

STATEMENT TO THE COMMISSION OF INQUIRY
PROFESSOR ARTHUR K C LI

1. Introduction

1.1 I, Arthur K C Li, Secretary for Education and Manpower of the Government of the Hong Kong SAR, have been invited by the Commission of Inquiry on Allegations relating to The Hong Kong Institute of Education (the "Commission") to respond to the three allegations made by Professor Bernard Luk Hung Kay ("Professor Luk"), Vice President (Academic) of The Hong Kong Institute of Education (the "Institute") in his undated letter to the teaching staff and students of the Institute, which was published on the Institute's intranet on 4 February 2007 and the internet website of the Ming Pao News on 5 February 2007 (the "10,000 Word Letter").

1.2 The details of the allegations are set out in the Commission's Terms of Reference, and are separately identified as:

(A) the First Allegation, by which it is alleged that I threatened to allow the then Permanent Secretary for Education and Manpower ("PSEM"), Mrs Fanny Law ("Mrs Law") to have a free hand in cutting the number of students of the Institute unless the President of the Institute, Professor Paul Morris ("Professor Morris"), proposed a merger of the Institute with the Chinese University of Hong Kong;

(B) the Second Allegation, by which it is alleged that a senior Government official repeatedly called Professor Morris to request that he dismiss members of the Institute, following the publication in the local press of articles which criticised the education reform or the education policy of the Government and its implementation. On 9 March 2007, Professor Luk expanded his allegation identifying,

(1) Mrs Law as the Government official;

(2) the four dates on which the requests were made, namely 30 October 2002, late 2004, November 2004 and 21 April 2005; and

(3) Ip Kin-yuen, Cheng Yin-cheong, Lai Kwok Chan and Wong Ping-man as the individuals¹ who were the subject matter of the requests.

(C) the Third Allegation, by which it is alleged that in late June 2004 I threatened to make Professor Luk “pay” for his refusal to issue a statement condemning a group of surplus teachers and the Hong Kong Professional Teachers’ Union (“PTU”), who were protesting against redundancy resulting from class reduction;

(together the “Allegations”).

- 1.3 This statement sets out the details of the matters on which I intend to rely to refute the Allegations. I give this statement both in my personal capacity, being the target in the First Allegation and the Third Allegation, and in my official capacity in response to the Second Allegation.
- 1.4 Before addressing the detail, I would like to thank the Commission for the opportunity to make this statement. I should preface my remarks by saying that I am honoured to be the Secretary for Education and Manpower (“SEM”), a responsibility that I do not take lightly. The Education and Manpower Bureau (the “Bureau”) and I work tirelessly to ensure that quality education is being provided for Hong Kong's young people, and that the manpower needs of different sectors of our community are well looked after through human resources planning and development. Of course, in doing so we frequently have to balance the competing needs and interests of the relevant stakeholders, although at all times we seek to ensure that this is done in a fair and even manner.
- 1.5 Institutional autonomy and academic freedom are well enunciated in the Notes on Procedures of the University Grants Committee (“UGC”), which is available on UGC’s website. I attach at Annex (A) a copy of its Chapter 1 which is particularly relevant. In this regard, I should make it clear that I am a strong supporter of academic autonomy and academic freedom of all academic institutions. My beliefs stem in large part from the fact that I have worked extensively throughout my career in an academic environment, including as a teacher, researcher and administrator (a note summarising my professional background is at Annex (B) of this statement). Indeed, when I was awarded Doctor of

¹ It was not until 12 March 2007, upon a request made by the Department of Justice by way of letter dated 10 March 2007, that Professor Luk’s lawyers clarified the specific dates on which these individuals were allegedly requested by Mrs Law to be dismissed from the Institute.

Science (Medicine) *honoris causa* by the University College London (“UCL”) in September 2006, the UCL’s citation in my honour stated that “*he is noted for his defence of academic freedom*” (the citation is at Annex (C) of this statement).

- 1.6 It is therefore disappointing that those responsible for making the Allegations have seen fit to criticise me that I have sought improperly to interfere in the Institute’s affairs through inappropriate means, or that I have permitted my bureau to do so. It is in all of our interests for the Institute to flourish. Since assuming the position of SEM in 2002, I have always viewed Professor Morris and the Institute as friends, and dealt with them accordingly by providing advice, guidance and encouragement so as to ensure that it is well placed to meet the challenges of the future. It is regrettable that those involved have chosen, for whatever reason, to misinterpret our well meaning efforts.

2. Preliminary Matters

The First Allegation and the Third Allegation

- 2.1 In this statement, I provide to the Commission the background to the alleged conversations. In this context, I did have telephone conversations with Professor Morris from time to time, and with Professor Luk on 29 June 2004. However, I am certain that the threats alleged were neither made nor implied. Neither could any reasonable person, within the contexts given, be able to infer that I had made the threats as alleged.

Documents

- 2.2 On 12 March 2007 the Bureau forwarded certain documents to the Commission in response to the Commissioner’s request to Mr Raymond Wong, PSEM. These also include:
- (A) documents on which I intend to rely to refute the Allegations; and
 - (B) other information or documents which relate to the matters within the terms of reference of the Commission.
- 2.3 In addition to the above, the following documents are annexed to this statement to facilitate my presentation, namely
- (A) Chapter 1 of the Notes on Procedures of the UGC;

- (B) A note summarising my professional background;
- (C) The UCL's citation in my honour in September 2006;
- (D) A note on the funding mechanism of UGC;
- (E) A note explaining the funding level for the Institute in the 2005 to 2008 triennium;
- (F) A note on merger / deep collaboration; and
- (G) A background note on measures to deal with surplus teachers.

3. The First Allegation

3.1 The First Allegation implies that I would direct the Bureau to cut the Institute's funding if Professor Morris did not take the initiative to propose a merger between the Institute and the Chinese University of Hong Kong. This allegation seeks to confuse two distinct issues, namely

- (A) the mechanism of allocating public funds to the Institute; and
- (B) the desirability, or otherwise, of merging one or more of the tertiary education institutions.

As a matter of Government policy, and in my own mind, these subjects do not influence each other.

3.2 The telephone conversation to which Professor Luk refers took place around mid-January 2004. That telephone conversation was prompted by a desire to help the Institute because of Government's financial cutback and other factors affecting the Institute in particular. In the allegation, it was suggested that I threatened Professor Morris to the effect that unless he proposed a merger with the Chinese University of Hong Kong, the Institute's student numbers would be cut. In fact, my suggestion was to the contrary. What I said was that, since the Institute already knew that it would be facing significant cuts due to a general cut in Government funding and that the Institute's front end loading would come to an end, the Institute should seriously consider their future positioning in order to cope. Moreover, I said there would be additional funding from UGC to encourage restructuring and collaboration between the institutions.

3.3 I am clear that I did not:

- (A) try to force the Institute to merge or otherwise seek to impose my will on the Institute; and/or
- (B) threaten to cut the number of students that the Institute is permitted to accept and therefore its resources in order to put pressure on Professor Morris to propose a merger between the Institute and the Chinese University of Hong Kong.

I address these matters in turn, dealing with the funding issue first.

Tertiary Education Funding

3.4 Although the terms of the First Allegation do not go into this level of detail, Professor Luk's statement to the Panel on Education of the Legislative Council on 28 February 2007 ("Professor Luk's Statement") specifically addresses the student numbers and the corresponding funding for:

- (A) Bachelor of Education degree courses; and
- (B) the Certificate in Early Childhood Education ("C(ECE)") courses.

3.5 For the sake of completeness I should explain that the Institute in fact receives funding from the Government directly or through the UGC for various purposes. In addition to the provision of teacher training places such as the two described by Professor Luk, the Institute also receives funding direct from the Bureau contract work and consultancies and for professional upgrading courses it runs for teachers. I shall address the overall funding position of the Institute later.

Bachelor of Education degree courses

3.6 The Commission has already been provided with a note covering the bundle about student numbers, which summarises the Government's approach in relation to the allocation of student numbers to publicly funded tertiary education institutions. I have attached at Annex (D) a note explaining the funding mechanism of UGC.

3.7 The key points which I would draw to the Commission's attention are as follows:

- (A) The funding for the Bachelor of Education degree course and C(ECE) course which are the subject of Professor Luk's concern comes under the "recurrent funding requirement" for tertiary education institutions in Hong Kong.
- (B) The process of determining the recurrent funding requirement for a given three-year period (a triennium) normally commenced in around January in the year preceding the first year of the triennium. Accordingly in January 2004, we began the planning process for the 2005 to 2008 triennium.
- (C) In general, the Government does not specify the manpower requirements for individual disciplines and professions for the purpose of allocating student numbers to the UGC-funded institutions. Nonetheless, the Administration offers advice to the UGC on disciplines and professions where the public sector is the major employer or where the community has a strong case for assured provision of adequate manpower. It will be seen therefore that the Bureau, in relation to teachers, will advise the UGC on the numbers of teachers it estimates will be required in future years.
- (D) With input from relevant bureaux of the Government, the Bureau will consolidate the Administration's advice on the projected manpower requirements for specific sectors and professions. These specific manpower requirements will form part of the broad planning parameters for the UGC sector for a particular funding period. Subsequent to the Chief Executive in Council's approval of the broad planning parameters, the Administration will inform UGC of the parameters. UGC, in turn, notifies these parameters to the tertiary education institutions in the "start letters".
- (E) Each institution then responds with its own plan, explaining how it intends to fulfil the relevant need in its Academic Development Proposals ("ADPs"). The proposed total recurrent funding requirement is determined by UGC based mainly on an indication of the total number of students in a given period, which have a direct correlation to the ADPs.
- (F) On receiving the ADPs UGC will vet them and then, where necessary, seek comments from the Administration on the institutions' proposals in respect of the student number targets for specific disciplines. Based on the finalised numbers, UGC will make its final recommendations to the Administration. In the period

concerned with the Allegations, Chief Executive in Council has always, after deliberations, accepted all recommendations on student numbers from UGC.

- (G) The Government determines the level of recurrent grants to the UGC-funded sector as a whole primarily based on student number targets. The level of recurrent funding has to be approved in principle by the Chief Executive in Council, before it is submitted to the Finance Committee of the Legislative Council for final approval. On obtaining final approval, UGC allocates the funds among all eight UGC funded tertiary education institutions, including the Institute, based on the UGC's funding methodology. I am not directly involved in the allocation of the funding to the institutions. Neither is the Bureau.

3.8 As indicated in paragraph 3.7(C) above, the Bureau is duty-bound to provide input for determining the overall student number targets in the area of teacher education. However, for the reasons explained in paragraphs 3.7(C) to (G), my Bureau's direct input on student number targets in respect of teacher education comes at a very early stage in the process. It is subject to a lengthy process of negotiation between UGC and the institutions, and between UGC and the Administration, as well as the final approval of the Chief Executive in Council. My personal influence, or that of the PSEM, if any, is certainly not sufficient (on any reasoned view) to amount to a "free hand in cutting the number of students of the Institute".

3.9 It is relevant to mention the following in the context of paragraph 3.7 above and the numbered section (2) of Professor Luk's 10,000 Word Letter.

- (A) The initial planning parameter of 1330 Bachelor of Education training places (primary school teachers) for the 2005 to 2008 triennium was based on a number of considerations. Basically, the figure was set high because the Bureau's priority was to ensure an adequate supply of qualified language teachers.
- (B) Very early in the planning process, UGC observed that there was a large increase in the English and Chinese Language teacher training places. It had doubts about the ability of the teacher training institutes ("TEIs") to expand their teaching capacity within such a short time. It also believed that the TEIs would not be able to fill the places with quality students. Further, for every additional place given to English or Chinese Language teacher training, a place under another academic discipline.

would need to be cut. Therefore, the UGC had suggested to adjust the figures downwards. After considering UGC's views on the Bureau's original proposal, the Bureau accepted a lower figure of 1050. UGC then made its recommendation on such basis.

- (C) In conducting the discussion with UGC, the Bureau was obviously mindful of:
- (1) its responsibilities in relation to the wider interest of tertiary education generally; and
 - (2) the fact that in the previous (2004/05) academic year the corresponding student number approved by Chief Executive in Council was 287.5, whereas the total number of 1050 for the 2005 to 2008 triennium gives an average of 350 per year. In other words, there is an increase of more than 21% over the 2004/05 academic year. There was therefore no question of any "cut" in this area.

3.10 No doubt UGC will give a full account of the funding cuts experienced by the Institute and other tertiary education institutions. I do not propose to repeat the explanations in this statement. A note prepared by UGC for the Finance Committee of the Legislative Council explains clearly the funding level for the Institute in the 2005 to 2008 triennium. It is attached as Annex (E) for the Commission's reference.

Early Childhood Education ("ECE")

3.11 As indicated above, the Institute receives a proportion of its income from running ECE courses for kindergarten principals and teachers. Up until the 2004/05 academic year, the Bureau both funded the Institute through UGC to provide such places, and awarded pre-primary education training programmes to the Institute through tenders. The number of UGC-funded in-service training places leading to the C(ECE) qualification was reduced from 369 in the 2004/05 academic year to 200 places in the 2005/06 academic year, because the Government's policy target of upgrading the qualification of kindergarten principals to certificate level would have been met. Within the bureau, the decision relating to this was made in August 2003.

3.12 As the next phase was to upgrade the qualification of our kindergarten teachers, and the Administration thought it would be appropriate to introduce an element of competition to

ensure that the Government was getting value for its investment, through open tenders in March 2005 and February 2006, institutions with an interest in running ECE courses were invited to submit bids for in-service C(ECE) places in a competitive environment. This resulted in the creation of 760 additional in-service C(ECE) places for each of the 2005, 2006 and 2007 intake cohorts, of which 120 places in each cohort were awarded to the Institute.

Professional Development Projects and Programmes, Research Studies and Consultancies

3.13 As mentioned in paragraph 3.5 above, the Institute receives funding from the Bureau directly for professional development programmes and projects, special projects, research studies and consultancies commissioned by the Bureau. In the period 2002-03 to 2006-07, a total of 149 projects/research studies/consultancies were awarded to the Institute, amounting to about \$134 million. Details are as follows-

Financial Year	Number of Awards	Amount (HK\$ million)
2002 - 2003	17	10.8
2003 - 2004	20	21.9
2004 - 2005	37	21.0
2005 - 2006	31	33.8
2006 - 2007	44	46.6
Total	149	134.1

Merger/ Deep collaboration

3.14 The policy objectives of the Bureau are set out on its website (www.emb.gov.hk). Drawing the various strands together, at the most basic level, the Bureau and I are responsible for ensuring, among other things, that the Government offers the best tertiary education system possible given the resources available. Whilst this is probably an oversimplification of a

very complex issue, it is a reasonable summary of our objective in relation to higher education.

- 3.15 It is therefore incumbent upon me to consider all reasonable options in delivering that objective. Merger/ deep collaboration of one or more of the institutions is one such option, especially if it would enable public resources to be utilised more efficiently whilst at the same time improving the quality of education. That is why I openly express that I am in favour of mergers/ deep collaboration in principle.
- 3.16 The Government's position on merger/ deep collaboration of the tertiary education institutions is set out in the note covering the Bureau's bundle on Deep Collaboration. I attach at Annex (F) a note on the development in this regard for ease of reference.
- 3.17 With regard to the Institute, I informally raised the possibility of a merger/ deep collaboration for the Institute in June 2002. This was at a dinner with Professor Morris. Professor Morris said that he was broadly in favour of the idea but it was unlikely that the Institute's Council would be persuaded. I then offered to make a presentation to the Council when I assumed duty as SEM in August 2002, in which I would explain the purpose of a merger/ deep collaboration, stressing that ultimately it would be a matter for the Institute. I gave the presentation in November 2002 and the minutes of that meeting have been made available to the Commission.
- 3.18 The terms "merger", "integration", "amalgamation", "deep collaboration" were used loosely until Professor Niland's Report "Hong Kong Higher Education – Integration Matters" (March 2004) put these terms in perspective. Essentially the terms were used to describe a strong strategic alliance between the parties concerned.
- 3.19 As both Professor Morris and Professor Luk acknowledge, there has to be a balance between autonomy and accountability. Inevitably our respective views on where the fulcrum should be will differ.
- 3.20 However, SEM's remit and that of the Bureau require us to take much broader interests into account in policy formulation. The Government's resources are not infinite and the Bureau must consider the interests of all educational institutions, not just those of tertiary education institutions or the narrow interests of any single tertiary education institution. The Bureau and I (who is an accountable Principal Official) have the responsibility to do

what we can to assist the Institute while balancing its needs against those of other education institutions.

3.21 It is only natural that Professor Morris and Professor Luk would like to see even greater investment in the Institute. Over the years, I have had conversations with Professor Morris about how that might be achieved within the constraints of the public funding system. The reality is that any institution cannot assume that maintaining the status quo is sufficient to justify additional funding over and above that which it already receives. For that reason I have suggested to Professor Morris that he should consider changes for the Institute, including the possibility of a merger/ deep collaboration. However, I appreciate that merger/ deep collaboration, or indeed any kind of institutional integration, can only happen if it is to the benefit of the community as a whole, and only if the participating parties are willing. There is no intention on my part or the part of the Government to force institutions to merge.

3.22 In summary, I do use quite properly the prospect of additional funding from UGC (cf paragraph 3.2 above) for an institution as an encouragement for it to embrace changes which the Bureau believes, based on independent advice, would deliver an improved education system (see reports published by UGC -- "Hong Kong Higher Education : To Make a Difference, To Move with the Times" and "Hong Kong Higher Education - Integration Matters"). However, I did not and would not threaten to cut an institution's funding if it refused to change, even if I was able to do so single-handedly (as to which see paragraph 3.7). The mechanism of funding and merger/ deep collaboration are distinct in my mind. I would not have raised them in the manner as alleged.

4. The Second Allegation

4.1 As explained above, given that it was only on 9 and 12 March 2007 that only some particulars of the Second Allegation have become available, my Bureau has not had an opportunity to fully investigate them.

4.2 I should, however, state that the request that was allegedly made by Mrs Law does not represent Government policy, and neither I nor the Bureau would condone such behaviour, if true. Further, from my extensive dealings with Mrs Law, I do not believe that she would have made (or indeed implied) any such requests.

4.3 Further, had Mrs Law made the alleged requests, I would have expected those to whom the request was made to report the matter to me immediately, so that it could be investigated thoroughly and appropriate action taken in a timely manner.

4.4 In this regard, notwithstanding that the requests were allegedly made on 30 October 2002, in late 2004, November 2004 and on 21 April 2005, it was not until the publication of the 10,000 Word Letter in early February 2007 that I (and, so far as I am aware, the Bureau) first learned that such requests had allegedly been made; and it was not until 9 March 2007 that we discovered that Mrs Law was the Government official who had allegedly made them. In the circumstances, and given the severity with which this matter is now being treated by Professor Luk and Professor Morris, I am surprised that they did not see fit to raise this matter with me or the Bureau earlier.

5. The Third Allegation

5.1 As stated above, in the Third Allegation, it is suggested that in late June 2004 I threatened to make Professor Luk "pay" for his refusal to issue a statement condemning a group of surplus teachers and the PTU who were protesting against redundancy due to class reduction.

5.2 Although I recall speaking to Professor Luk at that time, I did not make the alleged threat and, for reasons explained below, I would not have done so.

5.3 The Third Allegation is based on the assumption that because of problems with surplus teachers and due to difficulties in my relationship (and that of the Bureau) with the PTU, I felt it necessary to make a threat to obtain the Institute's support against the PTU which was acting on behalf of the surplus teachers. However, at the relevant time our Bureau had taken significant steps in resolving the problem of surplus teachers, and our relations with the PTU in private meetings were cordial. As such, the Third Allegation is founded on a mistaken premise that the Bureau's relations with the PTU were poor.

5.4 As mentioned above, the Bureau has prepared a note which summarises relevant events with regard to surplus teachers and which was provided to the Commission on 12 March 2007. I have also prepared a fuller chronology, which is attached as Annex (G) to this statement. I do not propose to repeat here what is said in those notes, save to highlight the following:

- (A) When considering how to address the problem of surplus teachers, competing interests are at play. These include the need to ensure that the affected teachers remain in employment (or that they are provided with support in other ways), whilst also ensuring that new teacher graduates mostly from the Institute are afforded sufficient opportunity to join the profession. Overarching these interests, of course, is the need for quality education to be provided to Hong Kong's youth and for the best teachers with the relevant skills to be employed.
- (B) Up until around 2002, the problem of surplus teachers was not significant. It had been addressed through the implementation of a number of measures, including the "last-in, first-out" principle (an approach which was proposed by the PTU and adopted in 1975), in addition to the other steps referred to in the second paragraph of Note at Annex (G). As a result of these efforts, we succeeded in placing all surplus teachers for every year until 2002. For 2002, 59 of 375 surplus teachers could not be placed, and we therefore arranged for those unemployed to be seconded to schools of major sponsoring bodies to serve as supply teachers.
- (C) However, as the effects of the declining birth rate began to be felt, the number of approved classes was reduced and the number of surplus teachers rose to 542 in 2003. Following consultations in early 2003, we therefore sought to streamline the support provided to surplus teachers. In so doing, we moved away from the "last-in, first-out" principle (which had been criticised by the Director of Audit in his Report No. 39 issued in October 2002), and moved towards a system which provided the schools with greater flexibility to choose which teachers should be made redundant (allowing them to choose on the basis of performance and school needs). Simultaneously, we provided various support initiatives to the teachers affected (see paragraphs 2 and 4 of the Note at Annex (G)). This included the implementation of a priority appointment period ("PAP"), during which all new hiring of teachers were frozen unless the relevant vacancies were filled by surplus teachers. A specified period of time was given with a view to resolving the teacher redundancies by the end of that time.
- (D) For 2003, the PAP was originally intended to apply from February to early July 2003. However, by the end of June 2003, 296 surplus teachers (out of 542) were still unemployed. As such, the PAP was extended more than once until 8 August

2003, at which point we had successfully managed either to place the surplus teachers, or to make arrangements for them to be appointed as "Special Supply Teachers".

- (E) It should, however, be noted that whilst the PAP was welcomed by the PTU, it did not find favour with all interested parties. For example, the students of the Institute expressed concern over its application, claiming that it was unfair as it prevented them from being hired for jobs until the PAP had been lifted. In addition to a complaint by one of the Institute's graduates to the Ombudsman, the Bureau's use of the PAP in aided primary schools for 2003 became the subject of a direct investigation by the Ombudsman in October 2003. The Ombudsman issued its report on 20 May 2004, in which it criticised the application of the PAP as being unfair to the Institute's new graduates. This finding was welcomed by the Institute, which issued a press release on 21 May 2004 in which it stated, amongst other things: *"As one of the four teacher education providers, the HKIEd does not believe there should be any restrictions on the open recruitment of teachers and has been requesting the Government to facilitate this. The Institute reiterates its support for fair and open competition amongst all professionally trained teachers which enables schools to recruit "the best person for the job"."*
- (F) In 2004 the number of surplus teachers was expected to increase (which turned out to be 856). It was decided that we should adopt similar procedures to those that had been successfully used in 2003, including the implementation of the PAP for the period 1 February to 30 June 2004 (as will be apparent from paragraph 5.4(E) above, at the time this decision was made the Ombudsman had not yet issued its report and so it was felt appropriate to implement the PAP for 2004). Additionally, in February 2004, the Legislative Council approved the establishment of an Early Retirement Scheme for aided primary school teachers for an initial period of 3 years, to provide an incentive in the form of an ex-gratia payment for teachers to retire early.
- (G) Throughout this time, we of course had ongoing discussions with the PTU (between February and August 2004, seven formal and many private meetings between the PTU and the Bureau took place) to discuss the means by which we could resolve the significant problem of surplus teachers. Notwithstanding public criticisms by

the PTU and their members of the surplus teacher problem, our private meetings were, in fact, cordial. Ultimately, one of the only sticking points turned out to be the application of the PAP. In this regard, the PTU believed that the PAP should be extended until the level of surplus teachers had been reduced to 70 (a view they expressed at a meeting on 28 June 2004). However, given the findings of the Ombudsman (whose report had been issued in May 2004) we did not believe it appropriate to continue with the PAP after its proposed expiry date of 30 June 2004 (unless the Ombudsman's consent had been obtained). Further, we were also optimistic that the implementation of other measures (summarised in paragraph 11 of the Note at Annex G) would succeed in resolving the problem.

(H) As a result of our refusal to extend the PAP, the PTU announced on 29 June 2004 that they intended to escalate their protests by staging a hunger strike on 3 July 2004.

5.5 It is against the background referred to above that I made the call that forms the subject of the Third Allegation. The call was made on 29 June 2004, the day after my meeting with the PTU. In circumstances where the Institute had welcomed the findings of the Ombudsman, I thought it would be appropriate for the Institute to endorse publicly the termination of the PAP. I therefore called Professor Morris. I was told that he was away on vacation and my call was transferred to the Acting President, Professor Luk. I remember having indicated my hope that the Institute would support the cessation of the PAP, and continue to endorse the findings of the Ombudsman. Professor Luk said he would consider the issue and would call me back. That was the extent of our conversation.

5.6 I did not threaten Professor Luk (whether along the lines alleged or otherwise), nor can I think of any reason why I would do so (or what benefit would be gained). Indeed:

(A) Whilst I believed that it would be nice to have an endorsement from the Institute, this was by no means essential to our progress in addressing the problem of surplus teachers.

(B) Likewise, there would have been little (if anything) to be gained by demanding that the Institute condemn the PTU and its members for criticising the Government's approach to dealing with surplus teachers. This is particularly so as our relations with the PTU were in fact cordial, notwithstanding the sometimes aggressive stance.

adopted by the PTU and its members in public (which was perhaps not surprising, given that its role is to protect its members and to be seen to be doing so as far as possible and also given that 2004 was an election year). Indeed, the meeting on 28 June 2004 had been very productive and although we did not resolve the PAP issue at that time, the atmosphere had been good.

(C) Given Professor Luk's willingness to consider the issue, it would have been entirely unnecessary to make (or imply) any form of threat.

5.7 Thereafter, I am not aware of any follow up to the conversation, although notably on 30 June 2004, the Registrar of the Institute was quoted in the Sing Tao as expressing support for the termination of the PAP.

5.8 In the light of the above, I do not accept that I made any threats, as suggested in the Third Allegation. There was simply no need for me to do so. Indeed, both the Bureau and I have worked throughout to resolve the issue of surplus teachers, having regard to the competing interests at stake and, ultimately with a view to providing the best quality education for Hóng Kong.

5.9 Indeed, in the circumstances described above, I find it surprising that representatives from the Institute should seek to suggest that I felt it necessary to make any threats in relation to this issue. The lifting of the PAP was consistent not only with our objective of improving the education system in Hong Kong, but it also complied with the conclusions of the Ombudsman (as set out in its report of May 2004) and it was a move that was publicly welcomed by the Institute – not least as it was beneficial to its students. Further, I believe that our efforts in assisting surplus teachers were successful, as demonstrated by the reduction in the number of unemployed surplus teachers each year.

6. Conclusion

6.1 In the light of what is set out above, there is no basis for the Allegations and I reject the criticisms of me (and others within my Bureau) that are implicit within them.

6.2 As a responsible Government we have a duty to listen and share our opinions and give guidance and direction where appropriate. It is incumbent for all to be open and to discuss problems, perceived or otherwise. As the Institute is responsible for training our future

teachers, the Government will never embark on undermining or acting detrimentally on the Institute.

I confirm the contents of this statement are true to the best of my knowledge and belief.

Dated the 23rd day of March 2007.



Professor Arthur K C Li