

**立法會**  
**Legislative Council**

LC Paper No. CB(2)636/03-04  
(These minutes have been  
seen by the Administration)

Ref : CB2/PL/ED

**Panel on Education**

**Minutes of meeting**  
**held on Monday, 17 November 2003 at 4:30 pm**  
**in the Chamber 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 SIN Chung-kai  
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 Audrey EU Yuet-mee, SC, JP  
Hon MA Fung-kwok, JP
- Member absent** : Hon WONG Sing-chi
- Public Officers attending** : Item IV  
Professor Arthur LI, GBS, JP  
Secretary for Education and Manpower

Mrs Fanny LAW, GBS, JP  
Permanent Secretary for Education and Manpower

University Grants Committee Team

Mr Michael V Stone  
Secretary-General

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

Item V

Mr Chris WARDLAW  
Deputy Secretary for Education and Manpower (5)

Mr Sam HUI  
Assistant Secretary for Education and Manpower  
(Special Duties)

Item VI

Mr Chris WARDLAW  
Deputy Secretary for Education and Manpower (5)

Mr Andrew POON  
Principal Assistant Secretary for Education and  
Manpower (Quality Assurance)

Mrs YU LAW Siu-man  
Senior Education Officer (Education Ordinance Review  
and Compliance)  
Education and Manpower Bureau

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

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

---

Action

**I. Confirmation of minutes**

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

The minutes of the meeting held on 20 October 2003 were confirmed.

**II. Information paper issued since the last meeting**

2. Members noted that no information paper had been issued since the last meeting.

**III. Items for discussion at the next meeting**

[Appendices I and II to LC Paper No. CB(2)312/03-04]

3. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 15 December 2003 at 4:30 pm -

- (a) Hong Kong Examinations and Assessment Authority (HKEAA) Ordinance Schedule 2 (Amendment) Order 2003;
- (b) Injection of funds to HKEAA; and
- (c) Enhancing the use of Information Technology in school education.

4. Ms Emily LAU suggested that the Panel should discuss the proposed education funding cuts and invite public views on the matter. Members agreed to hold a special meeting on Monday, 1 December 2003 at 4:30 pm to receive deputations. Members also agreed to post a notice on the Council website to invite submissions from members of the public.

Action

5. Mr CHEUNG Man-kwong suggested to discuss "Review of the policy on provision of secondary schools" at a future meeting. Mr SIN Chung-kai supplemented that members of the Public Works Subcommittee had suggested that the Panel should discuss the policy issues on provision of primary and secondary schools. Permanent Secretary for Education and Manpower (PSEM) responded that the Administration would propose the subject for discussion at the meeting in January 2004. Members agreed to the Administration's proposal.

**IV. Follow-up discussion on the future provision of associate degree programmes in the City University of Hong Kong**

[LC Paper Nos. CB(2)111/03-04(01), CB(2)364/03-04(01)]

6. The Chairman welcomed representatives of the Administration, the Chairman of the Council of the City University of Hong Kong (CityU) and members of the University Grants Committee (UGC) Team. The Chairman also advised the meeting that Mrs Betty CHAN, the Director of the Public Affairs Office of CityU, and Ms Beatrice LEE, the Assistant Secretary to CityU Council, were attending the meeting as resource persons to the UGC Team.

7. Members noted the submission from Save Sub-Degree Programmes Alliance which was tabled at the meeting [LC Paper No. CB(2)364/03-04(01)].

Administration's response to the requests raised at the meeting on 20 October 2003

8. The Chairman invited the Secretary for Education and Manpower (SEM) to present the Administration's response to the following requests which were raised by the Chairman of CityU Council and members at the last meeting on 20 October 2003 -

- (a) increase Government subvention for CityU's associate degree programmes;
- (b) provide a suitable site for CityU to operate a new community college to house an associate degree population of around 5 000 students;
- (c) provide funding support for the construction of a permanent campus for the new community college;
- (d) 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; and
- (e) extend the transitional period for withdrawal of funding support

Action

for CityU's associate degree programmes from four to six years.

9. SEM said that the Administration understood the concerns of CityU Council and staff about the withdrawal of funding support for the 13 associate degree programmes. However, with an expanding post-secondary sector, there was a need to free up resources so that more students might benefit from public subsidy in one form or another. The Administration aimed to ensure a more equitable distribution of public resources within a reasonable time frame. The timetable for withdrawing funding support for the sub-degree programmes in CityU and the Polytechnic University of Hong Kong (PolyU) was recommended by a specialist group set up by UGC based on the same objective criteria and having regard to the institutions' views. The Administration saw no justifications to disregard the recommendations of the specialist group and provide arbitrarily an across-the-board level of subvention for CityU's existing sub-degree programmes.

10. SEM further said that the Government had an established policy to assist self-financing institutions in the provision of post-secondary programmes. Assistance was available in the form of land grant at nominal premium, interest-free loans for the construction of campus and accreditation grants. Like other education providers offering self-financing programmes, CityU was welcome to submit applications to the Government in accordance with the established procedures. Subject to the availability of sites, the next round of land grant cum start-up loan application exercise would probably be launched in the first quarter of 2004. The Administration would continue to search for and identify suitable sites of different sizes to meet the different requirements of course providers.

11. As regards a review of the policy on repayment period for start-up loans, SEM pointed out that prolonging the current repayment period from 10 to 20 years or longer would have financial implications for the Government. The Administration considered the current terms of loans as approved by the Finance Committee on 6 July 2001 reasonable and practical. In fact, the repayment periods for start-up loans granted so far were all set at 10 years, and the institutions concerned had all expressed confidence to settle the loans in 10 years. SEM hoped that CityU would critically examine its development plan and try its best to come up with a more realistic financial proposal.

Discussion

12. The Chairman of CityU Council pointed out that the withdrawal of funding support for the 13 associate degree programmes would mean a reduction of about 75% of the existing level of funding support for the publicly funded sub-degree programmes of CityU. For the future self-financing associate degree programmes to be viable and sustainable, the Working Group on Associate Degree Programmes (the Working Group) had recommended in its draft report

Action

an across-the-board 20% salary reduction for the affected staff from July 2004. Depending on the future student enrolment situation, a further 20% salary reduction would likely be made in the 2008-09 academic year. This would mean a total salary reduction of 36% for staff of the College of Higher Vocational Studies (the College). He expressed concern that some of the staff members who had purchased a flat and joined the Home Financing Scheme might have financial difficulty.

13. The Chairman of CityU Council further said that CityU had been running high quality sub-degree programmes since its inauguration in 1985. These programmes were recognized by the community in general and employers in particular and had become benchmarks for the sub-degree sector. He pointed out that the 13 associate degree programmes had become the target when the criteria for withdrawal of funding support for the sub-degree programmes run by CityU and PolyU were set. He considered a transitional period of six years more appropriate for withdrawal of funding support for CityU's 13 associate degree programmes. He suggested that the Government should review the policy for continuous provision of subsidy to sub-degree programmes and consider an overall 25% reduction of funding cut for CityU's existing publicly-funded sub-degree programmes.

14. The President of CityU said that he was disappointed by SEM's response to the requests of the Chairman of CityU Council and members of the Panel made at the meeting on 20 October 2003. He said that it appeared that SEM's statement at the meeting was different from news report that day which said that SEM had given some undertakings to students at his meeting with students the previous day. He pointed out that staff of the College were helpless in the face of the Government's decision to withdraw funding support and they had to find ways to cope with this change. A Working Group had been formed under the Council to propose ways to address at least part of this funding withdrawal issue. He considered that the Administration had ignored the College's contributions to the sub-degree sector in the past, and it was unfair to require the College to operate on a self-financing basis in the name of facilitating a level playing field for providers in the sub-degree sector.

*[Post-meeting note: CityU's Working Group had decided to withhold submission of its Final Report to the Council on 24 November, owing to the fact that the College representatives raised a legal issue over one of the recommendations relating to employment terms and the Group had to seek further legal advice.]*

15. Mr CHEUNG Man-kwong said that the criteria for withdrawal of funding support for publicly-funded associate degree programmes of CityU and PolyU had already determined the programmes to be operated on a self-financing basis and a 75% funding cuts for CityU's associate degree programmes. He pointed out that as the student movement against funding cuts for the UGC sector was

Action

temporarily settled, the Administration should take the opportunity to re-consider the self-financing policy for the sub-degree sector in the light of the views of the staff and students in the UGC sector. He considered the requests of the Chairman of CityU Council reasonable and urged the Administration to allow a longer transitional period for withdrawal of funding support for CityU's associate degree programmes.

16. SEM said that the review of the sub-degree programmes offered by CityU and PolyU was carried out by the independent specialist group referred to in paragraph 9 above. The review was conducted according to the principle that while sub-degree programmes should in general be self-financing, programmes requiring high start-up and maintenance costs, those meeting manpower needs or regarded as endangered species, should remain publicly-funded. He stressed that the specialist group was completely independent in its work and recommendations.

17. SEM explained that the Administration had adopted a consistent approach in implementing its policy on withdrawal of funding support for sub-degree programmes. He also noted that these programmes were offered at costs which were considerably higher than similar programmes in the market. Given the general policy that funding support for sub-degree programmes which could be operated on a self-financing basis should be discontinued, the specialist group had worked on a number of guiding principles, one of which was that programmes with comparable alternatives in the market should go first. The schedule for withdrawal of funding support for sub-degree programmes in CityU and PolyU by 2008 was recommended by the specialist group having regard to the availability of similar programmes in the market.

18. SEM pointed out that the Working Group in its draft report had proposed a restructuring of the College and feasible financial proposals for its associate degree programmes to operate on a self-financing basis starting from the 2008-09 academic year. According to recommendation 8 of the draft report, an across-the-board 20% salary reduction for staff of the College, without affecting their other fringe benefits, would be made in July 2004. Staff members on superannuable terms would be offered a four-year contract until June 2008 and those on contract terms would be reviewed for re-appointment following established procedures. Staff members who did not wish to accept the new contract terms in 2004 would be given an option for a severance package or a new voluntary retirement scheme as determined by CityU. Given the successful operation of self-financing programmes in the market, SEM envisaged that CityU would be able to attract sufficient students by virtue of its reputation in the provision of quality sub-degree programmes and achieve self-sufficiency within the four-year transitional period.

19. The Chairman of CityU Council highlighted that a suitable site and necessary start-up loans for the construction of a new college campus and

Action

facilities for accommodation of more than 5 000 students were essential for CityU to continue the provision of quality associate degree programmes on a self-financing basis. He stressed that in recognition of the contributions of CityU's sub-degree programmes in the development of the community, the Administration had a moral obligation to provide CityU with an appropriate site and better terms of loans, such as a longer period for repayment.

20. SEM explained that the Education and Manpower Bureau (EMB) had set up an independent Vetting Committee to consider applications for land grants. In the last round of land grant exercise for post-secondary education programme providers, the application of CityU had been carefully considered by the Vetting Committee. SEM further explained that the Vetting Committee would follow the preset criteria for vetting applications, and it would not be fair to other applicants if priority was given to CityU in the vetting process on the ground that CityU would experience a withdrawal of funding support for its associate degree programmes starting July 2004.

21. Mr CHEUNG Man-kwong considered it necessary to allow a longer repayment period for start-up loans which would be granted to CityU for the construction of a new college campus in the light of the prevailing economic circumstances. He considered that it was now more difficult for UGC-funded institutions to raise funds or attract private endowment than before. He expressed concern that given the four-year transitional period and a 10-year repayment period, the College would need to reduce staff costs and increase tuition fees for provision of self-financing associate degree programmes in 2008. He suggested that the Administration should reconsider the arrangements for withdrawal of funding support in the light of CityU's circumstances and work out a viable implementation plan which would be accepted by CityU and its staff and students.

22. SEM responded that he had given a pledge to the student representatives he met the day before that the savings arising from the withdrawal of funding support would be ploughed back to the sector to assist more students to access post-secondary education. He anticipated that with improvement to the financial assistance schemes for students in the post-secondary sector, more students would benefit. He also expected that as a result of students' exercising their choice and preference in the pursuit of post-secondary studies, a level-playing field would gradually be established so that all programme providers would compete on a fair basis without any of them enjoying privileges in one way or other.

23. Mr CHEUNG Man-kwong considered that the policy objective of achieving a 60% participation rate in the post-secondary sector in a decade's time as highlighted in the Chief Executive's 2000 Policy Address might not be achievable in the light of changing circumstances. He therefore considered it inappropriate to withdraw funding support for the associate degree programmes



Action

of CityU and PolyU as they could contribute to achieving the said policy objective.

24. SEM pointed out that in 2000, only about 33% of the 17-20 age cohort had access to post-secondary education. At present, there were more than 12 000 self-financing sub-degree places in the market, contributing to an overall participation rate of more than 48% and representing a 15% increase since 2000. SEM expressed confidence in achieving further increase over the next seven years.

25. Mr CHEUNG Man-kwong queried why the Administration could not extend the transitional period for withdrawal of funding support from four to six years and the repayment period for start-up loans from 10 to 20 years. He shared the view that the Administration had an obligation to provide CityU with a suitable site for constructing a permanent community college to run self-financing associate degree programmes in the long term.

26. SEM responded that the criteria for withdrawal of funding support for sub-degree programmes was adopted after wide consultation. During the meeting with student representatives, SEM had assured students that the Administration would consider other alternatives to assist CityU to overcome problems arising from the need to operate the 13 associate degree programmes on a self-financing basis. As regards the repayment period, SEM reiterated that all successful loan applicants in previous land grant exercises had accepted the 10-year repayment period. It would be unfair to other applicants if special consideration was given to CityU in the repayment of start-up loans.

27. Mr CHEUNG Man-kwong said that the Administration should take into consideration the contributions made by CityU in the past, and the current financial circumstances of CityU in the determination of an appropriate transitional period for withdrawal of funding support and a repayment period for start-up loans. He pointed out that institutions varied in their financial circumstances and abilities to raise funds. He considered that CityU would experience substantial financial difficulties in the course of the withdrawal of funding support as the economic situation might still be difficult in the four years ahead.

28. President of CityU supplemented that CityU was less capable of repayment of loans than other institutions because of its higher staff salaries which had all along been subvented by the Government in accordance with the civil service pay system. He considered it unfair to compare CityU with those associate degree programme providers having a short history of operation and with staff salaries which were not linked to the civil service pay system.

29. Dr YEUNG Sum said that the Democratic Party did not support the policy that associate degree programmes should operate on a self-financing basis. He

Action

pointed out that the Working Group had put in earnest efforts and consulted staff and students widely to work out a draft report which proposed a viable and feasible option for CityU to offer self-financing associate degree programmes. He urged SEM to re-start discussion with CityU and exercise his discretion to meet the three requests of the Chairman of the CityU Council.

30. SEM responded that he would be pleased to further discuss with CityU management on the matter but pointed out that the Administration could hardly do more than what he had said earlier at the meeting. He pointed out that the recommendations in the draft report were proposed after wide consultation and were largely supported by CityU staff. He assured members that the Administration would assist CityU in identifying a suitable site for construction of a community college and in other areas of development.

31. The President of CityU said that he was impressed that SEM had attended a five-hour discussion with student representatives and had successfully convinced students to suspend their action to boycott classes. He, however, expressed disappointment that the Administration would not change the policy on the provision of funding support for the sub-degree sector. He reiterated that there were newspaper reports that day that the Administration would change the policy as a result of the meeting between SEM and student representatives the previous day.

32. SEM responded that he had explained to CityU students that the Administration could not change the policy and implementation plan for withdrawal of funding support, but would consider providing assistance to CityU in other areas. Such assistance would include the provision of more publicly-funded second-year and third-year undergraduate places for enrolment of associate degree programme graduates.

33. Ms Emily LAU asked how CityU would proceed following SEM's negative response to their requests for provision of a six-year transitional period for withdrawal of funding support, a suitable land site and a longer period for repayment of start-up loans.

34. The Chairman of CityU Council questioned whether the Administration would consider it reasonable to provide sufficient assistance for CityU to transform the operation of its associate degree programmes, which were recognized by Lord SUTHERLAND as the benchmarks for the sub-degree sector, from publicly-funded to self-financing. He expressed concern about how the College could maintain the quality of its associate degree programmes when its staff would have to accept a salary reduction of 20% in 2004, and possibly another 20% and the loss of existing fringe benefits in 2008. He reiterated that the Government had a moral obligation to the staff who had devoted some 18 years to the development of the sub-degree programmes in CityU which had in turn contributed to the development of the community over the years.

Action

35. SEM said that the Administration envisaged that CityU would be able to operate its associate degree programmes on a fully self-financing basis by 2008. He pointed out that the draft report had proposed a 20% salary reduction and no reduction in fringe benefits during the four-year transitional period. He also pointed out that if the College could continue to provide quality associate degree programmes and attract a large number of students, staff salaries and fringe benefits in 2008 could be adjusted upwards instead of downwards. He considered that CityU should endeavour to maintain the quality of its associate degree programmes rather than to urge the Government to put in more resources for its programmes.

36. Ms Emily LAU asked how CityU would tackle the problems arising from withdrawal of funding support. President of CityU responded that the affected staff members would have no other alternative but to accept the proposals in the draft report.

37. Mr MA Fung-kwok expressed concern about how CityU could maintain the quality of the associate degree programmes after withdrawal of funding support. SEM responded that the 20% salary reduction for the transitional period of 2004-08 included a 6% reduction which would apply to the civil service and subvented organizations. He considered that given the prevailing fiscal deficits, an additional 14% reduction on top of the 6% salary reduction proposed by the Working Group was not unreasonable.

38. Mr LEUNG Yiu-chung expressed concern about the transfer of the costs of the associate degree programmes to students after withdrawal of funding support. He pointed out that many students would have difficulties in paying the high tuition fees of self-financing associate degree programmes. He asked how the Government would assist students to pursue quality associate degree studies. Mr SIN Chung-kai also expressed concern about the financial burden of students after withdrawal of funding support.

39. SEM said that the savings from the sub-degree sector would be ploughed back to benefit students in the post-secondary sector through measures such as improving the package of financial assistance to students of self-financing courses. He considered it fair and reasonable to let the students decide the programmes and colleges they wished to enrol in. He pointed out that it would not be fair to provide funding support for sub-degree programmes at costs which were three times higher than the market average, even though they had a reputation for quality. He considered it realistic to set a transitional period of four years for CityU to transform the operation of its associate degree programmes to self-financing, and thereafter compete with other providers in the market on a fair basis.

Action

40. Mr SIN Chung-kai considered that the Administration had an obligation to assist CityU to continue the provision of associate degree programmes on a self-financing basis. Given the special circumstances of CityU, other UGC-funded institutions might not oppose giving special consideration to CityU in the allocation of a suitable site and in providing a longer period for repayment of start-up loans. Mr SZETO Wah concurred and said that the Administration should not turn down CityU's requests based on the reason that other UGC-funded institutions might raise objection.

41. SEM said that the Administration had to be fair in the allocation of public resources to programme providers. If priority was given to CityU in one land grant exercise, other institutions would make similar requests based on their special reasons in the future. He reiterated that the Administration would endeavour to identify suitable sites for post-secondary education providers including CityU to launch new or expanded accredited post-secondary programmes on a self-financing basis.

42. The Chairman of CityU Council responded that giving priority to CityU in allocation of a land site to assist CityU in switching the operation of existing publicly-funded associate degree programmes to self-financing in 2008 would not be unfair to other UGC-funded institutions. He pointed out that unlike other providers who applied for a land grant to start operation of associate degree programmes, CityU had been offering publicly-funded sub-degree programmes for over 18 years and was now required to switch the operation to a self-financing basis. He held a strong view that CityU deserved special consideration in allocation of a suitable site for the construction of a new college campus. President of CityU supplemented that other UGC-funded institutions would not raise objection as they did not encounter the same problem.

43. Dr David CHU agreed that the Administration should take into account the special circumstances of CityU in the provision of a reasonable period for CityU to switch the operation of its 13 associate degree programmes from a publicly-funded to a self-financing mode.

44. Ms Audrey EU expressed understanding of SEM's explanation and views. Ms EU said that she admired SEM's determination to maintain fair and transparent allocation of public resources to associate degree programme providers; and the Chairman of CityU Council's dedication in fighting for appropriate arrangements for withdrawal of funding support to the 13 associate degree programmes. She shared the view of Mr SIN Chung-kai and Dr David CHU that special consideration should be given to CityU in view of its historical development and contributions to the community.

45. Mr Tommy CHEUNG said that although the Liberal Party supported the self-financing policy for the sub-degree sector, it had reservations about withdrawal of funding support for associate degree programmes run by CityU

Action

and PolyU which had a long and reputable history in running such programmes. He expressed support for CityU's requests for a six-year transitional period and extending the repayment period of start-up loans to assist CityU to run the 13 associate degree programmes in a new college campus on a self-financing basis. He suggested computing a different interest rate for the requested 20-year repayment period so that there would not be a question of unfairness to other providers.

46. SEM asked whether the Legislative Council would support EMB to bypass the Vetting Committee and allocate a suitable site to CityU direct, if such a piece of land could be found. He pointed out that as far as allocation of public resources was concerned, the Administration would have to comply with the agreed vetting procedures for allocation of sites, and ensure fair and objective deliberations were carried out for the allocation. He added that PolyU had a longer history in the provision of sub-degree programmes. PolyU was given the same transitional period for withdrawal of funding support and was required to undergo the same application and vetting process for allocation of sites.

Way forward

47. Mr CHEUNG Man-kwong said that the Administration should respect the history and contributions of CityU's quality associate degree programmes to the community. He urged the Administration to consider the fact that the associate degree programmes of CityU were more seriously affected than those of PolyU, as the latter were better able to meet the criteria for provision of funding support to associate degree programmes. He considered that extending the transitional period, giving priority in allocation of a suitable land site and a longer repayment period of 20 years or longer for start-up loans to CityU in view of its unique circumstances would not give rise to the question of unfairness. He suggested that the Administration might consider providing similar arrangements to PolyU, having regard to its special circumstances. Mr CHEUNG urged SEM to further discuss with CityU and its staff and students with a view to agreeing on a feasible plan for CityU to overcome the problems arising from withdrawal of funding support.

48. PSEM said that as the Working Group had conducted a wide consultation and that the proposals in the draft report were largely accepted by staff of the College, the Administration and CityU should work towards identifying a suitable site for CityU to operate a community college. She pointed out that some degree of cross-subsidy would be acceptable during the transitional period to facilitate a smooth transition.

49. President of CityU agreed that the Administration and CityU should collaborate to find a suitable site for construction of a new college campus for CityU to offer self-financing associate degree programmes in the long run. He said that although the College staff were disappointed with the Government

Action

decision to withdraw funding support for the associate degree programmes, they were confident of being able to provide quality self-financing associate degree programmes in a new college campus and facilities.

50. In concluding the discussion, the Chairman requested the Administration to consider members' views and collaborate with the CityU Management to identify a suitable site for the construction of a new college campus and facilities for CityU to provide quality associate degree programmes on a self-financing basis in the long run.

**V. Introduction of an adjustment mechanism for the special allowance under the Native-speaking English Teacher Scheme**  
[LC Paper No. CB(2)311/03-04(01)]

51. At the invitation of the Chairman, Deputy Secretary for Education and Manpower (5) (DS(EM)5) briefed members on the proposed adjustment mechanism for the special allowance under the Native-speaking English Teacher (NET) Scheme which, subject to the views of members, would be implemented from the 2004-05 school year.

52. Mr Tommy CHEUNG expressed support for the NET Scheme and the proposed adjustment mechanism in the Administration's paper. He, however, expressed concern whether the introduction of an adjustment mechanism would have a negative effect on recruitment and retention of NETs in the long run. He also asked whether future adjustments of the special allowance would be made on an annual basis.

53. DS(EM)5 responded that currently the retention rate was high with about three out of every four NETs continuing on a second contract. On recruitment of NETs, EMB had commissioned an overseas agency to recruit potential NETs and established a supply queue of quality NETs. He considered that the remuneration package approved by the Finance Committee in 1997 was attractive to NETs. He explained that NETs were being remunerated at a salary level based on qualifications and experience comparable to that for local teachers in Hong Kong. In addition, they were eligible for a monthly non-accountable special allowance on the condition that their ordinary residence was outside Hong Kong. The special allowance, currently set at HK\$13,000 per month, provided an incentive to attract qualified NETs. With the proposed adjustment mechanism, the rate of special allowance would be adjusted annually based on the yearly percentage change of the local private housing rental index. DS(EM)5 added that the adjustment mechanism would enable EMB to make adjustments to reflect the change in cost for accommodation in Hong Kong in the future.

Action

54. Ms Emily LAU expressed support for the NET Scheme and the proposed adjustment mechanism in the paper. She considered that effective NETs would upgrade the quality of English teaching in schools and asked whether the Administration would consider expanding the NET Scheme when there was a supply queue of quality NETs. She also asked whether the Administration would review the operation of the adjustment mechanism if there should be difficulties in recruitment and retention of NETs in the future.

55. DS(EM)5 responded that the Administration would review the NET Scheme on a continuous basis. He pointed out that the Administration had allocated substantial resources to the provision of NETs to public sector secondary schools in 1997 and extended the NET Scheme to public sector primary schools in the 2002-03 school year. The performance of NETs in secondary schools had already been evaluated and the Administration would evaluate the results of the NETs in primary schools at a later stage to decide the way forward.

56. Mr CHEUNG Man-kwong expressed support for the NET Scheme. He also expressed support for the proposed mechanism for annual adjustments of the special allowance for NETs on the conditions that the current turnover rate of NETs remained stable, the recruitment of NETs was reasonably secure, and EMB would consult NETs and their staff associations on the proposed mechanism. He said that the Administration should consult the Panel should there be any changes in the turnover rate and recruitment of NETs and problems in communication with NETs.

57. Mr SZETO Wah and Mr LEUNG Yiu-chung urged the EMB to maintain close communications with NETs through various channels. Mr SZETO considered that EMB should encourage NETs to establish a staff union to represent their views and interests. He added that many NETs were members of the Hong Kong Professional Teachers' Union (HKPTU). He suggested that EMB might seek the assistance of HKPTU in its future consultation exercises.

58. DS(EM)5 responded that apart from the NETs' Association, EMB would consult serving NETs through various channels including the parent-teacher associations of schools.

59. Mr LEUNG Yiu-chung considered that the provision of one to two NETs for each secondary school and the sharing of one NET between two primary schools were inadequate for upgrading the quality of English teaching in schools. He asked whether EMB would review the situation and work out a long term strategy for the provision of NETs in schools.

60. DS(EM)5 responded that EMB had conducted a comprehensive review of the NET Scheme in secondary schools and proposed a number of measures to strengthen the scheme through effective deployment and revised recruitment

Action

Adm

processes. The Hong Kong Institute of Education (HKIEd) was commissioned to evaluate the secondary NET scheme and had informed the way forward. EMB had commissioned an international tertiary institute working in collaboration with HKIEd to undertake a systematic evaluation on the performance of the primary NET scheme. He assured members that the Administration would revert to the Panel when the evaluation report was available.

**VI. Regulation of private schools offering non-formal curriculum**  
[LC Paper No. CB(2)312/03-04(01)]

61. In view of time constraint, members agreed to defer discussion of the above item to the next meeting scheduled for Monday, 15 December 2003.

**VII. Any other business**

62. There being no other business, the meeting ended at 6:30 pm.

Council Business Division 2  
Legislative Council Secretariat  
12 December 2003