM should discuss with the Federation and UGC should discuss with the Heads and staff of UGC-funded institutions the proposed funding cuts and deregulation of university salaries. Mr CHEUNG stressed that EMB should be tough in negotiating with the Financial Secretary for a reasonable funding cut for the UGC sector. He pointed out that funding for the sector had already

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been reduced by about 10% in the past six years and institutions simply could not sustain another 10% funding cut.

82. Principal Assistant Secretary for Education and Manpower (Higher Education) responded that there was an established mechanism for UGC to discuss with institutions on matters relating to the funding allocations. Responding to the Chairman, he added that SEM would consider requests from the Federation and staff associations of institutions for a meeting to discuss the proposed funding cuts.

83. Mr SZETO Wah said that the meetings between EMB and the Financial Secretary as well as those between UGC and Heads and staff of UGC-funded institutions should be conducted in an open and transparent manner. He suggested that the Administration should defer submission of the proposal on deregulation of university salaries to the Finance Committee on 11 April 2003 so as to give time for EMB and UGC to conduct the necessary consultation.

84. DS(EM)1 reiterated that the 10% reduction in UGC's block grant for the rollover year in 2004-05 was only an initial estimate. He pointed out that the actual percentage of reduction for the UGC sector would depend on the final education budget for 2004-05 as well as the anticipated efficiency savings through re-prioritisation, re-organisation and re-engineering within EMB. He also explained that deregulation of university salaries was a separate issue from the funding cuts because it was a cost neutral exercise and institutions would not be worse off as a result of the exercise in terms of the public funding they received. He, however, undertook to relay the views of members to SEM for consideration.

85. Mr MA Fung-kwok considered it inappropriate to submit the proposal on deregulation of university salaries to the Finance Committee for consideration when the whole UGC sector had expressed opposition to the deregulation. He expressed doubt about whether the Heads of UGC-funded institutions were still in support of the deregulation in the light of the proposed funding cuts in UGC's block grant.

86. SG(UGC) replied that Heads of UGC-funded institutions had expressed support for the deregulation proposal. The Chairman remarked that the joint letter from the Heads of the institutions appeared to indicate a different view. He requested SG(UGC) to ascertain their latest position in respect of the deregulation proposal.

87. In concluding the discussion, the Chairman urged the Administration to arrange a meeting between SEM and the Federation, and UGC to discuss with the Heads and staff of UGC-funded institutions the proposed funding cuts and subvention for sub-degree programmes. At his request, the Administration agreed to report the outcome of the discussions to the Panel in due course. The

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Chairman also requested the Administration to consider deferring the submission of the proposal on deregulation of university salaries and housing benefits to the Finance Committee for consideration on 11 April 2003.

**III Any other business**

88. There being no other business, the meeting ended at 8:35 pm.

Council Business Division 2  
Legislative Council Secretariat  
16 May 2003