



中華人民共和國香港特別行政區政府總部教育局  
Education Bureau  
Government Secretariat, The Government of the Hong Kong Special Administrative Region  
The People's Republic of China

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11 June 2010

Miss Odelia Leung  
Clerk to Panel on Education  
Legislative Council  
Jackson Road  
Central, Hong Kong

Dear Miss Leung,

**Panel on Education**  
**Letter from the Public Administration and Politics Society**  
**of The Open University of Hong Kong**

I refer to your letter of 27 May 2010, relaying the Panel Chairman's request for a response from the Administration to the letter from the Public Administration and Politics Society of The Open University of Hong Kong (which was attached to your letter). The requested information is set out below for Members' reference.

Mission of The Open University of Hong Kong

The mission of The Open University of Hong Kong (OUHK) is to make higher education available to adults, principally through a system of open access and distance education. In response to the development of the society and the changing needs of students, OUHK proactively provides other post-secondary and continuing education programmes, including full-time or part-time face-to-face and online learning programmes.

Financial arrangement of The Open University of Hong Kong

OUHK is the first self-financing university in Hong Kong. Before the establishment of the Open Learning Institute (the predecessor of OUHK), a Planning Committee was set up by the Government to study the

financial, organisational and legal arrangements of the Institute. According to the recommendation of the Committee, the Government should provide the set up cost of the Institute and its operating cost of the first few years. After that, the Institute would be able to support itself financially through tuition fees and other income. The Government has accepted this recommendation.

Starting from its establishment, OUHK has been developing towards the direction of being financially self sufficient, as recommended by the Planning Committee. In 1993/94, OUHK started operating in a self-financing mode and was financially self-sufficient in its recurrent expenses as planned originally. In 1995/96, OUHK started reporting financial surplus.

We have no intention to change the existing policy. As OUHK primarily offers open education, the self-financing operating mode can provide greater flexibility to the University to enable it to modify its programmes in response to market changes. Apart from OUHK, the Hong Kong Shue Yan University, Chu Hai College of Higher Education and Hang Seng Management College are also self-financing.

#### Government's support to self-financing post-secondary institutions

The Government invests considerably on education. The annual expenditure on higher education is more than \$10 billion. About a quarter of the Government's total spending is on education, out of which a quarter is for higher education. While investing in education, we also need to take care of other needs of our society. As such, we encourage the development of self-financing institutions, so as to further diversify the local higher education sector and provide more articulation choices and opportunities for local students. In some other developed economies, the self-financing sector plays an important role in providing higher education, complementing and competing with the public sector.

Although the Government does not provide recurrent support to self-financing institutions, the Government has implemented various support schemes, including Land Grant Scheme, Start-up Loan Scheme, Quality Enhancement Grant Scheme, provision of accreditation grants and Matching Grant Scheme (MGS), to encourage the development of self-financing post-secondary institutions, so as to further diversify the local post-secondary sector.

The Land Grant Scheme provides land at nominal premium to self-financing non-profit-making post-secondary institutions for the construction of purpose-built premises. Since its launch in 2002, six sites have been granted. In March 2010, we launched a new round of application under the Land Grant Scheme and invited applications from education institutions for three land sites, including a site at Chung Hau Street, Ho Man Tin. We welcome all self-financing non-profit-making post-secondary institutions, including OUHK, to apply for the sites. The Start-up Loan Scheme provides interest-free loans for ten years to support institutions for enhancing quality and improving students' learning experience. The \$100 million-Quality Enhancement Grant Scheme supports projects/initiatives that can improve students' learning, teaching methods, course quality and career guidance. Applications under the above three support schemes are vetted by independent committees. We also provide accreditation grants to self-financing non-profit-making post-secondary institutions for conducting academic accreditations, which cover the full amount of Initial Evaluation or Institutional Review fee, and part of the Programme Validation fee. MGS helps and encourages institutions to tap more funding sources. Starting from the fourth round, OUHK has been covered under the MGS. It has successfully secured over \$100 million of donations through the MGS and received over \$70 million of matching grant. We trust that the fifth MGS, which just started on 1 June, would further help OUHK to secure more donations.

Apart from the above support schemes, the Government would consider providing funding support to worthwhile projects that would not incur recurrent subvention, and are conducive to the mission of OUHK. For example, we have granted \$100 million to OUHK to establish a General Development Fund and another \$62.8 million for the establishment of the Centre for Innovation. Over the years, the Government has provided funding support totaling around \$850 million to OUHK. Besides, we have also provided OUHK an interest-free loan of \$120 million for the construction of the University's Campus Phase II.

### Student Hostels

We are mindful of the keen demand for hostels from students in the tertiary sector. Nevertheless, Hong Kong faces the problem of land supply for the construction of hostels and other facilities. We will consider the request for land for the construction of hostels from self-financing institutions on a case-by-case basis. Meanwhile, we understand that institutions had adopted other means to tackle the issue of lack of hostels, such as helping students to rent private flats near the institutions.

I should be grateful if you could circulate the above information to Members for their reference.

Yours sincerely,

A handwritten signature in cursive script that reads "Amy Wong".

( Amy Wong )

for Secretary for Education