

立法會
Legislative Council

LC Paper No. CB(2)2165/04-05
(These minutes have been
seen by the Administration)

Ref : CB2/PL/ED

Panel on Education

**Minutes of special meeting
held on Monday, 20 June 2005 at 5:30 pm
in the Chamber of the Legislative Council Building**

- Members present** : Dr Hon YEUNG Sum (Chairman)
Hon Audrey EU Yuet-mee, SC, JP (Deputy Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Tommy CHEUNG Yu-yan, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon Patrick LAU Sau-shing, SBS, JP
- Member attending** : Hon LEUNG Kwok-hung
- Members absent** : Hon MA Lik, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
- Public Officers attending** : Mrs Fanny LAW, GBS, JP
Permanent Secretary for Education and Manpower

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

Attendance by invitation : Catholic Diocese of Hong Kong
Bishop Joseph ZEN Ze-kiun
Bishop of Hong Kong

Ms Alice WOO Lo-ming
Episcopal Delegate for Education

Hong Kong Sheng Kung Hui

Mr Timothy HA Wing-ho
Education Secretary

Mrs Jannie CHAU
Representative

The Methodist Church, Hong Kong

Rev YUEN Tin-yau
Executive Secretary, School Education Division

Mr LEUNG Shun-kwong
Secretary, School Education Committee

The Hong Kong Taoist Association

Dr TONG Wai-hop
Director of Taoist Education Department

Dr Brian YAU
Member of Taoist Education Department

Yuen Long Merchants Education Promotion LTD

Mr LAU Wah-ying
Secretary

The Education Foundation of the Federation of the Alumni Associations of the Chinese University of Hong Kong Ltd

Mr LEE Kam-chung
Chairman

Mr LEUNG Moon-wing
The Headmaster of CUHKFAA Thomas Cheung School

Education Convergence Education Foundation

Mr TSO Kai-lok
Executive Member

Mr HO Hon-kuen
Executive Member

Fung Kai Public School (Charitable Body)

Mr MA Siu-leung
Chief Executive Officer

Shun Tak Fraternal Association

Mr TSUI Kong-sang
Principal

Mr CHAN Yam-cheong
Principal

Evangelical School Development Incorporation Ltd

Mr TSUI Kwan-ping
Executive Committee Member

Yuen Long Public Middle School Alumni Association
Company Limited

Mr TANG For-sau
President

Mr CHEUNG Tai-but
Director

Hong Kong Federation of Education Workers

Mr WONG Kwan-yu
Chairman

**Clerk in
attendance**

: Miss Flora TAI
Chief Council Secretary (2)2

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

Miss Sherman WOO
Legislative Assistant (2)2

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I. Funding flexibility and support measures for schools to set up incorporated management committees
[LC Paper Nos. CB(2)1716/04-05(04), CB(2)2044/04-05(01)]

The Chairman welcomed the 12 deputations and representatives of the Administration to the meeting.

Views of deputations

2. At the invitation of the Chairman, deputations presented their views as summarised in paragraphs 3 to 20.

Catholic Diocese of Hong Kong
[LC Paper No. CB(2)2044/04-05(02)]

3. Bishop Joseph ZEN presented the views of the Catholic Diocese of Hong Kong (the Catholic Diocese) as detailed in its submission. He highlighted that the Catholic Diocese held a strong view that the Education (Amendment) Ordinance 2004 (the Amendment Ordinance) could not ensure that their schools would be operated according to the vision and mission of the Catholic Diocese. The Catholic Diocese firmly believed that there were other non-statutory mechanisms, such as the two-tier governance structure proposed under the Education Commission (EC) Report No.7, which were equally or more effective for implementation of school-based management.

4. Bishop Joseph ZEN stressed that the Catholic Diocese held the view that the Amendment Ordinance was not consistent with Article 141 of the Basic Law. The Education and Manpower Bureau (EMB) should expressly undertake to provide all aided schools with the same autonomy and flexibility in the use of resources, the time-limited cash grant of \$350,000 per school per annum and insurance coverage for professional liability. He pointed out that the Catholic Diocese would apply for a judicial review if only schools which had established an incorporated management committee (IMC) were provided with the funding flexibility and support measures as proposed by the Administration.

Hong Kong Sheng Kung Hui

5. Mr Timothy HA said that Hong Kong Sheng Kung Hui (HKSKH) strongly opposed the Administration's proposals of providing only IMC schools

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with more autonomy and flexibility in the use of resources, an annual time-limited cash grant of \$350,000 up to the 2008-09 school year, and insurance coverage for professional liability of their managers. HKSKH considered that the proposals were discriminatory against aided schools without an IMC, and would be divisive among aided schools.

6. Mr Timothy HA highlighted that it was unfair and discriminatory that only IMC schools but not other aided schools could enjoy the proposed funding flexibility and time-limited cash grants, and only managers in IMC schools but not managers in aided schools without an IMC to be covered by the professional liability insurance taken out by EMB. In particular, it was unreasonable for schools which had established an IMC earlier than other schools to receive more cash grant. HKSKH held a strong view that all aided schools should have an equal right to enjoy the proposed funding flexibility and support measures, in order that all school students and their parents would benefit from the Administration's proposals.

The Methodist Church, Hong Kong

[LC Paper No. CB(2)1951/04-05(01) and CB(2)2044/04-05(03)]

7. Rev YUEN Tin-yau presented the views of the Methodist Church, Hong Kong as detailed in its submission. He cited examples to illustrate that it would be unfair and discriminatory if only IMC schools but not other aided schools were provided with the funding flexibility and support measures proposed by the Administration.

8. Rev YUEN Tin-yau added that the Methodist Church, Hong Kong believed that the existence of multi-governance structure in school management would be conducive to the long-term development of school-based management. He suggested that the Administration should conduct a comprehensive review of the effectiveness of different governance structures adopted by schools with different visions, missions, traditions and religious background.

The Hong Kong Taoist Association

9. Dr TONG Wai-hop said that the Hong Kong Taoist Association supported the provision of more autonomy and flexibility in the use of resources for all aided schools. The Association, however, did not support the proposed disbursement of the cash grant of \$350,000 from the 2005-06 school year leading to the end of the 2008-09 school year because it would create an unfavourable psychological effect on schools which had not established an IMC.

Yuen Long Merchants Education Promotion Limited

10. Mr LAU Wah-ying said that Yuen Long Merchants Education Promotion Limited in principle welcomed the proposed funding flexibility and support

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measures for IMC schools.

The Education Foundation of the Federation of the Alumni Association of the Chinese University of Hong Kong

11. Mr LEE Kam-chung said that the Education Foundation of the Federation of the Alumni Association of the Chinese University of Hong Kong supported the Administration's proposals to provide more autonomy and flexibility in the use of resources and other support measures to schools which had established an IMC. The Association considered the proposals necessary, reasonable and lawful for the implementation of school-based management.

*Education Convergence Education Foundation
[LC Paper No. CB(2)2044/04-05(04)]*

12. Mr TSO Kai-lok presented the views of the Education Convergence Education Foundation as detailed in its submission. He highlighted that the Foundation supported the proposed provision of funding flexibility and support measures for IMC schools to facilitate implementation of the Amendment Ordinance. The Foundation suggested that the Administration should review the operation of IMCs in 2008 with a view to ascertaining whether schools without an IMC and schools which had undertaken to establish an IMC by different phases should also be provided with more autonomy and flexibility in the use of resources, and whether schools which would establish an IMC at a later stage should be given cash grant on a pro-rata basis.

13. Mr HO Hon-kuen supplemented that the Amendment Ordinance provided statutory backing for the participation of stakeholders in school-based management, which would facilitate the development of democratic governance structure in schools. He strongly believed that the establishment of IMCs would enhance transparency and accountability in school management, and benefit student learning and development in the long term.

Fung Kai Public School (Charitable Body)

14. Mr MA Siu-leung said that Fung Kai Public School (Charitable Body) supported the establishment of IMC to facilitate implementation of school-based management, and respected the decision of other school sponsoring bodies (SSBs) in respect of the timing for establishing an IMC in their schools. He pointed out that the Administration had the responsibility to implement the Amendment Ordinance, and many schools and educators would like to establish an IMC in their schools to facilitate implementation of school-based management. He considered that schools should establish an IMC in accordance with the requirements of the law, and the Administration should provide appropriate support to schools in the establishment and operation of IMCs. He believed that schools which had operated an IMC for some time would share

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their experience and help other schools to set up their IMCs.

Shun Tak Fraternal Association

15. Mr TSUI Kong-sang said that Shun Tak Fraternal Association supported the establishment of IMCs to facilitate implementation of school-based management in accordance with the Amendment Ordinance. The Association believed that the operation of IMCs in schools would enable key stakeholders including parents, alumni and members of the community to participate in school management, and hence enhance the transparency and accountability in school governance. The Association considered that with proper checks and balances in place, schools with IMCs should be given more autonomy and flexibility in the use of resources as early as practicable.

16. Mr TSUI Kong-sang further said that the Association had planned to establish IMCs in its schools long before the Education (Amendment) Bill 2002 was introduced into the Legislative Council (LegCo). It was unfair that some public media had criticised that the Association supported the establishment of IMCs in schools in order to enjoy the funding flexibility and support measures proposed by the Administration.

Evangelical School Development Incorporation Ltd

17. Mr TSUI Kwan-ping said that the Evangelical School Development Incorporation Limited was working on the establishment of IMCs to facilitate implementation of school-based management in its schools. The Incorporation in principle supported the provision of more autonomy and flexibility in the use of resources to schools with IMCs, and would respect the decision of other SSBs on the matter. He anticipated that through better communication, the school sector could reach a consensus to resolve the disputes over the matter, and henceforth concentrate on the implementation of education reforms.

Yuen Long Public Middle School Alumni Association Company Limited

18. Mr TANG For-sau said that Yuen Long Public Middle School Alumni Association Company Limited supported the establishment of IMCs to facilitate implementation of school-based management. The Association had included teacher, parent and independent managers in the school management committees (SMCs) of its schools a few years ago, and found that these managers were able to work in harmony with the managers appointed by the Association. He cited examples to illustrate the contributions and the demand of parent and independent managers in school management. He also highlighted that schools should be provided with sufficient start-up funding for the establishment of IMCs and recurrent resources for their operation.

19. Mr CHEUNG Tai-but said that the role and functions of IMCs and SMCs

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in school management were not the same. He pointed out that the Administration had provided resources and support to schools in the implementation of new initiatives such as the implementation of target oriented curriculum and the establishment of parent-teacher associations. It would be unfair to schools if they were not provided with sufficient resources and support in the establishment and operation of IMCs because of the objection of some SSBs.

Hong Kong Federation of Education Workers
[LC Paper No. CB(2)2044/04-05(05)]

20. Mr WONG Kwan-yu presented the views of the Hong Kong Federation of Education Workers as detailed in its submission. He highlighted that the Federation supported the implementation of the Amendment Ordinance and the establishment of IMCs to facilitate democratic development in school management. The Federation also considered that having supported the enactment of the Amendment Ordinance in 2004, LegCo had a moral obligation to support the Administration's proposal of providing IMC schools with more autonomy and flexibility in the use of resources, and the time-limited cash grant of \$350,000 per annum.

Submissions received from organisations not attending the meeting

21. Members noted the submissions from the following organisations –

- (a) Sik Sik Yuen [LC Paper No. CB(2)1951/04-05(02)];
- (b) Lok Sin Tong Benevolent Society, Kowloon [LC Paper No. CB(2)1951/04-05(03)];
- (c) Yan Chai Hospital [LC Paper No. CB(2)1971/04-05(01)];
- (d) Yan Oi Tong [LC Paper No. CB(2)2000/04-05(01)];
- (e) Tung Lin Kok Yuen [LC Paper No. CB(2)2044/04-05(06)]; and
- (f) 基督教辦學團體 [LC Paper No. CB(2)2044/04-05(07)].

Time-limited cash grant

22. Mrs Selina CHOW considered it acceptable to provide incentives to encourage schools to submit a draft constitution before 1 July 2009 for the purpose of establishing an IMC as long as the provision was open to all eligible schools. She pointed out that the establishment of IMCs consisting of key stakeholders including elected representatives of parents and teachers would facilitate the development of a democratic culture in school management. She

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asked why some deputations considered it discriminatory against non-IMC schools if only IMC schools were provided with an initial time-limited cash grant of \$350,000 per school per annum from the 2005-06 school year leading up to the end of the 2008-09 school year.

23. Bishop Joseph ZEN responded that the Amendment Ordinance had required SSBs to submit a draft constitution of their proposed IMC by 1 July 2009 for the purpose of establishing IMCs before 1 January 2010. The Catholic Diocese had expressly indicated that it would submit draft constitutions for the establishment of IMCs in its schools in 2009, after the Administration had reviewed the implementation of the Amendment Ordinance in 2008. Bishop ZEN considered it unfair for schools which had established an IMC at an earlier time to enjoy more cash grants than schools which would establish an IMC at a later time. He considered that schools should be given the same level of cash grant to cover the initial set-up costs as long as they had established an IMC before the statutory deadline.

24. Bishop Joseph ZEN further said that the Administration had not respected the contributions of the Catholic Diocese and other religious bodies in education over the past decades. He pointed out that the Catholic Diocese had not been consulted before the Education (Amendment) Bill 2002 was introduced into LegCo. He stressed that the Catholic Diocese welcomed the participation of parents and teachers in school management, and had included representatives of teachers and parents in the School Executive Committee and School Administration and Consultation Committee in the course of implementing the School Management Initiatives recommended in the EC Report No.7.

25. Mrs Selina CHOW pointed out that while large SSBs such as the Catholic Diocese with a long history had well-established infrastructure for implementation of school-based management, other SSBs with a short history would require additional support from the Administration in the implementation of the Amendment Ordinance. She said that it should not be considered discriminatory if more support was provided to these SSBs' schools which were in the process of establishing a more participatory and accountable governance structure. She considered it a kind of affirmative action.

26. Dr Fernando CHEUNG said that he held a strong belief in democracy and supported the inclusion of elected representatives of teachers and parents in IMCs to enhance the transparency and accountability of school management. He shared the view of HKSKH that it was unreasonable for schools which had established an IMC earlier than other schools to receive more cash grants. Dr CHEUNG suggested that the Administration should provide all aided schools with the same level of financial assistance for the establishment and operation of an IMC for an equal period of time, as long as they had submitted a draft constitution to EMB for such purpose before the statutory deadline.

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27. Permanent Secretary for Education and Manpower (PSEM) responded that all aided schools which had submitted a draft constitution for the purpose of establishing an IMC before the statutory deadline, 1 July 2009, would be given the initial cash grant of \$350,000. She pointed out that some schools would need administrative and financial support in the establishment and initial operation of an IMC. To facilitate smooth implementation, schools with IMCs established in the early years would be requested to share their experiences and help other schools to set up IMCs. They would be reimbursed for the manpower and other costs incurred for offering such assistance to other schools. The Administration considered it reasonable to provide each aided school with an initial cash grant of \$350,000 to cover the costs, including legal and accounting costs, incurred for the establishment of an IMC, and financial assistance in subsequent years on a reimbursement basis.

28. PSEM further said that there was no question of discriminating or penalising SSBs which planned to establish IMCs in their schools at a later stage, as SSBs were free to decide the appropriate timing for their schools to establish and operate an IMC before the statutory deadline. Schools without an IMC would continue to operate with the existing level of resources and support. The Administration understood that some SSBs for various reasons might prefer to operate an IMC in their schools at a later stage. The Administration would collaborate with these SSBs on the arrangements for the provision of appropriate training for their managers in preparation for their participation in the work of IMC. All serving and prospective IMC managers could attend training programmes provided centrally by the Administration. If SSBs wished to organise training exclusively for their school managers, the Administration would also arrange.

29. Dr Fernando CHEUNG pointed out that the costs for the establishment and initial operation of IMC would decrease as SSBs, lawyers and accountants became familiar with the procedures and documents involved in the registration process. The Administration should review the situation and provide IMC schools with sufficient level of support for an equal period of time.

30. PSEM responded that under the Amendment Ordinance, all aided schools should have established an IMC before 1 January 2010. The Administration would provide support to schools in preparation for the establishment of an IMC such as the provision of guidelines on financial management, including principles of disclosure and accounting convention, and performance indicators, and the setting up of an internal control system with clear delineation of roles and responsibilities. In this connection, EMB would engage a financial management consultant to help develop a template for reference by schools. The Administration envisaged that the requirements and procedures for the establishment of an IMC might be standardised and the costs incurred for the necessary work would accordingly be reduced. Most importantly, the Administration would conduct a review of the implementation of the

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Amendment Ordinance in 2008 and examine the necessary resources and support which were essential for the initial set-up and on-going operation of IMCs in aided schools.

31. Ms Emily LAU said that the Finance Committee would have to consider the Administration's proposal on provision of time-limited cash grant to IMC schools at its meeting on 8 July 2005. She pointed out that given the controversy over the funding proposal, members would face a dilemma in casting their votes. Ms LAU asked whether deputations could reach a compromise or agree an alternative arrangement for the provision of the cash grant, given that the Administration had no intention to change the proposed criteria for providing the cash grant so far.

32. Mr Timothy HA pointed out that the Amendment Ordinance provided that depending on the outcome of the review in 2008, LegCo could, by a resolution passed after 1 October 2008 but before 1 July 2009, defer the statutory deadline for the establishment of IMCs to 1 January 2012. He considered that the Administration had no intention to extend the deadline, and had adopted a divisive tactics in order to secure LegCo support on the provision of time-limited cash grant to schools which were willing to establish an IMC at an early opportunity. Mr HA considered it unfair to blame SSBs, which chose to establish IMCs after the outcome of the review was available, for any delay in provision of the time-limited cash grant to schools which had decided to establish IMCs at the present stage.

33. PSEM explained that the Amendment Ordinance had incorporated a proviso for LegCo to defer the deadline for establishment of IMCs to 1 January 2012 by way of a resolution if there were serious problems or chaos in the establishment of the IMC. For planning purposes, the Administration, however, must follow the existing statutory deadline of 1 July 2009 for the submission of a draft IMC constitution as stipulated in the Amendment Ordinance.

34. Mr LEE Kam-chung said that LegCo Members had a moral obligation to support the provision of time-limited cash grants to IMC schools as the cash grants were proposed in the light of the Amendment Ordinance which was enacted by LegCo in 2004. He considered it unfair if IMC schools were not provided with the cash grant because of the objection of schools which would establish an IMC at a later stage.

35. Rev YUEN Tin-yau said that given the diversity in tradition and modes of governance in schools, a multi-tiered model should be adopted in school management. He cited the governance structure adopted by the schools of the Methodist Church as an example to illustrate that many SSBs had established effective governance structure for the management of their schools. He suggested that the Administration should review the effectiveness of different governance structure in enhancing transparency and accountability of school

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management.

36. Bishop Joseph ZEN sought clarification about the provision of the time-limited cash grant to IMC schools from the 2005-06 school year leading up to the end of the 2008-09 school year. He also expressed reservations about the need for the provision of cash grants to schools with sufficient experience in the operation of an IMC to assist other schools in the establishment of IMCs.

37. PSEM explained that the time-limited cash grant comprised an initial cash grant of \$350,000 which would be given to schools upon the submission of a draft constitution. The initial cash grant was intended to enable schools to acquire the necessary legal and accounting professional services, establish a system of elections, organise school-based training for school managers, and meet the necessary expenditure for the smooth operation of IMC in the initial years. Another component of the time-limited cash grant would be provided to IMC schools which offered assistance to other schools in the establishment of an IMC on a reimbursement basis up to the 2008-09 school year. PSEM added that apart from the support for the establishment and operation of IMCs provided by EMB, there were school-specific issues which could only be handled by schools and their SSBs. From the experience of implementing the education reform, the Administration found that the sharing of experience among schools was often more effective than providing professional advice by EMB in facilitating the implementation.

38. Mr HO Hon-kuen considered that members who had expressed support for the development of democracy in school management should vote to support the provision of time-limited cash grant to SSBs which would take the lead to establish and operate IMCs to enhance transparency and accountability in the management of their schools

39. Mr MA Siu-leung said that many SSBs truly believed in the role and functions of IMCs in enhancing transparency and accountability in school management. He requested members to support the provision of cash grants to SSBs in need of financial support to establish and operate an IMC.

40. Ms Audrey EU asked whether deputations in opposition of the provision of time-limited cash grant to IMC schools would accept the proposal if the same level of cash grant would be provided to all schools, regardless of the time of the establishment of their IMCs. She also asked whether deputations in support of the provision of time-limited cash grant to IMC schools would accept the provision of the same cash grant to schools which would establish an IMC at a later stage.

41. Mr HO Hon-kuen considered it reasonable for the Administration to provide incentives to schools which took the initiative to establish and operate an IMC earlier. Mr LEE Kam-chung said that schools should be provided with the

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time-limited cash grant as soon as they had submitted a draft constitution for the purpose of establishing an IMC.

42. Mr Patrick LAU said that he anticipated that the Administration would reach a consensus with the school sector on the arrangements for provision of financial assistance to schools in the establishment and operation of IMCs. He did not agree that schools which had established an IMC earlier than other schools should be given more cash grants. He considered that all schools should be provided with an initial cash grant of \$350,000 for the establishment of an IMC, and further provisions for the operation of the IMC on a reimbursement basis.

43. PSEM responded that the proposed time-limited cash grant would be provided on a reimbursement basis from the 2006-07 school year (Note: \$350,000 would be disbursed in the first year) leading up to the end of the 2008-09 school year. The Administration would review the implementation and operation of the Amendment Ordinance in 2008 and assess the need to provide a recurrent grant for the operation of IMCs in the long term.

44. Mr LEUNG Kwok-hung said that he had no religious belief. He, however, shared the view of some deputations that schools which planned to establish an IMC after the outcome of the review in 2008 was available should be given the same level of cash grant.

Funding flexibility and professional liability insurance

45. Dr Fernando CHEUNG expressed support for the provision of more autonomy and flexibility to aided schools in the use of resources, and better protection to managers in their performance of school management work by way of the professional liability insurance taken out by EMB. He considered that the proposals on provision of more autonomy and flexibility in the use of resources, if approved by the Finance Committee, should not be subject to the condition of the establishment of an IMC. Dr CHEUNG suggested that the Administration should provide all aided schools with more autonomy and flexibility in the use of funds, and all members of SMCs or IMCs in aided schools with the professional liability insurance coverage.

46. PSEM explained that the provision of more autonomy and flexibility in the use of resources was proposed having regard to the existence of the necessary pre-conditions in IMC schools, including a system of checks and balances with stakeholders' participation within a transparent and accountable framework of governance. The Administration considered it essential that only schools with elected representatives of teachers and parents participating in the management of the school at the decision-making level should be provided with more autonomy and flexibility in the use of public resources. As a matter of prudence in the management of public funds, more funding flexibility and autonomy

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should go hand in hand with an open and transparent system of governance.

47. As regards the provision of professional liability insurance coverage for IMC managers, PSEM explained that the proposal was made in response to the request of the Bills Committee on the Education (Amendment) Bill 2002. The Administration considered that existing school managers were sufficiently protected under the Block Insurance Policy for aided schools.

Hon CHEUNG Man-kwong's co-ordination proposal

48. Mr CHEUNG Man-kwong said that he agreed that the Amendment Ordinance had brought about certain degree of divisiveness among SSBs towards the establishment of IMC, and the problem would become more acute when the provision of time-limited cash grant was proposed for the approval of the Finance Committee. He anticipated that the school sector could reach a consensus on the arrangements for provision of funding support in the establishment and operation of IMC in the long term.

49. Referring to his co-ordination proposal tabled at the meeting (as set out in the **Appendix**), Mr CHEUNG Man-kwong pointed out that schools with or without IMC were both lawful schools which should be provided with the same level of support measures in an equal and non-discriminatory manner, including the provision of liability insurance and legal protection to all IMC and SMC managers and the right to flexibly use the Expanded Operation Expenses Block Grant and Teacher Relief Grant as long as the schools had a good track record in administrative and financial management.

50. On the provision of time-limited cash grant, Mr CHEUNG Man-kwong suggested that the Government should provide, on a reimbursement basis, a one-off cash grant of \$700,000 for two years to those schools which took the lead of establishing IMCs on a pilot basis before 2007. Schools which established an IMC after 2007 but before the statutory deadline should receive a one-off average grant for two years. After two years, schools with IMC would receive an annual grant, which was equivalent to the sum of annual recurrent expenditure, for the purpose of continuing the operation of their IMCs. He added that IMC schools offering assistance to other schools in the establishment of an IMC should be reimbursed with the costs incurred.

51. Mr Patrick LAU expressed support for Mr CHEUNG Man-kwong's coordination proposal. He considered it appropriate to provide financial assistance to IMC schools in the establishment and operation of an IMC on a reimbursement basis.

52. PSEM responded that the Administration had the responsibility to ensure proper use of public resources in aided schools. She cited two findings in the recent internal audit conducted by EMB on the accounts of some 100 aided

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schools to illustrate that around 10% – 15% schools had committed unacceptable errors in the use of resources. She stressed that the Administration would have to adopt consistent approaches and policies in the devolution of more flexibility in the use of resources to schools. She reiterated that the legislative intent of the Amendment Ordinance was to devolve more autonomy and funding flexibility to IMC schools with elected parent and teacher managers in the governance structure and proper financial and resources management system in place.

53. Principal Assistant Secretary (School Administration and Support) supplemented that the Amendment Ordinance had provisions to protect school managers who had performed their roles and functions in good faith from any liability claims. The provision of professional liability insurance coverage to IMC managers was made on such basis as an add-on protection, which the Bills Committee on the Education (Amendment) Bill 2002 had asked the Administration to consider.

54. Mr CHEUNG Man-kwong remarked that non-IMC schools which had not committed any mistake in the use of funds should be provided with more autonomy and flexibility in alignment with IMC schools. PSEM responded that from the perspective of the Director of Audit, there should be effective financial and resources management system with built-in checks and balances to guard against any abuse of authority or impropriety in the use of public funds. EMB could thus only responsibly devolve more funding flexibility to IMC schools.

55. Referring to Mr CHEUNG Man-kwong's co-ordination proposal, Mr TSO Kai-lok said that he supported that schools which were properly managed should enjoy more autonomy and flexibility in the use of resources, but considered it difficult to ascertain whether a school was properly managed. Mr Timothy HA expressed a similar concern and said that the Administration might find fault with those schools which had no intention to establish an IMC at an early opportunity. Mr CHEUNG Man-kwong remarked that it would be necessary to impose the condition that only schools which were properly managed should be given more autonomy and flexibility in the use of resources.

56. Mr CHEUNG Man-kwong moved a motion urging the Administration to consider his coordination proposal in preparing its financial proposal for consideration by the Finance Committee on 8 July 2005. The motion was seconded by Mr Patrick LAU and Ms Audrey EU. No member present expressed objection to the motion. The motion was carried.

57. The Chairman requested that the Administration should carefully consider the co-ordination proposal supported by the Panel and respond to the views expressed by members and deputations in its financial proposal to be submitted to the Finance Committee. PSEM agreed. She, however, pointed out that the co-ordination proposal had a number of issues which needed to be resolved, such as the criteria to determine whether a school was properly

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managed and the fact that IMCs and SMCs did not enjoy the same legal protection from liabilities under the Amendment Ordinance.

Any other business

58. There being no other business, the meeting ended at 7:38 pm.

Council Business Division 2
Legislative Council Secretariat
7 July 2005

Appendix

(English translation prepared by the Legislative Council Secretariat
for Members' reference only)

Hon CHEUNG Man-kwong's co-ordination proposal

- (1) Under the Education (Amendment) Ordinance 2004, existing schools with incorporated management committees ("IMC") and schools without IMCs are both lawful schools. Therefore, the provision of funding and supporting measures to these lawful schools should be made in an equal and non-discriminatory manner.
- (2) The Legislative Council Panel on Education proposes that:
 - (i) the Government should offer liability insurance and legal protection for the managers of all lawful school management committees ("SMC");
 - (ii) the Government should grant the right to flexibly use the Expanded Operating Expenses Block Grant and Teacher Relief Grant to all lawful SMCs which are properly managed both financially and administratively;
 - (iii) the Government should provide, on a reimbursement basis, a one-off cash grant of \$700,000 for two years to those schools which take the lead of establishing IMCs on a pilot basis before 2007. In 2007, the Government shall conduct a review of the schools which have established IMCs on a pilot basis by calculating the average expenses of these schools over the two years and estimating the annual recurrent expenditure of these schools after 2007; and
 - (iv) Schools that join the scheme after 2007 but before the statutory deadline for establishing IMCs may receive a one-off average grant for two years for establishing IMCs. After two years, these IMC schools will receive an annual grant, which is equivalent to the sum of annual recurrent expenditure, for the purpose of continuing the operation of their IMCs.