

立法會
Legislative Council

LC Paper No. CB(2)314/03-04

(These minutes have been
seen by the Administration)

Ref : CB2/PL/ED

Panel on Education

Minutes of meeting
held on Monday, 20 October 2003 at 4:30 pm
in Conference Room A of the Legislative Council Building

Members present	: Hon YEUNG Yiu-chung, BBS (Chairman) Dr Hon YEUNG Sum (Deputy Chairman) Dr Hon David CHU Yu-lin, JP Hon Cyd HO Sau-lan Hon CHEUNG Man-kwong Hon LEUNG Yiu-chung Hon Jasper TSANG Yok-sing, GBS, JP Hon Emily LAU Wai-hing, JP Hon SZETO Wah Hon Tommy CHEUNG Yu-yan, JP Dr Hon LO Wing-lok, JP Hon WONG Sing-chi Hon Audrey EU Yuet-mee, SC, JP Hon MA Fung-kwok, JP
Member absent	: Hon SIN Chung-kai
Public Officers attending	: Ms Irene YOUNG Principal Assistant Secretary for Education and Manpower (Higher Education)

University Grants Committee Team

Mr Michael V Stone
Secretary General, University Grants Committee

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

Professor H K CHANG, GBS, JP
President and University Professor
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

Clerk in attendance : Ms Doris CHAN
Chief Assistant Secretary (2)4

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

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I. Confirmation of minutes
[LC Paper No. CB(2)110/03-04]

The minutes of the meeting held on 9 October 2003 were confirmed.

II. Information paper issued since the last meeting
[LC Paper No. CB(2)61/03-04(01)]

2. Members noted the Administration's paper entitled "Block insurance policy for aided and caput schools for the 2003-04 and 2004-05 school years" which was circulated to members on 13 October 2003.

III. Items for discussion at the next meeting

3. Members agreed to discuss the following at the next meeting scheduled for Monday, 17 November 2003 at 4:30 pm -

- (a) Follow-up discussion on future provision of associate degree programmes in City University of Hong Kong (CityU);
- (b) Introduction of an adjustment mechanism for the special allowance under the Native-speaking English Teacher Scheme; and
- (c) Regulation of private schools offering non-formal curriculum.

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

[LC Paper Nos. CB(2)111/03-04(01), CB(2)135/03-04(01) and (02)]

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

5. Members noted the submission of the Save the College Action Group, City University of Hong Kong (SCAG) which was tabled at the meeting [LC Paper No.CB(2)135/03-04(01)].

6. At the invitation of the Chairman, Chairman of CityU Council briefed members on the latest developments of the future provision of associate degree programmes in CityU as detailed in his speaking note which was tabled at the meeting [LC Paper No. CB(2)135/03-04(02)]. He informed the meeting that the Working Group on Associate Degree Programmes (the Working Group) established by the CityU Council had, after wide consultation within CityU and a rigorous examination of the financial arrangements and the planning parameters, published a draft report for further consultation with the various stakeholders. The consultation would end on 31 October 2003. The Working Group would submit a final report to the CityU Council in late November 2003.

7. Chairman of CityU Council highlighted that the Working Group was of the view that CityU could continue to offer high quality associate degree programmes through a re-structured college operating in a self-financing mode. To achieve such a transformation in the cost structure, a significant reduction in staffing costs and supportive services for the programmes was required. He requested members to assist by urging the Government to provide a suitable site and start-up loans for the construction of a new college campus and facilities which would accommodate more than 5 000 students. He also requested the Administration to –

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- (a) increase Government subvention for CityU's associate degree programmes;
- (b) provide a suitable site for the CityU to operate a new community college to house the whole associate degree population; and
- (c) provide funding support for the construction of a permanent campus for the new community college.

8. Principal Assistant Secretary for Education and Manpower (Higher Education) (PAS(HE)) also briefed members on the Administration's paper on the subject [LC Paper No.CB(2)111/03-04(01)]. She highlighted the Administration's response to the three requests of the Chairman of the CityU Council raised at the meeting on 30 June 2003 as detailed in the paper.

Discussion

9. Dr YEUNG Sum expressed appreciation of the determination of the Chairman of the CityU Council and the President of CityU to continue the provision of associate degree programmes in CityU. He was of the view that it was not realistic to set the policy objective that 60% of senior secondary school leavers should have access to post-secondary education within the next 10 years. He pointed out that in order to achieve the policy objective, the Administration had promulgated and implemented the self-financing policy for the sub-degree sector. In particular, Dr YEUNG considered it unfair to require CityU and the Hong Kong Polytechnic University (PolyU) to switch the operation of their long-standing associate degree programmes from a publicly-funded to a self-financing basis. He said that the Government should maintain the current level of subvention for existing associate degree programmes with a long and reputable history. However, in view of the fiscal deficit, Dr YEUNG suggested that the Administration should provide a longer transitional period for CityU to operate the 13 associate degree programmes on a self-financing basis.

10. In response, PAS(HE) said that the Administration had all along attached great importance to the contributions of the sub-degree programmes of CityU and PolyU in the development of the community. She pointed out that many self-financing sub-degree programmes of satisfactory quality and standards were offered by operators in the private sector. Following the Higher Education Review, UGC had set up an independent specialist group to review the existing UGC-funded sub-degree programmes offered by CityU and PolyU. The review was carried out in accordance with the principle that programmes requiring high start-up and maintenance costs, those meeting manpower needs or regarded as endangered species, should remain to be publicly-funded. As the finalised plan for withdrawal of subvention for CityU's sub-degree programmes was based on the recommendations of the specialist group, the Administration had no plan to

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extend the transitional period for withdrawal of funding support. She added that the new policy would help rationalise the distribution of resources to benefit more students. In the face of an expanding post-secondary sector, the Administration considered that there was a need to free up resources so that more students might benefit from public subsidy in one form or another.

11. Dr YEUNG Sum suggested that before the College of Higher Vocational Studies (the College) was relocated to a new campus, existing associate degree programmes should continue to be operated on CityU's campus. He considered that the Government should adopt a more proactive approach in the identification and allocation of an appropriate site to CityU for the construction of a new college campus for the continuous operation of both publicly-funded and self-financing associate degree programmes in the future. He also suggested that the Administration should allow a period of more than 10 years for CityU to repay the interest-free loans which would be granted for the construction of the college campus and facilities.

12. PAS(HE) responded that the Government would continue to allocate sites and provide start-up loans for non-profit-making post-secondary programme providers to offer more self-financing sub-degree programmes. The next round of land allocation exercise would start in early 2004. The Administration would consider CityU's bid for a campus site and the suitability of the available sites for construction of a new college campus which could accommodate a student population of more than 5 000 in due course. As regards extending the repayment period of start-up loans, PAS(HE) undertook to relay Dr YEUNG's requests to the Administration for consideration.

13. Mr CHEUNG Man-kwong welcomed the decision of the CityU Council to continue the operation of the 13 associate degree programmes, which would not be publicly-funded after the 2006-07 academic year, on a self-financing basis. He expressed support for the three requests of the Chairman of the CityU Council in paragraphs 7(a) to (c) above. He pointed out that the provision of a suitable site and start-up loans for the construction of a new college campus was vital to the survival of self-financing associate degree programmes to be offered by the College as it would substantially reduce the overheads of the College. As a result, the percentage of salary reductions and the levels of tuition fees of the self-financing associate degree programmes would also be lower.

14. Mr CHEUNG Man-kwong further said that the criteria for withdrawal of funding support for existing associate degree programme of CityU and PolyU were set by the Administration. Based on these criteria, the specialist group had determined the programmes which should not continue to be publicly-funded. Mr CHEUNG held a strong view that a 75% reduction of subvention within three years could put an end to the associate degree programmes of CityU. He asked whether the Administration would like CityU's associate degree programmes to survive on a self-financing basis in the long run or cease operation after the

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three-year transitional period.

15. PAS(HE) responded that the Administration was of the view that sub-degree sector should move towards self-financing, except programmes which met the three criteria for continuous provision of subvention. She stressed that there was no question of targeting at the associate degree programmes of CityU in particular. The criteria for discontinuing the provision of funding support to existing publicly-funded associate degree programmes were set in accordance with the principle that sub-degree sector should in general be self-financing. She reiterated that the next land allocation exercise would start in early 2004. The Administration would consider CityU's bid together with other bids, and would invite applications for start-up loans from successful bidders in due course.

16. Mr CHEUNG Man-kwong asked whether the Administration considered it realistic to aim at reducing 75% of subvention for the associate degree programmes of CityU from 2004 to 2008. He considered that CityU should be provided with a longer transitional period for withdrawal of funding support for the 13 associate degree programmes. He also urged the Government to provide a longer period for CityU to repay loans so that it could set the programme fees at more affordable levels.

17. Secretary General, UGC (SG(UGC)) acknowledged the overall reduction in subvention for CityU's associate degree programmes would be around 75%, but stressed that the Administration had no intention to put an end to the associate degree programmes of CityU. He pointed out that the Working Group had proposed in its draft report a viable plan for continuing the operation of the 13 associate degree programmes on a self-financing basis after a period of time. He expressed understanding of CityU's difficult position in continuing the provision of the associate degree programmes after withdrawal of funding support. He assured members that UGC would collaborate with CityU to work out feasible measures for switching the operation of the programmes from a publicly-funded to a self-financing mode. During the transitional period, cross-subsidy could be allowed so that CityU would have flexibility in deployment of funds to support the self-financing sub-degree programmes. He added that UGC would discuss with CityU on the way forward when the results of the consultation were available.

18. PAS(HE) supplemented that the Finance Committee had approved on 6 July 2001 a package of support measures to facilitate the progressive expansion of self-financing post-secondary programmes, including a start-up loan scheme for course providers with a commitment of \$5 billion to cover the costs of accommodation, equipment and refurbishment. In accordance with the terms of the approved scheme, the repayment period for loans granted to successful applicants so far was all set at 10 years. The Administration nonetheless could consider members' suggestion that the terms of the scheme be reviewed, for instance, to extend the repayment period to 20 years or more.

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19. The President of CityU said that he supported the three requests of the CityU Council Chairman in paragraphs 7(a) to (c) above. He pointed out that the CityU Management had discussed with the Education and Manpower Bureau (EMB) on feasible alternatives to continue the operation of the 13 associate degree programmes and urged the Government to provide a suitable site and necessary funding support for the construction of a new college campus. In the course of its discussions with EMB, the CityU Management had all along requested a six-year transitional period for transforming the provision of the 13 associate degree programmes to a self-financing mode. He expressed disappointment that the Administration had eventually decided on a three-year transitional period for withdrawal of funding support for the 13 associate degree programmes. He stressed that staff of CityU were shocked and upset by the Government's decision.

20. Mr CHEUNG Man-kwong urged the Administration to resume discussion with the CityU Management with a view to reaching consensus on a feasible plan for withdrawal of funding support to the 13 associate degree programmes. He stressed that the Administration should assist CityU to work out a feasible plan for gradually changing the operation of the programmes to a self-financing mode. He considered that the Administration should review the loan repayment period, having regard to the prevailing economic conditions.

21. Ms Emily LAU asked whether the composition of the Working Group set up by the CityU Council was well accepted by staff of CityU. Referring to paragraph 3.2 of the submission of SCAG which suggested that a further 40% to 50% salary reduction might be made in 2008, she sought clarification as to the salary reductions which would be made in order that the College could offer self-financing associate degree programmes in the long term.

22. The Chairman of CityU Council responded that the Working Group comprised two staff representatives who were elected by and from among the staff of the College. He pointed out that the Working Group in its draft report recommended an across-the-board 20% salary reduction for the affected staff from July 2004 and depending on the student enrolment situation, a further 16% in the 2008-09 academic year. He cautioned that a higher percentage of salary reduction might have to be imposed if the new College failed to achieve an enrolment of around 5 000 students in the 2008-09 academic year. He expressed sympathy for the affected staff and pointed out that the salary reductions would not be so substantial if the Government would provide a longer transitional period for self-financing. He also expressed understanding of the concern of SCAG that higher percentage of salary reduction might be made in 2008 if the Government could not provide CityU with an appropriate site and funding support for construction of the new college campus.

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23. Ms Emily LAU asked whether CityU would have difficulties in offering self-financing sub-degree programmes without adjusting staff salaries, in view of the Administration's claim that many private operators were able to offer sub-degree programmes on a self-financing basis.

24. Chairman of CityU Council explained that unlike the sub-degree programmes offered by private operators, CityU's sub-degree programmes were conducted by highly qualified and experienced full-time staff who were paid higher salaries, and supported with better facilities. He pointed out that since its formation, CityU had run high quality sub-degree programmes, including previous higher diploma programmes, which were recognized and valued by the community in general and employers in particular. They were now benchmarks for the post-secondary sector. As highlighted in the Working Group's draft report, CityU would not sacrifice quality in self-financing associate programmes in order to secure financial viability. CityU was committed to maintaining the quality of the associate degree programmes to be operated on a self-financing basis.

25. Ms Emily LAU asked about the way forward if the proposals in the draft report were not accepted by the College staff. Chairman of CityU Council responded that the CityU Management would find itself in a more difficult situation if the College staff opposed the proposals. He stressed that the Working Group aimed to design a viable strategic plan for the long-term operation of self-financing associate degree programmes having regard to the interests of the staff and the College. He undertook to revert to the Panel when the results of the consultation were available.

26. Ms Emily LAU asked whether the policy objective of enabling 60% of senior secondary school leavers to have access to tertiary education within a decade's time was still the Administration's target, and if yes, how the Administration could achieve the objective without allocating additional resources to the sub-degree sector. She also asked whether UGC-funded institutions had expressed difficulties in assisting the Administration to achieve the objective as a result of the recent budget cuts in the higher education sector.

27. PAS(HE) said that the policy objective referred to by Ms LAU was announced in the Chief Executive 2000 Policy Address with the aim of meeting the manpower needs of the community in the future. The Administration had adopted a number of measures to foster the development of a self-financing post-secondary sector which would operate on a market-driven basis. In 2000, about 30% of the 17-20 age cohort had access to publicly-funded higher education. Currently there were more than 12 000 self-financing sub-degree places in the market, contributing to an overall participation rate of more than 48%. The pace of progress was in line with the Administration's original plan.

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28. Mr Tommy CHEUNG said that the Liberal Party supported the policy objective of enhancing a 60% participation in the post-secondary education sector. Nevertheless, the Liberal Party had reservation about the withdrawal of funding support for higher diploma programmes operated by CityU and PolyU with a long and reputable history. He pointed out that the operating costs of existing associate degree programmes were higher than those of the new programmes offered by private operators in the market as they included the costs of using the university campus and facilities for their students. Mr CHEUNG asked how the Administration would provide CityU with an appropriate site for the construction of the new college campus and facilities which could accommodate around 5 000 students and whether it would consider extending the repayment period for loans granted to CityU. He also asked how the size of the new college campus and student enrolment would impact on the cost of its self-financing associate degree programmes.

29. Chairman of CityU Council responded that a new college campus with a good learning environment was essential for the provision of quality associate degree programmes to students. The CityU Management originally proposed a six-year transitional period in the hope that the Administration could provide an appropriate site for the construction of a new college campus within the period. He clarified that a student population in the vicinity of 5 000 would facilitate reduction of the unit cost from \$100,000 to \$50,000, and ensure a further salary reduction of around 16% in 2008. President of CityU supplemented that CityU had submitted a bid for an appropriate site for the construction of a new college campus. He expressed regret that while acknowledging the contributions of CityU's associate degree programmes, the Administration so far had not allocated an appropriate site for CityU to develop a new community college for provision of both publicly-funded and self-financing associate degree programmes in the long run.

30. PAS(HE) responded that the Administration would continue to identify suitable sites for post-secondary education providers to launch new or expanded accredited post-secondary programmes on a self-financing basis. Despite the limited supply of land in urban areas, the Administration had managed to identify a number of sites of different sizes which could be allocated to sub-degree programme operators at a nominal premium to facilitate the development of community colleges. The Administration was currently confirming the availability of identified sites, and hoped to invite applications for the allocation in early 2004.

31. Mr Tommy CHEUNG suggested that the Administration should reserve a suitable land site for the construction of CityU's new college campus which could accommodate a student population of 5 000. PAS(HE) responded that the Administration would bear in mind the needs of the institutions in its identification and allocation of suitable land sites for the post-secondary education sector. Chairman of CityU Council remarked that he would like to

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discuss with the Secretary for Education and Manpower (SEM) on the future provision of associate degree programmes in CityU at a meeting.

32. Mr LEUNG Yiu-chung said that the Administration, being the policy maker on withdrawal of funding support for the sub-degree sector, had made use of the recommendations of UGC and the specialist group to discontinue the provision of subvention to the 13 associate degree programmes of CityU by phases. He queried the provision of a three-year transitional period for withdrawal of funding support for the programmes. He considered the proposed schedule for withdrawal of funding support was not in line with the guiding principle that implementation of self-financing for CityU's associate degree programmes should be gradual as far as possible. He pointed out that the eight deputations attending the meeting on 30 June 2003 had unanimously opposed the withdrawal of funding support for CityU's associate degree programmes. He held the view that the Administration did not value the views of the stakeholders and concern groups in the provision of associate degree programmes in CityU.

33. PAS(HE) explained that the general policy was that funding support for sub-degree programmes which could be operated on a self-financing basis should be discontinued. Based on this policy, the specialist group had worked on a number of guiding principles, one of which was that associate degree programmes with comparative alternatives in the market should go first. The schedule for withdrawal of funding support for CityU and PolyU by 2008 was recommended by the specialist group having regard to the availability of similar programmes in the market. She reiterated the need to provide a level playing field in the sub-degree sector and to free up resources so that more students might benefit from public subsidy in one form or other.

34. Mr LEUNG Yiu-chung considered it meaningless to achieve a 60% participation rate in the sub-degree sector at the expense of compromising the quality of sub-degree education. He asked how the Administration would ensure the quality of the existing post-secondary programmes in the market. He pointed out that many families were now having a lower income than before. Given the prevailing economic conditions and unemployment rate, he asked how the Administration would assist needy students to pay the fees of self-financing sub-degree programme in order to achieve the policy objective.

35. PAS(HE) responded that the Administration was collaborating with UGC, UGC-funded institutions and the Hong Kong Council for Academic Accreditation (HKCAA) to establish quality assurance mechanism and a qualifications framework for monitoring the standards of self-financing sub-degree programmes in the long term. Currently, while UGC-funded institutions had internal mechanisms to ensure the quality of their sub-degree programmes, sub-degree programmes run by private operators would have to undergo the accreditation process conducted by HKCAA. As an important measure to monitor the quality of sub-degree programmes, applicants for start-up loans

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were required to provide self-financing full-time accredited post-secondary programmes leading to a qualification at or above the level of higher diploma, associate degree and professional diploma. To assist needy students in pursuit of post-secondary education, the Administration had introduced a new Financial Assistance Scheme for Post-Secondary Students, and they were also eligible for the Non-means-tested Loan Scheme. To be eligible for these schemes, students should enroll in accredited programmes. The Administration would ensure that no qualified students were denied access to tertiary education because of a lack of financial means, and would offer grants to the most needy students.

36. Mr LEUNG Yiu-chung said that Chairman of CityU Council had assured members at the meeting on 30 June 2003 that he personally was committed to negotiating with UGC and EMB for continuous provision of subsidy to the 13 sub-degree programmes, and said that without sufficient funding, the academic quality of these programmes could not be maintained at the current level. He asked whether the existing quality assurance mechanism as described by PAS(HE) would be sufficient for ensuring the quality of self-financing associate degree programmes in the long run.

37. Chairman of CityU Council responded that the CityU Senate had an internal mechanism in place to monitor the quality of its associate degree programmes. He, however, acknowledged that the proposed 20% and 16% salary reductions in July 2004 and 2008 as a result of the withdrawal of funding support would have impact on staff morale and the quality of associate degree programmes in the long term. He added that it would not be fair to compare the quality of publicly-funded and self-financing associate degree programmes offered by CityU and other community colleges which were operated on a different basis.

38. Mr SZETO Wah asked whether the proposed salary reductions would affect staff morale and give rise to staff turnover which would in turn affect the quality of associate degree programmes offered by the College.

39. Chairman of CityU Council expressed deep regret that staff members who had contributed to the development of CityU's associate degree programmes were now encouraged to accept the proposed salary reductions. He considered that some staff might leave CityU for that reason.

40. President of CityU shared the feeling of the Chairman of CityU. He said that the affected staff were deeply disappointed with the Government's decision to withdraw funding support, and were helpless in the face of the proposals of salary reduction. He assured members that as the President of CityU, he pledged to support the policies to be decided by the Council and would strive to maintain the high quality of sub-degree programmes in the years to come.

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41. SG(UGC) expressed understanding of the difficult situation in CityU and the impact of the withdrawal of funding support on staff morale. He pointed out that the draft report had elaborated on the viable strategic plan for the provision of quality associate degree programmes on a self-financing basis and the provision of an exit mechanism for staff members who did not wish to join the new college on revised terms of employment.

Way forward

42. Dr YEUNG Sum suggested that SEM should be invited to the next meeting to be held on 17 November 2003 to elaborate on the Administration's response to the three requests of the Chairman of CityU Council and the suggestions of members at the meeting, i.e., to allocate a suitable site for CityU to operate a community college that could accommodate more than 5 000 associate degree students and allow a period of 20 years or longer for the repayment of start-up loans which would be granted for the construction of the college campus and facilities.

43. Mr CHEUNG Man-kwong suggested that the Administration should extend the transitional period for withdrawal of funding support for the 13 associate degree programmes to six years. He also suggested that the Administration should review whether the policy objective of achieving a 60% participation rate in the post-secondary sector in a decade's time was realistic. He pointed out that implementation of the policy would jeopardize the continuous provision of quality sub-degree programmes by CityU and PolyU, and it was unwise to sacrifice the quality of the associate degree programmes run by CityU and PolyU in pursuit of a level playing field for the sub-degree sector. In the face of the uncertainties ahead, Mr CHEUNG considered that the CityU Management should defer discussion regarding changes to employment terms of staff for the transitional period from 2004 to 2008 to a later stage. He added that the Permanent Secretary for Education and Manpower (PSEM) should also be invited to the next meeting.

44. Members agreed to follow up discussion of the item with SEM and PSEM at the next meeting. The Chairman thanked the Chairman of CityU Council and other members of the UGC team for attending the meeting.

V. Any other business

45. There being no other business, the meeting ended at 6:00 pm.