

Draft
立法會
Legislative Council

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

Ref : CB2/PL/ED

Panel on Education

**Extract from the Minutes of special meeting
held on Monday, 3 January 2005 at 4:30 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
Hon MA Lik, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
- Member absent** : Hon Patrick LAU Sau-shing, SBS, JP
- Public Officers attending** : Item II
Professor Arthur KC LI, GBS, JP
Secretary for Education and Manpower

Ms Irene YOUNG
Principal Assistant Secretary for Education and
Manpower (Higher Education)

Mr Michael STONE, JP
Secretary-General, University Grants Committee

Resource Persons

City University of Hong Kong

Mrs Mary Rose CHU
Head of Academic Regulations and Records Office

Mr Gabriel CHAN
Director of Finance

Hong Kong Baptist University

Dr Robert LAM
Academic Registrar

Mr Alex SHUEN
Director of Finance

Lingnan University

Mr MUI Lok-wood
Registrar

The Chinese University of Hong Kong

Mr LEE Shu-wing
Deputy Registrar

Mr Terence CHAN
Bursar

The Hong Kong Institute of Education

Mr Norman NGAI
Vice President (Resources & Administrative Services)

Dr SO Kwok-sang
Registrar

The Hong Kong Polytechnic University

Mrs Ada CHAN
Senior Assistant Academic Secretary, Academic Secretariat

Mr Chris C MONG
Associate Vice President and Director of Finance

The Hong Kong University of Science & Technology

Professor Peter DOBSON
Associate Vice-President for Academic Affairs

Mr Philip WONG
Director of Finance

The University of Hong Kong

Mr Henry W K WAI
Registrar

Mr Philip B L LAM
Director of Finance

Clerk in attendance : Miss Flora TAI
Chief Council Secretary (2)2

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

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II. Recurrent funding for University Grants Committee-funded institutions in the 2005/06 to 2007/08 triennium

[File Ref : EMB (MPE) CR 8/2041/03, LC Paper Nos. CB(2)517/04-05(01), CB(2)528/04-05(01) and CB(2)554/04-05(01)]

At the invitation of the Chairman, SEM briefed members on the main proposals in the Legislative Council Brief on recurrent funding for University Grants Committee(UGC)-funded institutions in the 2005-06 to 2007-08 triennium [File Ref : EMB (MPE) CR 8/2041/03].

2. The Chairman informed the meeting that the Administration intended to submit its proposal on recurrent funding for UGC-funded institutions in the 2005-08 triennium to the Finance Committee for consideration at its meeting on 14 January 2005. In this connection, the Panel would receive deputations from the higher education sector on the proposed recurrent funding at the special meeting scheduled for 11 January 2005 at 8:30 am. Mr CHEUNG Man-kwong remarked that the Administration should consider postponing the discussion of the funding proposal by the Finance Committee to a later date, in order to allow

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sufficient time for the Panel to consult UGC-funded institutions, their staff associations and students unions, and concern organisations.

Recurrent funding for UGC-funded institutions in the 2005-08 triennium

3. Mr CHEUNG Man-kwong requested for a breakdown of the allocations to UGC-funded institutions in respect of the following specific recurrent funding recommendations in the 2005-08 triennium as shown in Annex B of the Legislative Council Brief –

- (a) Earmarked Research Grants;
- (b) Grants for restructuring and collaboration activities;
- (c) Grants for research development activities; and
- (d) Central allocation vote.

4. Secretary General, University Grants Committee (SG(UGC)) explained that around \$505 million was earmarked for allocation of research grants to UGC-funded institutions in each academic year. The Research Grants Council (RGC), working in close partnership with the UGC, would advise and report to the Government through the UGC on the needs of UGC-funded institutions in the field of academic research, including the identification of priority areas. RGC would recommend the allocations of the research grants and monitor the implementation of such grants. RGC was assisted by four specialist subject panels comprising of both local and overseas academics in assessing applications for research grants on the basis of peer review. A portion of the earmarked research grants (around 14%) was directly allocated to institutions on the basis of their staff size and other factors relevant to research. The major portion (around 80%) was allocated in response to competing bids for specific project grants from individuals or groups of staff of institutions. Another portion was centrally allocated in response to bids from institutions for major research facilities/equipment or library collections to support collaborative research involving two or more institutions, or group research activities that operated across disciplines and/or normal institutional boundaries.

5. SG(UGC) further explained the Administration's agreement that the savings arising from the withdrawal of subvention from those taught postgraduate programmes which were previously publicly-funded could be retained by UGC to support institutional restructuring and collaborations as advocated in the UGC document entitled "To make a difference, To move with the times". Since research and teaching performance were equally important to the long-term development of higher education, UGC would also provide a total of 450 additional research postgraduate places in the 2005-08 triennium to strengthen research development in Hong Kong. Institutions would be allocated

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some of the 450 places on a pro-rata basis, and others on the basis of their research performance and the merits of their research proposals. As regards the central allocation vote, a total of 210 million was set aside for needs which might emerge during the triennium.

6. Mr CHEUNG Man-kwong asked why the teaching development and language enhancement grants for UGC-funded institutions in the 2001-04 triennium were not shown in the funding proposal for the 2005-08 triennium.

7. SG(UGC) explained that the teaching development and language enhancement grants were included under the block grant for individual institutions but would be specified in UGC's letter to individual institutions confirming the allocation of recurrent funding for the 2005-08 triennium. He added that the proposed allocations for teaching development and language enhancement in the 2005-08 triennium remained at the levels for the 2001-04 triennium, i.e. an annual allocation of about \$77 million for teaching development and \$33 million for language enhancement and that UGC attached great importance to these activities.

Funding cut for Hong Kong Institute of Education (HKIED)

8. Mr CHEUNG Man-kwong said that if the proposed recurrent funding was approved by the Finance Committee, HKIED would suffer from a reduction of funding from about \$790 million in the 2003-04 to about \$420 million in the 2007-08 academic year, i.e. a funding cut of about 47% in five years. He doubted how HKIED could possibly survive and continue operation under such a substantial reduction of funding. He asked how the Administration would expect HKIED to operate and develop in the future, or whether the Administration was aimed at achieving a merger of HKIED with other institutions by way of imposing a 47% funding cut in five years.

9. SG(UGC) responded that the reduction in recurrent funding to HKIED for the 2005-08 triennium was mainly the result of a reduction in the number of publicly-funded student places, phasing out of front-end loading within the triennium, and replacement of exemption from 10% unit cost reduction in the 1998-2001 triennium by a monotechnic premium. He added that the delivery of 5% efficiency saving in the 2007-08 academic year as well as the residual effect of the 3% civil service pay adjustment effective on 1 January 2005 were common to all UGC-funded institutions.

10. SG(UGC) explained that the provision of teacher education places in the UGC sector was subject to the specific manpower planning requirements of the Administration, which would take into account the current situation of surplus teachers, projected demand for teachers in the light of projected decline in school student population, demands for teachers in specific key learning areas, and anticipated needs in upgrading existing teachers in the coming years. The fact

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that HKIEd was a monotechnic institution focusing on the delivery of teacher education programmes had restrained its flexibility to switch its programme operation to “compensate” for the reduced demand in teacher education places.

11. SG(UGC) further explained that front-end loading was only given to institutions at their early stage of development or upgrading, normally within a period of nine years. He pointed out that HKIEd had received front-end loading since 1998-99 and had already become a well-developed institution and obtained self-accreditation status in 2004. UGC considered it appropriate to gradually reduce its front-end loading during the triennium and eventually remove it in the 2007-08 academic year. SG(UGC) added that HKIEd was well aware of the need to remove its front-end loading as one of the consequences of becoming a self-accrediting institution, and the reduction and removal of front-end loading for HKIEd was consistent with what UGC had done for other institutions in the past.

12. SG(UGC) also explained that HKIEd was exempted from the 10% unit cost reduction for UGC-funded institutions in the 1998-2001 triennium, in view of the fact that it was then at a very early stage of its development. The anomaly was no longer appropriate since HKIEd was now a mature institution. However, UGC recognised its monotechnic nature in programme planning and therefore had made extra-formulaic(upwards) adjustment of about 6% to its total grant for the 2005-08 triennium.

13. Mr CHEUNG Man-kwong said that he had no objection to the 3% civil service pay adjustment and the proposed “0-0-X” model, i.e. recurrent saving up to 5% to be achieved from the 2007-08 academic year. He, however, considered it unfair and unrealistic to require HKIEd to continue operation under a 47% reduction of funding in five years. Mr CHEUNG further said that while there might be justifications for various funding cuts, the Administration should consider from a practical and operational perspective whether these cuts should be imposed on HKIEd at the same time. He suggested that the Administration should propose a fair and reasonable reduction in funding for HKIEd having regard to its special circumstances, and consider extending the timing for removing its front-end loading for the sake of the education sector. Mr CHEUNG also asked whether the Administration had proposed to reduce funding on in-service training programmes offered by HKIEd.

14. SEM responded that it would be unfair to Lingnan University and the Hong Kong University of Science and Technology if front-end loading were provided to HKIEd for more than nine years. He did not agree that HKIEd could not survive the proposed reduction in funding for the 2005-08 triennium. He pointed out that apart from UGC grants, there were huge amount of resources for the provision of professional development programmes for in-service school teachers to cope with the needs of education reform and curriculum reform including training on teaching Liberal Studies under the proposed new senior

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secondary curriculum. He considered that HKIEd should aim at obtaining new resources to provide appropriate development and upgrading programmes for serving teachers in support of the education reform and curriculum reform.

15. The Chairman asked whether HKIEd would be funded to provide professional development programmes for in-service teachers in support of the proposed reform in senior secondary education. SEM responded that HKIEd would have to propose appropriate and competitive professional programmes for in-service teachers in the light of the needs of the education reform and curriculum reform. SEM considered it fair that HKIEd should compete with other institutions for allocation of education resources.

16. Mr CHEUNG Man-kwong was of the view that the Administration should consider the different circumstances of individual institutions in proposing reduction of funding for the UGC sector. He requested the Administration to extend the timing for removing front-end loading for HKIEd having regard to its history of development. He pointed out that HKIEd had no strong views against reduction of funding for pre-service teacher training as a result of the decline in student population, but considered it unreasonable to reduce funding on programmes for in-service teachers. He suggested that the Administration should discuss with HKIEd to resolve the problem.

17. SEM responded that reduction in funding were also made for in-service teacher programmes in other UGC-funded institutions, and removal of front-end loading for other UGC-funded institutions including Lingnan University which was smaller than HKIEd in student enrolment had all been made in eight or nine years.

18. Mr CHEUNG Man-kwong remarked that no institution had suffered from and could survive a 47% reduction of funding in five years. SEM responded that under the proposed reform in academic structure for junior and senior secondary education, there would be substantial demands for additional teachers in various teaching areas and professional development programmes for in-service teachers in the next few years. HKIEd should work out competitive programmes in the light of the current needs of the education sector and bid for additional allocations. SEM believed that the HKIEd management was well aware of the changing circumstances in education and should be able to propose suitable programmes to meet the needs of the teaching force.

19. Ms Audrey EU shared the view of Mr CHEUNG Man-kwong and said that a 47% reduction in funding in five years was too harsh for HKIEd to bear. She asked whether HKIEd should be recognised for having achieved self-accreditation status in 2004 by way of the earmarked grants for restructuring and collaboration activities.

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20. SG(UGC) responded that the earmarked grants for re-structuring and collaboration activities was intended to encourage institutions to review their governance structure with the aim of improving internal efficiency, and to collaborate with each other to improve quality and cost-effectiveness in the provision of higher education. The grants were not intended for rewarding achievements in the course of normal institutional development such as becoming a self-accrediting institution. He added that in the first round of the allocation exercise for the earmarked grants for re-structuring and collaboration, funding had been provided for three re-structuring and two collaboration proposals. UGC welcomed applications from HKIEd in the second round of the allocation exercise for provision of grants amounting between \$10 million to \$25 million each.

21. Ms Audrey EU remarked that in achieving the self-accreditation status in the provision of teacher education, HKIEd had fulfilled its major role in the higher education sector stated in the UGC document entitled "To make a difference, To move with the times". She considered that in recognition of such achievement, the Administration should consider providing some special grants to HKIEd and exercise flexibility in removing the front-end loading for HKIEd.

22. Referring to the submission from the Academic Staff Association of HKIEd [LC Paper No. CB(2)517/04-05(01)], Ms Audrey EU asked whether 60% of the reduction in funding arising from an estimated decrease in student number in the 2005-08 triennium fell in the area of in-service professional upgrading. She pointed out that according to the submission, there were a reduction of full-time equivalent places for in-service school teachers from 478 in 2004-05 to 350 in 2007-08 and a reduction of upgrading programme places for teachers in early childhood education from 780 in 2004-05 to 340 in 2007-08.

23. SEM responded that the demand for in-service teacher training places was decreasing as more and more serving teachers had acquired a Bachelor of Education degree and completed the Postgraduate Diploma or Certificate in Education (PGDE or PCEd). He pointed out that at the moment, about 53% and 80% of teachers in primary and secondary schools respectively had both degree and teacher training qualifications. SEM considered that as a long-term development strategy, HKIEd should aim at operating more programmes relating to secondary education through strategic collaborations with other institutions such as collaborating with the Hong Kong Polytechnic University and the Hong Kong University of Science and Technology to provide two-year professional development programmes for their graduates in education. He added that despite the decline in student population, the overall quality of primary school teachers had improved considerably in recent years.

24. Ms Audrey EU suggested that the Administration and UGC should discuss with HKIEd the provision of upgrading programmes for in-service teachers in early childhood education before the special meeting on 11 January

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2005. The Chairman added that as no UGC-funded institution had suffered from a 47% reduction of funding in five years before, the Administration should re-consider the reduction of funding for HKIED and where appropriate, give special consideration to the circumstances of HKIED. SEM responded that HKIED should proactively pursue deep collaboration in its areas of strength with other institutions to enhance the higher education system in Hong Kong. The Administration would provide additional funding to HKIED for its proposals on deep collaborations with other institutions in support of the education and curriculum reforms.

25. Dr Fernando CHEUNG expressed regret about the adoption of a self-financing policy for the provision of sub-degree and taught postgraduate programmes in UGC-funded institutions. He pointed out that the policy had adversely affected in-service teachers and working adults in pursuit of further education opportunities. Dr CHEUNG also shared the concern of Mr CHEUNG Man-kwong and Ms Audrey EU about the adverse impact of the 47% reduction in funding on HKIED. He considered that the substantial funding cut would force HKIED to consider strategic restructuring in staff establishment and salary administration including reduction in staff establishment and salaries. He suggested that the Administration should collaborate with UGC to ensure that the normal operation of HKIED would not be jeopardised by the need to reduce recurring funding for the UGC sector in the face of fiscal deficits. SEM reiterated that HKIED should review its operation and propose new programmes for pre-service and in-service teachers in the light of the changing educational needs.

26. Mr LEUNG Kwan-yuen considered that the Administration should collaborate with HKIED management to ensure HKIED's continuous operation in the future. He suggested that the HKIED management should present more information and figures in respect of the impact of the reduction in funding on the long term operation of HKIED at the special meeting on 11 January 2005.

27. Mr Norman NGAI of HKIED said that HKIED management would explain at the meeting on 11 January 2005 the financial difficulties of HKIED in the face of a 47% reduction of funding in five years. He considered that UGC should also elaborate on its calculation on the allocation of recurrent funding to HKIED for the 2005-08 triennium in detail.

28. Mr Norman NGAI of HKIED further pointed out that the front-end loading for HKIED was reduced from the 2004-05 academic year and would be removed in the 2007-08 academic year, i.e. over a period of four years instead of nine years. SG(UGC) explained that the same duration for reduction of front-end loading from the maximum entitlement to zero had been adopted for other institutions.

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Increase of university fees

29. Ms Audrey EU asked whether the proposed increase in university fees in the consultation document entitled “Reforming the academic structure for senior secondary education and higher education” would increase the existing cost recovery ratio of undergraduate programmes from 18% to 26-27% in HKIEd as stated in the submission of the Academic Staff Association of HKIEd

30. SG(UGC) responded that while the overall indicative tuition fees for UGC-funded programmes were set with reference to the policy to achieve a cost recovery ratio of 18%, the actual recovery ratio would vary from institution to institution as the student unit costs of individual programmes offered by institutions were not the same. Whether a policy on differential fees should be adopted for undergraduate programmes would have to be decided by the community as a whole. He understood that the Administration might consider the matter in the light of the views received from the current consultation on the proposed new academic structure for higher education.

31. Dr Fernando CHEUNG asked whether the Administration would consider the adoption of a uniform cost-recovery ratio for all UGC-funded institutions. SEM responded that a uniform cost recovery ratio for all institutions would mean the adoption of differential fees for university programmes, which would in turn increase the financial burden of students in certain disciplines such as medical and engineering studies.

Follow-up

32. Mr CHEUNG Man-kwong requested the Administration to work out with HKIEd some pragmatic ways to resolve the problems arising from the proposed reduction of funding before the meeting on 11 January 2005. He also urged that other institutions should consider the history of development and circumstances of HKIEd, and would not object to giving special consideration to HKIEd in the timing for removing its front-end loading.

33. The Chairman added that according to the submission of the Academic Staff Association of HKIEd, staff of HKIEd had no objection to the principle of reducing funding on the basis of a decline in student population. It only requested for a longer period for reduction of funding such as deferring the removal of the front-end loading to a later date. SEM agreed to re-consider the matter.

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