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Mr. Michael M.Y. Suen, GBS, JP
Secretary for Education's Speaking Note
at the Special Meeting of Finance Committee
to examine the Draft Estimates of Expenditure 2008-09
on 2 April 2008

Chairman,

The Government has been investing heavily to develop human capital to enhance the quality of our young generation and meet the needs and challenges of a changing economy. Education remains the largest spending area of the Government, both in terms of total expenditure and recurrent expenditure.

2. The total expenditure for the policy area of education for the 2008-09 financial year is estimated at about \$77.3 billion, accounting for 24.7% of total Government expenditure and representing an increase of 40% as compared with the revised estimate for 2007-08, mainly due to the provision of \$18 billion for setting up a Research Endowment Fund in 2008-09 and the implementation of other initiatives to further improve the quality of education.

3. About \$51.1 billion of the total estimated expenditure for education is recurrent in nature, representing a growth of 7% as compared with the revised estimate for 2007-08. Non-recurrent expenditure, including expenditure of Capital Account, Capital Works Reserve Fund and Loan Fund, is about \$26.2 billion. Under the expenditure head of Education Bureau, the estimated expenditure for primary and secondary education will grow by 5% and 10% respectively.

4. With effect from the 2008/09 school year, we shall provide free senior secondary education for all students in public sector schools. The estimated additional expenditure of this initiative will amount to \$1.2 billion per year upon full implementation. In addition, we will provide full subvention for full-time courses offered by the Vocational Training Council for Secondary 3 school leavers.

5. We will continue to provide additional resources for various initiatives

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to strengthen the support for schools, teachers and students. Specifically, we will –

- improve the ratios of graduate teacher posts in public sector primary and secondary schools to raise the status and professional standards of teachers for enhancement of the overall quality of education. The estimated additional expenditure will exceed \$500 million a year upon full implementation;
- create a new deputy head rank in public sector primary schools at an estimated additional expenditure of about \$60 million a year; and
- provide \$13 million to strengthen the support for non-Chinese speaking students in public sector schools, including increasing the number of “designated schools” to help them implement the School-based Support Scheme for these students and enhancing the rate of subsidy to those “designated schools” with a higher intake of non-Chinese speaking students.

6. We will also implement small-class teaching in public sector primary schools in phases starting from the 2009/10 school year. In the coming months, we will draw up plans for the professional development of teachers and the provision of school-based support to help schools make best use of the reduction in class size to enhance teaching and learning. In this regard, we have started initial discussions with the teacher training institutions, and will create time-limited teacher posts to support schools in their preparation for small class teaching.

7. The new academic structure for senior secondary education and higher education is scheduled to start from the 2009/10 school year. In the next couple of years, it will remain top focus of the education sector to bring the new academic structure into operation. We will continue to keep a close dialogue with the school sector and the tertiary institutions to ensure smooth implementation. We have earmarked about \$500 million in the 2008-09 financial year to support the preparatory work for the new academic structure.

8. On pre-primary education, we will further implement the

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Pre-primary Education Voucher Scheme (PEVS) to provide direct fee subsidy for parents of eligible children, and financial support for professional upgrading of kindergarten principals and teachers. In the 2008/09 school year, the estimated expenditure for PEVS is about \$1.8 billion. We expect over 120 000 students to benefit from the scheme, and the fee subsidy for each student will increase from \$10,000 to \$11,000.

9. In the tertiary education sector, we have earmarked \$18 billion in the 2008-09 financial year to set up a Research Endowment Fund to replace and augment the existing annual funding to the Research Grant Council of the University Grants Committee. We will also provide 800 additional publicly-funded places for postgraduate research programmes in phases from the 2009/10 school year. This will incur additional expenditure of about \$300 million a year. The above initiatives affirm the Government's continued support to research work to drive the further development of Hong Kong and enhance our competitiveness as a globalised, knowledge-based economy.

10. Chairman, my colleagues and I will be happy to answer questions from Members.

Education Bureau
2 April 2008