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Panel on Education

**Minutes of special meeting
held on Monday, 30 June 2003 at 2:30 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 Jasper TSANG Yok-sing, GBS, JP
Hon CHOY So-yuk
Hon SZETO Wah
Hon Tommy CHEUNG Yu-yan, JP
Dr Hon LO Wing-lok
Hon WONG Sing-chi
Hon Audrey EU Yuet-mee, SC, JP
Hon MA Fung-kwok, JP
- Member attending** : Dr Hon LAW Chi-kwong, JP
- Member absent** : Hon Emily LAU Wai-hing, JP
- Public Officers attending** : Ms Irene YOUNG
Principal Assistant Secretary for Education and
Manpower (Higher Education)

University Grants Committee team

Mr Peter CHEUNG, JP
Secretary-General

Mr Norman LEUNG, GBS, JP
Council Chairman
City University of Hong Kong

Professor Y S WONG, JP
Vice-President for Administration
City University of Hong Kong

Mrs Betty CHAN
Director of Public Affairs
City University of Hong Kong

Ms Beatrice LEE
Assistant Secretary to Council
City University of Hong Kong

Attendance by invitation : Save the College Action Group, City University of Hong Kong

Ms Wanda LAU Woon-yee
Convenor

Mr FUNG Wai-wah
Deputy Convenor

Staff Association of City University of Hong Kong

Mr Nicholas TAM Pu-ho
Chairman

Mr Kevin K K MANUEL
Executive Committee Member

City University of Hong Kong Students' Union

Mr TSANG Ka-yin
President

Mr CHENG Cheuk-him
External Vice President

Federation of Hong Kong Higher Education Staff
Associations

Professor SHUM Kar-ping
Chairman

Dr CHAN Che-wai
Vice-Chairman

Division of Computer Studies Students and Alumni
Saving AD Courses, City University of Hong Kong

Mr Felix LEUNG Kwok-wai
President

Mr Tony LAM Chi-yung
Vice-President

Hong Kong Professional Teachers' Union

Mr CHAN King-ming
Executive Committee Member

A group of students from CityU's self-financing
associate degree programmes

Mr CHAN Kwan-lun
Representative

Special Task Force, Department of Applied Social
Sciences, The Hong Kong Polytechnic University

Dr Fernando CHEUNG

**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. Future provision of associate degree programmes in the City University of Hong Kong

The Chairman welcomed representatives of the Administration, the University Grants Committee (UGC) Team and deputations to the meeting.

Meeting with deputations

2. At the invitation of the Chairman, representatives of deputations presented their views on the future provision of associate degree programmes in the City University of Hong Kong (CityU). A summary of their presentations is in paragraphs 3 to 13.

*Save the College Action Group, City University of Hong Kong
[LC Paper No. CB(2)2717/02-03(01)]*

3. Ms Wanda LAU and Mr FUNG Wai-wah presented the views of the Save the College Action Group (SCAG) as detailed in the submission. They stressed that SCAG would like the Panel to urge the Administration and University Grants Committee (UGC) to review the scope and prolong the transitional period for CityU to operate its associate degree programmes on a self-financing basis, to request UGC to assist CityU in switching the operation of its associate degree programmes from a subsidized to a self-financing mode, to request UGC and CityU Council to collaborate in the supervision of the CityU Management, and to follow up on the future role and mission of CityU in the provision of associate degree programmes to the community.

*Staff Association of City University of Hong Kong
[LC Paper No. CB(2)2724/02-03(01)]*

4. Mr Nicholas TAM presented the views of the Staff Association of CityU as detailed in the submission which was tabled at the meeting. He highlighted that the Staff Association suggested that the Education and Manpower Bureau (EMB) and UGC should continue to provide funding support to CityU's College of Higher Vocational Studies to operate its sub-degree programmes until the College had been provided with the land and facilities to operate these programmes on a self-financing basis.

City University of Hong Kong Students' Union

5. Mr CHENG Cheuk-him said that the decision of the CityU's Management Board in response to UGC's notification on withdrawal of funding support for its 13 sub-degree programmes would mean the loss of some 5 000 sub-degree programme places in the higher education sector. He pointed out that implementing the self-financing policy would affect the quality

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of sub-degree programmes and deprive the right of the less wealthy students to pursue sub-degree studies.

6. Mr TSANG Ka-yin said that students were most concerned whether CityU had the determination to continue the provision of sub-degree programmes. He stressed that sub-degree programmes subvented by public funds had a reputation of quality and provided different choices to students, while implementing the self-financing policy would leave the market to determine the supply and quality of the sub-degree programmes. He considered that withdrawal of funding support would end the operation of the existing sub-degree programmes, the quality of which were highly praised by the local and overseas institutions. Mr TSANG urged the Administration to continue the funding support for CityU at the current level in order to maintain the quality of its sub-degree programmes.

Federation of Hong Kong Higher Education Staff Associations

7. Professor SHUM Kar-ping expressed disappointment over the Administration's policy changes in the provision of funding support to the higher education sector after re-unification in 1997, in particular the self-financing policy for the provision of the sub-degree programmes which was implemented without sufficient consultation. He suggested that the CityU Management should consult staff and students on the future development of its sub-degree programmes if the programmes were to be provided on a self-financing basis, and be insistent on requesting the Administration to continue providing funding support for the 13 sub-degree programmes in question.

8. Dr CHAN Che-wai pointed out that according to the Administration, the unit cost of a two-year sub-degree programme of CityU was around \$180,000. He doubted how many students could afford to pay the high fees if CityU's sub-degree programmes were to be provided on a self-financing basis. He also queried the quality of the existing sub-degree programmes in the market, the fees of which were charged at levels lower than those of the senior secondary classes.

Hong Kong Professional Teachers' Union
[LC Paper No. CB(2)2721/02-03(01)]

9. Mr CHAN King-ming presented the views of the Hong Kong Professional Teachers' Union as detailed in the submission. He said that the Union suggested the CityU Management to consult staff and students on feasible alternatives in the future provision of sub-degree programmes, and UGC to provide justifications for withdrawing funding support from CityU's sub-degree programmes. The Union considered that any proposal on reduction of higher education resources should be discussed by the Legislative Council (LegCo). He stressed that the Union strongly objected to the unfair self-

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financing policy for the provision of sub-degree programmes and urged the Administration to maintain the current level of funding support for the sub-degree programmes of CityU and the Hong Kong Polytechnic University (PolyU).

Division of Computer Studies Students and Alumni Saving Associate Degree Courses, CityU
[LC Paper No. CB(2)2703/02-03(01)]

10. Mr Felix LEUNG presented the views of the Division of Computer Studies Students and Alumni Saving Associate Degree Courses as detailed in its joint submission with the Organizing Committee of the Division of Language Studies Alumni Association, the CityU Accountancy (Division of Commerce) Alumni Association Limited and the CityU Community Service Management (Division of Social Studies) Alumni. He urged CityU to continue the operation of sub-degree programmes in any circumstances and the Administration to increase its funding allocation to higher education.

11. Mr Tony LAM considered that setting the policy objective of enhancing the age participation rate in post-secondary education was similar to the government commitment of building 85,000 flats a year which was an ambitious plan without any blueprint for its implementation. He expressed concern whether the existing acceptability of CityU's associate degrees for applications to higher level studies in overseas institutions would be affected after the withdrawal of Government funding support. He also pointed out that the less wealthy students would have difficulty to pay around \$180,000 for attending a two-year sub-degree programme offered by CityU.

Representative of a group of students from CityU's self-financing associate degree programmes

12. Mr CHAN Kwan-lun said that tuition fees for self-financing associate degree programmes were about 30% higher than those of the subsidized associate degree programmes run by CityU. He explained to members the different terms and conditions in the provision of financial assistance to sub-degree programme students and degree programme students administered by the Student Financial Assistance Agency (SFAA). He also elaborated on the financial difficulties experienced by needy students of a self-financing sub-degree programme in payment of the tuition fees and in settlement of the loans involved after graduation. Mr CHAN considered that the Administration should provide the same level of subsidization to degree and sub-degree programmes, and similar level of financial assistance to students in both the sub-degree and degree sectors. He also expressed concern about the impact of the self-financing policy on the recognition of associate degrees by employers and overseas institutions. In conclusion, he urged the Government to provide the same level of financial assistance to students of degree and sub-degree

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programmes, and to maintain the current level of subsidization for CityU's associate programmes.

*Special Task Force, Department of Applied Social Sciences
The Hong Kong Polytechnic University
[LC Paper No. CB(2)2724/02-03(02)]*

13. Dr Fernando CHEUNG presented the views of the Special Task Force in the Department of Applied Social Sciences of PolyU as detailed in the submission which was tabled at the meeting. He expressed concern about the trend towards commercialisation in the provision of higher education and questioned the justifications for reducing funding support for the sub-degree sector. He pointed out that for a student applying for undergraduate studies in a university, his success or failure could well be determined by his choice of programme, i.e. an unsuccessful applicant might well be accepted if he had chosen a less popular programme. He considered it unfair to provide 82% subsidy to degree programmes but no subsidy to sub-degree programmes. He cited his personal experience in pursuit of higher education as an example to illustrate that without Government subsidization, needy students simply could not afford to pay the high tuition fees of sub-degree programmes if they were operated on a self-financing basis or higher education in overseas institutions.

UGC's and Administration's response to the views and concerns of deputations

14. SG(UGC) said that the CityU Management had all along done its best in negotiating with EMB and UGC for better terms and arrangements in the implementation of the phasing out of subsidy to sub-degree programmes in CityU. He pointed out that following a comprehensive review of the higher education sector in Hong Kong and an extensive consultation, UGC had submitted its recommendations to the Government in 2002. One of the main recommendations accepted by the Government was that sub-degree programmes should in general be provided on a self-financing basis, with the following exceptions –

- (a) courses that required high start up and maintenance costs or access to expensive laboratories/equipment;
- (b) courses that met specific manpower needs; and
- (c) courses that could be regarded as endangered species, i.e., those that lacked market appeal to the provider and the average students, such as pure arts or science.

15. SG(UGC) further said that UGC had set up a specialist group in early 2003 to review the existing UGC-funded sub-degree programmes offered by CityU and PolyU. Apart from the above three criteria for continuous funding

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support, the specialist group also worked according to the following guiding principles in deciding whether funding support should be continued -

- (a) programmes with comparable alternatives in the market, including those offered by the continuing education arms or community colleges of UGC-funded institutions, should go first;
- (b) programmes proposed for conversion by the concerned institutions themselves should go first;
- (c) implementation should be gradual, as far as possible;
- (d) same treatment for similar programmes offered across institutions; and
- (e) protection of students in the pipeline.

16. SG(UGC) highlighted that based on the above criteria for withdrawal of funding support, it would be unfair to say that sub-degree programmes not supported by public funds were less popular or inferior in terms of their academic quality. He explained that sub-degree programmes run by UGC-funded institutions had unit costs ranged from \$100,000 to \$190,000, and, because of the criteria quoted above, withdrawal of funding support would start with the programmes with lower unit costs. He considered that the quality of a sub-degree programme was not solely dependent on the cost incurred, as programmes run by some private operators were of satisfactory standards. He added that private operators held the view that there could not be fair competition in the sub-degree sector if some programmes were better funded and better recognized for articulation, simply because they were run by UGC-funded institutions.

17. Principal Assistant Secretary for Education and Manpower (Higher Education) (PAS(EM)HE) explained the background for a policy review of the provision of funding for the higher education sector in the context of changing social environment. She pointed out that after the review, the Government had accepted the UGC's recommendation that sub-degree programmes should in general be operated on a self-financing basis. She pointed out that in the light of an expanding post-secondary sector, there was the need to free up resources so that more students might benefit from public subsidy in one form or another, and to achieve a more equitable distribution of resources. She stressed that students already enrolled in subsidized sub-degree programmes would not be affected before their graduation. The Administration had also undertaken that most of the savings achieved would be used to benefit students in the sub-degree sector through different measures such as enhancing the financial assistance to students. The Government had extended the scope of assistance

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offered to students under the Non-means-tested Loan Scheme, and introduced a scheme to offer grants and low interest loans to the most needy students.

Meeting with the Administration and University Grants Committee
[LC Paper Nos.CB(2)2662/02-03(01) and CB(2)2703/02-03(02)]

18. Members noted that Chairman of CityU Council and three senior staff members of CityU attended the meeting as members of the UGC team.

Views and requests of the Chairman of the CityU Council

19. At the Chairman's invitation, Chairman of CityU Council presented the background information on the Government's decision to withdraw funding support for CityU's 13 associate degree programmes and the decisions of CityU's Management Board, Senate and Council on the matter as highlighted in his speaking note which was tabled at the meeting [LC Paper No.CB(2)2724/02-03(03)]. He hoped that the Administration would provide the same level of funding support to CityU as it would provide to PolyU as a result of implementing the self-financing policy, i.e., at around 75% of the current subsidization for their existing programmes. Specifically, he requested the Administration to consider -

- (a) providing an across-the-board 75% subvention on CityU's existing sub-degree programmes;
- (b) providing a suitable site for CityU to operate a community college for provision of both subsidized and self-financing sub-degree programmes in the long run; and
- (c) providing funding support for the construction of the campus and facilities essential for the smooth operation of CityU's future community college.

20. Chairman of CityU Council further said that having participated in the management of the CityU for some 18 years and 6 months, he personally was seriously disappointed with the Government's decision to withdraw funding support for the 13 associate degree programmes. He stressed that CityU's associate degree programmes were praised as benchmarks by Lord SUTHERLAND in the Report of the Higher Education in Hong Kong. He also stressed that it was financially not viable to maintain the quality of these programmes if they were operated on a self-financing basis. Chairman of CityU Council added that according to a survey in 2001, around 70% of the students of CityU's associate degree programmes came from families with a monthly income of \$15,000 a month or below, and these students could hardly afford to pay the costs to pursue higher education studies overseas.

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21. PAS(EM)HE responded that the Administration would continue to provide funding support for sub-degree programmes which fulfilled the criteria as highlighted by SG(UGC) in paragraph 14 (a) - (c). To facilitate a progressive expansion in self-financing post-secondary programmes, the Government would allocate land and start-up loans to institutions and providers for launching new and accredited associate degree/higher diploma programmes. Recently, the Government had approved the grant by private treaty of four sites for the construction of purpose-built premises for the provision of non-profit-making post-secondary education programmes, and the Finance Committee had approved start-up loans to the grantees to cover the costs of construction, equipment and refurbishment. She added that completion of these projects would create about 9 000 additional student places in the sub-degree sector.

22. SG(UGC) supplemented that withdrawal of funding support for PolyU's sub-degree programmes were decided in accordance with the criteria in paragraph 14 (a) - (c). It would be unfair to set the same percentage for withdrawal of funding support from existing sub-degree programmes run by CityU and PolyU. He pointed out that by the end of the 2005-08 triennium, only 30% of CityU's existing sub-degree programmes, which took up around 25% of CityU's existing student numbers at sub-degree level, would be publicly funded. Nevertheless, CityU had the discretion as to whether, when and how the 13 sub-degree programmes should continue to be operated in the future.

Discussion

23. Mr CHEUNG Man-kwong asked whether the CityU Council was determined to continue the operation of the 13 associate degree programmes, even though they would still be required to operate on a self-financing basis after further negotiations with EMB and UGC.

24. Chairman of CityU Council responded that the Executive Committee of the CityU Council had discussed the recommendation of the Management Board on 29 May 2003 and accepted the recommendation of the President of City U to set up a Working Group of the Council to look into the future provision of associate degree programmes. He assured members that he personally was committed to negotiating with UGC and EMB for continuous provision of subsidy to the 13 sub-degree programmes. He reiterated that without sufficient funding, the academic quality of these programmes could not be maintained at the current level. If the Government would agree to subsidize at 75% of the current level of subsidization, CityU would, apart from running the existing associate degree programmes, proactively consider running other sub-degree programmes on a self-financing basis.

25. Mr CHEUNG Man-kwong was of the view that implementing the self-financing policy for the sub-degree sector in the name of providing a level playing field for non-UGC-funded institutions was only an excuse. He

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considered that the actual cause for sub-degree programmes to be provided on a self-financing basis was the need to achieve the policy objective of enhancing the age participation rate in post-secondary education to 60% without incurring additional expenditure.

26. Referring to the allegations as detailed in the submission of SCAG, Mr CHEUNG Man-kwong queried the justifications for the Management Board to release the press statement on 16 May 2003 which disclosed its recommendation to discontinue the provision of the 13 associate degree programmes as soon as the funding support for individual programmes was withdrawn. He asked why the Management Board had decided to ignore the request of the affected staff to defer release of the press statement until the CityU Senate and CityU Council had discussed its recommendations. Mr CHEUNG further said that there were allegations that the President of the CityU had violated the CityU's administrative procedures and decided, in an autocratic manner, the release of the press statement without prior consultation with the CityU Council, Senate, staff and students. He asked whether the President of CityU should be held responsible in the matter.

27. In response, Chairman of CityU Council said that as he had openly indicated to the press earlier, he considered that the CityU Management could have handled the matter better. Professor Y S WONG of CityU said that the Management Board understood the feelings of the affected staff, and shared the views of SCAG and agreed to the four requests as highlighted in its submission. He explained that unlike continuing education programmes offered by community colleges, CityU's sub-degree programmes were conducted by professional staff who were paid at higher salaries and supported with better facilities. He informed the Panel that the unit costs of sub-degree programmes run by CityU and community colleges were in the range of \$90,000 to \$100,000 and \$30,000 to \$40,000 respectively. The suggestion to reduce staff salaries in order to continue running of the programmes was not accepted by UGC because cross-subsidy was not permitted. After a detailed analysis of the new operating environment and careful deliberation, the Management Board concluded that it should prepare for the phasing out of the 13 programmes and the running-down arrangements which would affect about 150 staff members. The Management Board had also recommended to the CityU Council that Government support should be sought for a generous compensation package for the staff who would be made redundant as a result of the withdrawal of funding support. After that, the Management Board would examine the possibility of running market-driven sub-degree programmes in other modes to meet the educational needs of the public.

28. Professor Y S WONG of CityU further explained that the Management Board was under considerable pressure from staff and the press to make known its recommendations to the CityU Senate and CityU Council following UGC's announcement of the future funding for CityU's sub-degree programmes. The

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Management Board considered that deferring the release of the press statement until the CityU Senate and CityU Council had discussed the matter would mean withholding the release of its recommendations to staff and students for a long time, which would create unnecessary suspicions about the intention of the Management Board and bring about other allegations. He also pointed out that programme coordinators in CityU were anxious to know whether their sub-degree programmes would continue to be publicly funded or not. To enhance transparency, the Management Board therefore decided to inform all staff of its decisions and recommendations to the CityU Senate and CityU Council through an electronic message, as well as to release the press statement on 16 May 2003.

29. Professor Y S WONG of CityU stressed that the Management Board had made it clear in the press statement that it had put forward its recommendation to discontinue the running of the 13 associate degree programmes when funding support was withdrawn to the CityU Senate and CityU Council for consideration. He also highlighted that disclosing the recommendation would not have concluded the Government's decision to withdraw funding support from the 13 associate degree programmes since the Government's decision on withdrawal of funding support had already been finalized after a series of discussions with CityU Management. He added that strictly speaking, the Management Board had the authority to decide the operation of new and existing academic programmes. Nevertheless, it had chosen to consult the CityU Senate and CityU Council in view of the wide implications of its recommendation to phase out the 13 sub-degree programmes.

30. Mr CHEUNG Man-kwong said that he had the impression that the way the Management Board's recommendation was presented in the press statement had conveyed more of its determination to terminate than to continue the operation of the 13 sub-degree programmes in question. Nevertheless, he considered that the Government rather than the CityU Management should be the one to take the blame. He encouraged the CityU Council and Management to collaborate with staff and students in the fight against the Government's decision to withdraw funding support from the 13 sub-degree programmes. He also considered that the President of CityU should express apologies to staff and students for any mistakes he had committed in handling the matter.

31. Mr CHEUNG Man-kwong suggested that the Administration should seriously consider the requests of the Chairman of CityU Council for continued provision of funding support for the 13 sub-degree programmes or provision of funding support at 75% of the current level of subsidy. He also suggested that the Administration should provide a suitable site and a start-up loan for CityU to set up a community college to offer sub-degree programmes on a self-financing basis in the long run. Mr CHEUNG stressed that the Government should review the fairness of its current policies on provision of funding support to degree and sub-degree sectors.

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32. Mr SZETO Wah expressed appreciation of the persistence of the Chairman of CityU Council in the fight against withdrawal of funding support from the 13 sub-degree programmes. He considered that the President of CityU and the Management Board should demonstrate the same degree of determination, instead of creating an impression to the public that the Government's decision to withdraw funding support was final. He pointed out that CityU had been recognized as the major provider of quality associate degree programmes in Hong Kong and phasing out the 13 sub-degree programmes would in effect change the value and image of CityU. Mr SZETO also suggested that the Administration should seriously consider the three requests of the Chairman of CityU Council and the views of the deputations.

33. Chairman of CityU Council responded that at the last CityU Council meeting, the President of CityU had undertaken that he would support the recommendations of the Working Group of the CityU Council on future provision of sub-degree programmes in CityU. Professor Y S WONG of CityU supplemented that the CityU Management had established a planning committee in 2000 comprising 13 members to plan the academic development of a community college. It had conducted a study on re-development of the existing staff quarters on the CityU campus to provide buildings and facilities for a community college. Unfortunately, the proposed re-development was not supported by the Government on the grounds that it did not conform to the planning guidelines for the area.

34. Mr David CHU expressed regrets that the Secretary for Education and Manpower (SEM) and the Permanent Secretary for Education and Manpower (PSEM) had not attended the meeting, and Government policies on provision of funding support to sub-degree programmes had been inconsistent. He also expressed regret over the withdrawal of funding support for sub-degree programmes, saying that the value and benefit of education should not be measured in monetary terms.

35. Mr SZETO Wah considered that the President of CityU should attend the meeting and respond to the views and concerns of members and deputations directly. Mr LEUNG Yiu-chung also expressed dissatisfaction that SEM, PSEM and the President of CityU, as the responsible officials, had not attended the meeting to exchange views and concerns with the deputations.

36. Chairman of CityU Council replied that the President of CityU had explained that he had not been invited to the meeting. The Chairman pointed out that the Panel had written to the Chairman of the CityU Council to invite representatives of the CityU Council to the meeting. Mr LEUNG Yiu-chung said that as a member of the CityU Council, the President of CityU should take the initiative to attend the meeting with the Chairman of CityU Council. Mr LEUNG also considered that the Chairman of CityU Council should ask the

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President of CityU to discuss with staff and students on the withdrawal of funding support to the 13 associate degree programmes, and to attend the meeting if it was within his authority to do so.

37. Mr SZETO Wah asked whether the President of CityU had discussed with staff and students on the Administration's decision to withdraw funding support from the 13 associate degree programmes. Chairman of CityU Council responded that he had encouraged the President of CityU to consult staff and students on the matter, and the President of CityU had subsequently met representatives of staff and students.

38. Ms Cyd HO considered that SEM and the Financial Secretary (FS) should attend the meeting to explain the self-financing and other funding policies in the education sector in the light of the fiscal deficits. She did not agree to the saying that most of the savings achieved would be used to benefit students in the sub-degree sector through different measures such as enhancing the financial assistance to students. She pointed out that sub-degree programme students who had received financial assistance through SFAA would have to settle the debts after graduation and the monies would eventually be returned to the Government's purse. Ms HO also expressed concern about the quality of sub-degree programmes operating on a self-financing basis. She considered that given the library and other facilities operated by CityU and PolyU, non-UGC-funded providers could hardly catch up with CityU and PolyU in provision of quality sub-degree programmes. Moreover, if a student could afford to pay some \$90,000 a year for attending a sub-degree programme, he might prefer to pursue a similar study overseas.

39. PAS(EM)HE responded that the Administration considered it fairer and more cost-effective to redirect the provision of education resources to students instead of providers of sub-degree programmes. She pointed out that by enhancing financial assistance to students, the collective preference of students in the sub-degree sector would determine the types of self-financing programmes which would be financially viable in the market. She reiterated that the Government had extended the scope of assistance offered to students under the Non-means-tested Loan Scheme and introduced a scheme to offer grants and low interest loans to the most needy students. She added that there were some 100 self-financing programmes at sub-degree level or above in the 2002-03 academic year providing about 9 000 places for senior secondary school leavers. The quality of these sub-degree programmes were accredited by the UGC-funded institutions or the Hong Kong Council for Academic Accreditation (HKCAA).

40. Ms Cyd HO asked whether cross-subsidy should be allowed so that UGC-funded institutions would have flexibility in deployment of funds to support the self-financing sub-degree programmes. SG(UGC) replied that cross-subsidy would be allowed during the transitional period for sub-degree

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programmes to switch to be operated in self-financing mode, the duration of which would be determined in collaboration with UGC-funded institutions. He, however, pointed out that paragraph 2.22 of the Report on Higher Education in Hong Kong had stipulated that any public sector funds used to support associate degree and community colleges should be accounted for separately from any UGC funds to support degree level work, and that there should be no cross subsidy. In the long term, universities would need to establish principles and rules to enable their community colleges to flourish with an appropriate degree of academic and financial independence from their parent universities.

41. The Chairman expressed support for allowing cross-subsidy between degree and sub-degree programmes during the transitional period for implementing the self-financing policy for sub-degree programmes. He suggested that the Administration and UGC should prolong the transitional period to facilitate implementation.

42. Ms Cyd HO sought clarifications about the major items constituting a unit cost of around \$90,000 of a sub-degree programme. Professor Y S WONG of CityU replied that some \$50,000 was spent on staff salaries and non-staffing items such as equipment, office expenses and consumables. The remaining \$40,000 would be contributed towards the maintenance of CityU's infrastructure including the library, sports facilities, etc.

43. Mr LEUNG Yiu-chung queried that the provision of a level playing field for non-UGC-funded providers in the sub-degree sector had led to staff redundancy in CityU and PolyU as well as fewer choices to students in pursuit of quality sub-degree studies. He considered that the Government should subsidize degree and sub-degree programmes on an equal basis. He asked why the Administration considered it unfair to maintain the status quo and continue to subsidize sub-degree programmes offered by CityU and PolyU.

44. PAS(EM)HE explained that the Administration considered it fairer to allocate the education resources for the sub-degree sector to students direct. The existing allocation of resources to specific sub-degree programmes run by some UGC-funded institutions was considered to be unfair to other programme providers in the sub-degree sector. With an expanding post-secondary sector, there was an increasing need to free up resources for the sub-degree sector so that more students could benefit from public subsidy in one form or another. By redirecting resources in the sub-degree sector from institutions to students, providers in the market would have to provide the types of self-financing sub-degree programmes to suit students' needs.

45. Mr LEUNG Yiu-chung asked how the Administration would monitor the quality of sub-degree programmes operating on a self-financing basis. SG(UGC) replied that UGC-funded institutions had internal mechanisms in place to accredit the quality of their sub-degree programmes. Sub-degree

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programmes run by non-UGC-funded institutions would be accredited by HKCAA. SG(UGC) added that there were now many quality sub-degree programmes in the market. He considered that the academic quality of a sub-degree programme did not depend solely on the costs incurred to run the programme.

46. Mr YEUNG Yiu-chung was of the view that there were two mistakes in respect of the implementation of the self-financing policy for the provision of sub-degree programmes. Firstly, achieving the policy objective of enhancing the age participation rate in post-secondary education to 60% without additional resources was not viable. Secondly, the pursuit of absolute fairness by way of creating a level playing field for all sub-degree programme providers was impractical and would destroy the benchmarks established by UGC-funded institutions for private providers to follow. Mr YEUNG suggested that the Government should maintain the provision of funding support to sub-degree programmes at the current level. He considered that the existing sub-degree programmes run by CityU and PolyU should continue to be publicly funded and serve as benchmarks for monitoring the quality of sub-degree programmes run by private operators. He held the view that competition between the public and private sectors in the provision of sub-degree programmes would be beneficial to the long term development of higher education in Hong Kong.

47. The Chairman remarked that there were different approaches to facilitate fair competition in the sub-degree sector. He held the view that withdrawal of funding support which would lower the quality of CityU's sub-degree programmes was a negative way to create fair competition among programme providers in the sub-degree sector. He considered that the positive way to create fair competition was to allocate resources to the sector so as to enhance the participation rate of post-secondary education to 60% by 2010.

48. In concluding the discussion, the Chairman said that members belonging to different political parties had expressed support for CityU and PolyU to continue the provision of subsidized sub-degree programmes to meet the needs of the community, as well as the policy objective of enhancing 60% participation rate in post-secondary education. He urged the Administration to allow a longer transitional period for UGC-funded institutions to exercise cross-subsidy between degree and sub-degree resources on a needs basis. He also urged that the Administration should allocate an appropriate site for CityU to operate a community college for the provision of sub-degree programmes, or alternatively allow the CityU to redevelop the existing staff quarters for such purpose. In response, PAS(EM)HE undertook that the Administration would consider members' views and concerns expressed at the meeting.

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Way forward

49. Mr CHEUNG Man-kwong moved and Mr SZETO Wah seconded the following motion -

"That the Government is called upon to provide resources to assist the City University of Hong Kong and the Hong Kong Polytechnic University in continuing their provision of existing sub-degree programmes to perform the educational duties they have been shouldering since the founding of the institutions."

50. Mr Eric LI declared interest as a current member of the Court of PolyU. Mr WONG Sing-chi said that one of his relatives was a staff member of CityU. As no member had raised objection, the motion was carried.

Adm
UGC
51. Members agreed that the Panel should follow up the discussion in October 2003. The Chairman requested the Administration to consider CityU Council Chairman's requests in paragraph 19 (a) to (c). He also requested CityU to provide members with a copy of the report of the Working Group of the CityU Council in due course.

II. Any other business

52. There being no other business, the meeting ended at 5:00 pm.

Council Business Division 2
Legislative Council Secretariat
15 September 2003