

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION BUREAU**

#### **Subhead 700 General non-recurrent**

#### **New Item “Injection into the HKSAR Government Scholarship Fund”**

#### **New Item “Injection into the Self-financing Post-secondary Education Fund”**

Members are invited to approve –

- (a) a new commitment of \$20 million for injection into the HKSAR Government Scholarship Fund; and
- (b) a new commitment of \$20 million for injection into the Self-financing Post-secondary Education Fund.

### **PROBLEM**

We see the need to commend the efforts and achievements of post-secondary students with special educational needs (SEN) in their pursuit of excellence in academic and other areas.

### **PROPOSAL**

2. The Secretary for Education proposes to inject \$20 million each into the HKSAR Government Scholarship Fund (GSF) and the Self-financing Post-secondary Education Fund (SPEF) to set up scholarships and awards for giving recognition to deserving post-secondary students with SEN.

**/JUSTIFICATION .....**

**JUSTIFICATION**

3. Students with SEN<sup>1</sup> encounter greater difficulties in their studies as compared with ordinary students. The efforts made by meritorious students with SEN in overcoming various challenges to pursue post-secondary education deserve recognition. According to the information provided by institutions, there were about 420, 480 and 530 students with SEN pursuing full-time locally-accredited sub-degree and undergraduate programmes in the 2009/10, 2010/11 and 2011/12 academic years respectively. To commend the efforts of meritorious post-secondary students with SEN, the Financial Secretary has proposed in the 2013-14 Budget to make two separate injections of \$20 million each into the GSF and the SPEF for providing scholarships to give recognition to deserving post-secondary students with SEN in the pursuit of excellence in academic and other areas.

4. In line with previous injections into the GSF and the SPEF<sup>2</sup>, the additional injections of \$40 million into the GSF and the SPEF will serve as seed funding to generate recurrent investment income for providing scholarships for meritorious post-secondary students with SEN. We initially plan to award scholarships and awards for about 100 students with SEN pursuing full-time locally-accredited post-secondary programmes every year under the two funds having regard to the existing number of these students. In line with the established practice of the scholarship schemes under the GSF and the SPEF, we propose that both local and non-local post-secondary students currently covered by the GSF and the SPEF should be eligible to apply for the proposed scholarship.

5. The proposed scholarship will complement other existing scholarships and financial assistance that are available to all students including students with SEN. At present, all meritorious students (including students with SEN) pursuing eligible post-secondary programmes can be nominated by respective institutions for the different types of existing scholarships and awards under the GSF and the SPEF. Furthermore, all eligible local students (including students with SEN) of full-time locally-accredited post-secondary programmes may apply for means-tested grants to cover tuition fees and academic

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<sup>1</sup> SEN includes specific learning disabilities, intellectual disabilities, autism spectrum disorders, attention deficit/hyperactivity disorder, physical disability, visual impairment, hearing impairment, speech and language impairment, and others. Students normally declare their SEN with the institutions during their admission registration.

<sup>2</sup> Subsequent to the setting up of the GSF with \$1 billion vide FCR(2007-08)53, two additional injections of \$250 million vide FCR(2011-12)27 and \$1 billion vide FCR(2012-13)33 have been made. As for the SPEF, subsequent to its establishment with \$2.5 billion vide FCR(2011-12)11, one additional injection of \$1 billion vide FCR(2012-13)33 has been made. Details of these injections are set out in the background section of this paper.

expenses and loans to meet living expenses under the relevant student financial assistance schemes. As the proposed scholarship aims at giving recognition to deserving post-secondary students with SEN, we consider the proposed number of awards reasonable having regard to the number of students with SEN in the post-secondary education sector, the need to give distinguished recognition to those with deserving achievements and the availability of other scholarship and financial assistance schemes for post-secondary students in general (including students with SEN).

6. We propose that the operation of the new scholarship should take reference from the existing scholarship schemes under the GSF and the SPEF with appropriate adaptations. Similar to existing scholarship and award schemes under the two funds, the institutions will participate in the new scheme on a voluntary basis. Based on the exact number of scholarships available for students with SEN in each academic year having regard to the available investment income, we may invite institutions to propose nominations on a pro-rata basis with reference to the actual enrolment of students with SEN in the eligible programmes of each institution in the relevant year. The nominations should take into account the merits of the students with SEN in academic and non-academic aspects. We will work out the details of the scheme, including the title, the nomination and vetting mechanism, etc. in consultation with the existing Steering Committees of the two funds (see paragraph 16 and Enclosure 2).

7. As regards the amount of the awards and other arrangements, we propose that –

- (a) for budgetary purpose, the proposed scholarship amount will initially be pitched at \$10,000 per award recipient in the 2013/14 academic year for both local and non-local students at all levels under both the GSF and the SPEF;
- (b) while we will not stipulate a fixed percentage split between local and non-local recipients, a majority of the recipients is expected to be local recipients as almost all students with SEN studying in post-secondary institutions are local students according to past records;
- (c) each student with SEN may be nominated more than once if he/she meets the selection criteria. Priority will be given to those students who have not previously received any awards under the GSF and the SPEF so as to allow more students to benefit; and
- (d) the amount of scholarship for each recipient and the number of awards will be reviewed in consultation with the Steering Committee as and when necessary, in the light of operational experience.

/CONTROL .....

## **CONTROL MECHANISM**

8. The Permanent Secretary for Education Incorporated will continue to act as the Trustee of the GSF and the SPEF on the advice of the Steering Committees of the two funds, the Director of Accounting Services and the Investment Committees of the two funds. The audited accounts of the GSF and the SPEF, which are required to be tabled before the Legislative Council (LegCo) by the Permanent Secretary for Education Incorporation Ordinance (Cap. 1098), will incorporate information on the operation of the new scholarship.

## **FINANCIAL IMPLICATIONS**

9. Based on the award amount of \$10,000 each for 100 students, the estimated total funding requirement for provision of the new scholarship for students with SEN under the two funds is \$1 million in the 2013/14 academic year. Assuming a stable investment return of 5% in the longer term, the proposed injection of \$20 million each into the GSF and the SPEF will generate an investment income of around \$2 million a year. After deduction of reasonable expenses such as investment manager fees and other expenses incidental to the administration of the funds, the investment income of the proposed injection into the two funds should be able to meet the expenses of the new scholarship. At times of potential market volatilities, we may have to use a small part of the principal of the respective funds to finance the scheme under exceptional circumstances. This is in line with the established arrangement for the GSF and SPEF.

## **PUBLIC CONSULTATION**

10. We consulted the LegCo Panel on Education on the above proposal on 10 June 2013. Members underlined the importance to encourage and help students with SEN in pursuing post-secondary education and generally supported the proposal to set up scholarships and awards under the two funds for giving recognition to deserving post-secondary students with SEN.

## **BACKGROUND**

11. As part of a basket of measures to promote Hong Kong as a regional education hub and to enhance Hong Kong's attractiveness to quality students as a higher education destination, the Government established the GSF with a commitment of \$1 billion in 2008. The funding commitments arising from the establishment and subsequent injections into the GSF are summarized as follows –

/Approval .....

<b>Approval by the Finance Committee</b>	<b>Commitments</b>	<b>Purpose</b>
1 February 2008 [FCR(2007-08)53]	\$1 billion <sup>3</sup> (establishment of GSF)	To provide scholarships to outstanding students pursuing full-time publicly-funded programmes at degree or above level in Hong Kong
17 June 2011 [FCR(2011-12)27]	\$250 million	To expand the provision of scholarships to full-time students of publicly-funded sub-degree programmes
1 June 2012 [FCR(2012-13)33]	\$1 billion	To establish more scholarships and awards to give recognition to post-secondary students not only of outstanding academic performance but also with achievements and talents in non-academic fields

12. For the self-financing post-secondary sector, we set up the SPEF with a commitment of \$2.5 billion in 2011 to support the quality and healthy development of the sector and further enhance Hong Kong's status as a regional education hub. The funding commitments arising from the establishment and subsequent injections into the SPEF are summarized as follows –

<b>Approval by the Finance Committee</b>	<b>Commitments</b>	<b>Purpose</b>
13 May 2011 [FCR(2011-12)11]	\$2.5 billion (establishment of SPEF)	To provide scholarships for outstanding students of full-time self-financing sub-degree and undergraduate programmes, support quality enhancement projects and quality assurance activities by institutions <sup>4</sup>
1 June 2012 [FCR (2012-13)33]	\$1 billion	To establish more scholarships and awards to give recognition to post-secondary students not only of outstanding academic performance but also with achievements and talents in non-academic fields

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<sup>3</sup> On 17 June 2011, the Finance Committee approved vide FCR(2011-12)27 that the \$1 billion injection could also be used to provide scholarships to non-local students of targeted regions.

<sup>4</sup> Under the SPEF, three schemes have been set up, namely the Self-financing Post-secondary Scholarship Scheme, Quality Enhancement Support Scheme and the Quality Assurance Support Scheme. The first and second schemes have been in operation since the 2011/12 and 2012/13 academic years respectively. The commencement date of the third scheme is to be decided, having regard to the operation of the Qualifications Framework Support Schemes.

13. Scholarship schemes under both the GSF and the SPEF operate on a merit basis. Scholarships are awarded to students on the basis of the following criteria, with appropriate adaptations to cater for different groups of students –

- (a) high standard of academic performance;
- (b) demonstration of leadership and good communication skills;
- (c) valuable contribution to the institution/community; and/or
- (d) strong commitment to the Hong Kong community.

14. In addition to general scholarship schemes for outstanding local and non-local students, other scholarship schemes are launched under the GSF and the SPEF to cater for the development needs and priorities of the publicly-funded and self-financing post-secondary sectors. For instance, a targeted scholarship scheme to attract outstanding students from targeted regions has been set up under the GSF to raise the profile of Hong Kong's post-secondary education sector and to foster closer collaboration and relationship with places of strategic importance. In the case of the SPEF, we have established a Best Progress Award to encourage and recognise students with significant progress and improvement during their post-secondary studies. With the injections of \$1 billion each into the GSF and the SPEF in 2012, the Talent Development Scholarship and Reaching Out Award have been introduced since the 2012/13 academic year to recognise students who have demonstrated achievements or talent in non-academic areas, and support meritorious students who are nominated by institutions to participate in learning, internship or service programmes, as well as national, regional and international events and competitions that are conducted outside Hong Kong.

15. In the 2012/13 academic year, 5 622 scholarships and awards totalling \$127 million has been disbursed under the GSF and the SPEF. Details are set out at Enclosure 1.

Encl. 1

16. The Permanent Secretary for Education Incorporated acts as the Trustee of the GSF and the SPEF. The Secretary for Education has established Steering Committees for the GSF and the SPEF respectively to advise the Trustee on the overall strategy and policy pertaining to the administration and development of the two funds. The Director of Accounting Services has been appointed to manage the investment and accounting matters of both funds. Investment Committees have also been set up for the two funds respectively to formulate investment policies and appoint fund managers for the funds. The membership and terms of reference of the Steering Committee and Investment Committee of the two funds are set out at Enclosure 2.

Encl. 2

**Summary of the scholarships and awards granted under  
the HKSAR Government Scholarship Fund (GSF) and the Self-financing  
Post-secondary Education Fund (SPEF) for the 2012/13 academic year**

	<b>Award amount</b>	<b>Amount allocated</b>	<b>No. of scholarships/awards</b>
<b>GSF</b>		<b>\$71 m</b>	<b>3 023</b>
• Outstanding performance	\$20,000 to \$80,000 <sup>1</sup>	\$51 m	1 131
• Targeted	\$100,000	\$1 m	10
• Talent Development	\$10,000	\$7 m	708
• Reaching Out	\$10,000	\$12 m	1 174
<b>SPEF</b>		<b>\$56 m</b>	<b>2 599</b>
• Outstanding performance	\$30,000 to \$80,000 <sup>2</sup>	\$42 m	1 247
• Best progress	\$10,000	\$3 m	333
• Talent Development	\$10,000	\$5 m	466
• Reaching Out	\$10,000	\$6 m	553
<b>Total (GSF + SPEF)</b>		<b>\$127 m</b>	<b>5 622</b>

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<sup>1</sup> For undergraduate or above level recipients, the scholarship amount is \$40,000 per year for local students and \$80,000 per year for non-local students. The amount for sub-degree students is between \$20,000 and \$30,000 per year for both local and non-local students.

<sup>2</sup> The respective amounts for local and non-local undergraduate students are \$40,000 and \$80,000 each per year. For sub-degree students, the scholarship for both local and non-local student is \$30,000 each per year.

**HKSAR Government Scholarship Fund Steering Committee**

**Terms of Reference**

1. To advise the Trustee on the overall strategy in the custody and use of the Fund;
2. To advise the Trustee on the oversight of the on-going operation of the Fund, including the scope and parameters of administering awards under the Fund and the disbursement of such awards; and
3. To review the effectiveness of the scheme, and make recommendations on the overall strategy in making use of the Fund as a vehicle to enhance the overall attractiveness of Hong Kong as a regional education hub.

**Membership (as at 1 June 2013)**

**Name**

**Profession/Background<sup>Note</sup>**

Chairman

Secretary for Education or representative

Members

Mrs Pamela CHAN WONG Shui, B.B.S., J.P.	Chairman, Hong Kong Deposit Protection Board
Professor NYAW Mee-kau, B.B.S.	Emeritus Professor, Lingnan University
Professor KONG Yau-pak	Vice-President (Academic), Chu Hai College of Higher Education
Mr Richard TANG Yat-sun, B.B.S., J.P.	Managing Director, Richcom Co Ltd
Ms Shirley WONG She-lai, M.H.	School Supervisor, St. Clare's Girls' School

<sup>Note</sup> Information is provided by members on a voluntary basis.

## **HKSAR Government Scholarship Fund Investment Committee**

### **Terms of Reference**

1. To advise the Trustee on the formulation of policies for the investment of the Fund;
2. To make recommendations in respect of the monitoring of the investment of the Fund;
3. To advise the Trustee on the appointment of fund managers, as appropriate, to handle the investment of the Fund; and
4. To submit its advice and recommendations to the Steering Committee for information.

### **Membership (as at 1 June 2013)**

#### **Name**

#### **Profession/Background<sup>Note</sup>**

#### Chairman

Secretary for Education or representative

#### Members

Mr Patrick CHAN Kwok-wai

Executive Director & Chief Financial Officer, Sun Hung Kai Properties Ltd

Mr Clifton CHIU Chi-cheong

Chairman, Harvester (Holdings) Co Ltd

Mr CHUNG Shui-ming, G.B.S., J.P.

Independent Non-Executive Director, China Unicom (Hong Kong) Limited

Permanent Secretary for Education or representative

Director of Accounting Services or representative

<sup>Note</sup> Information is provided by members on a voluntary basis.

## Self-financing Post-secondary Education Fund Steering Committee

### Terms of Reference

The Steering Committee advises the Secretary for Education on:

1. the overall strategy for making use of the Self-financing Post-secondary Education Fund (the Fund) as a vehicle to enhance the quality of self-financing post-secondary education;
2. the strategy, scope and parameters of the Self-financing Post-secondary Scholarship Scheme, Quality Enhancement Support Scheme and Quality Assurance Support Scheme in support of the development of the self-financing post-secondary education sector in Hong Kong; and
3. any other matters that may be referred to the Committee by the Education Bureau concerning the policy and administration of the Fund.

In discharging its functions, the Steering Committee may set up sub-committees, conduct studies, engage professional services and co-opt members as and when necessary.

### Membership (as at 1 June 2013)

<u>Name</u>	<u>Profession/Background</u> <sup>Note</sup>
<u>Chairman</u>	
Mr Tim LUI Tim-leung, B.B.S., J.P.	Partner, PricewaterhouseCoopers Limited
<u>Members</u>	
Mr Patrick CHAN Kai-lung	Executive Director, SmarTone Telecommunications Holdings Limited
Mr Albert CHOW Hing-pong	Director of Qualifications, The Hong Kong Institution of Engineers
Mr CHUNG Shui-ming, G.B.S., J.P.	Independent Non-Executive Director, China Unicom (Hong Kong) Limited
Mr Herbert HUI Ho-ming, J.P.	Non-Executive Director, Hong Kong Resources Holdings Company Limited
Dr Maggie KOONG May-kay	Head of Academy, Victoria Shanghai Academy
Professor TAM Kar-yan	Associate Provost and Dean of Students, The Hong Kong University of Science and Technology
Ms Shirley WONG She-lai, M.H.	School Supervisor, St. Clare's Girls' School
Principal Assistant Secretary (Further Education)	

<sup>Note</sup> Information is provided by members on a voluntary basis.

## Self-financing Post-secondary Education Fund Investment Committee

### Terms of Reference

The terms of reference of Investment Committee are as follows:

1. To advise the Trustee on the formulation of policies for the investment of the Fund;
2. To make recommendations in respect of the monitoring of the investment of the Fund; and
3. To advise on the appointment of fund managers to handle the investment of the Fund.

In discharging its functions, the Investment Committee may set up sub-committees, conduct studies, engage professional services and co-opt members as and when necessary.

### Membership (as at 1 June 2013)

#### Name

#### Profession/Background<sup>Note</sup>

#### Chairman

Secretary for Education or representative

#### Members

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