

**For discussion  
on 24 March 2014**

**Legislative Council Panel on Home Affairs**

**Youth Development Policy**

**PURPOSE**

At the request of Members, this paper updates the Panel on Government's policy on youth development. We also seek Members' endorsement on the Scholarship Scheme to promote multi-faceted excellence for funding approval by the Legislative Council (LegCo) Finance Committee. The opportunity is also taken to inform Members of the outcome of the review of the operation and positioning of the Youth Square (YS).

**YOUTH DEVELOPMENT POLICY**

Youth Development Policy and New Initiatives

2 In the 2014 Policy Address, the Chief Executive (CE) sets out his vision on nurturing the next generation as follows:

*“The Government fosters a culture of multi-faceted excellence and helps nurture young people through education, employment and whole-person development. We provide them with diversified learning, training and development opportunities that match their abilities, aspirations and education levels.*

*Young people should develop a positive approach to life and a sense of social awareness. They should take an interest in the development of Hong Kong and our country and cultivate an international vision. They should attach importance to both individual rights and social obligations.”*

3. In line with the objective of fostering a culture of multi-faceted excellence, and to encourage the society to attach greater importance to talents other than academic achievement, we have proposed to launch a new scholarship scheme (the Scholarship) of \$100 million. Details of the Scholarship are set out in paragraphs 8 to 22 below. We will also allocate additional resources to non-governmental organisations (NGOs) to enhance career guidance for secondary students in collaboration with schools. In addition, we will step up publicity work to promote the idea that there are multiple pathways for secondary school graduates other than entering university.

4. Young people are encouraged to capture the many opportunities that come with globalisation by broadening their horizons and enriching their understanding of the Mainland and the rest of the world. In this connection, we will increase our funding support to community organisations for offering more internship placements and exchange opportunities in the Mainland for youths. We will also actively explore the feasibility of extending the International Youth Exchange Programme to more countries, so as to enable more young people to benefit from overseas exchange opportunities. We expect that the places offered under these exchange and internship schemes will increase to 14 000 in 2014-15.

5. We will also allocate additional resources to strengthen the networking and communication with young people at the district level, through organising various activities such as voluntary services, leadership training camps and study tours. Meanwhile, the recurrent subvention for uniformed groups will be doubled starting from 2014-15, and the funding for the Assistance Scheme for Needy Student Members will be increased, so that more needy students will benefit from the activities of these uniformed groups, through which leadership skills, confidence and self-discipline can be developed.

6. We will also continue to implement the Youth Hostel Scheme. The two projects in Sheung Wan and Tai Po are progressing well and the NGOs responsible for the respective projects are now making preparation to conduct pre-construction consultancy studies. Meanwhile, two other

youth organisations have proposed two youth hostel projects in Mongkok and Jordan respectively. The four projects are expected to provide about 1 000 rental hostel places for young people, the first batch of which could be completed in 2016-17 at the earliest.

7. With the support of the Commission on Youth (CoY), we will continue to collaborate with community organisations, youth agencies, universities and other stakeholders to implement or extend various other youth development programmes. For instance, we have extended the Services Corps programme to Meizhou in addition to Shaoguan so that our young people can have more opportunities to provide voluntary services to people in need for a prolonged period. To foster direct communication between youths and government officials or leaders of the community, we will continue to organise Youth Exchange Sessions (YES). So far 16 YES have been arranged, covering a wide range of topics such as population policy, the RESCUE Drug Testing Scheme, waste management etc.

## **SCHOLARSHIP TO PROMOTE MULTI-FACETED EXCELLENCE**

8. The Scholarship Scheme to foster a culture of multi-faceted excellence is a new initiative announced in the 2014 Policy Address. Paragraphs 15 to 22 below set out the operation of the Scheme.

9. Currently, students who take the Hong Kong Diploma of Secondary Education (HKDSE) examination and have no other public examination results applying for first-year-first-degree (FYFD) undergraduate places offered by the University Grants Committee (UGC)-funded institutions must do so through the Joint University Programmes Admissions System (JUPAS).

10. JUPAS is essentially an iteration system set up by the institutions to match the choices of students and the intake places available. It is primarily based on the academic merits of the students. Although students with non-academic talents can provide information about their Other Experience and Achievements (OEA) in their applications, it is

entirely up to the institutions to consider whether and, if so, the extent such information would be taken into account. Having submitted OEA information, which may range from information on sport and cultural achievements to community services and overseas excursion experience, the students are not informed whether and how such information have been taken account of. In 2014, out of 63 678 JUPAS applications, 51 874 (81.5%) applicants submitted OEA information. With so many OEA submissions of such a vast diversity, it is understandable that the institutions may not have the administrative capacity to assess each and every case in detail. This gives rise to the perception over the years that JUPAS is focused on academic results.

11. Secondary school principals can also nominate students who have outstanding achievements in non-academic areas under the School Principal's Nominations (SPN) mechanism under JUPAS. In 2013, out of 1 887 nominees, 833 (44.1%) were given UGC-funded FYFD offers during the Main Round of JUPAS. In comparison, out of a total of 69 172 JUPAS applicants in 2013, only 12 601 (18.2%) were given UGC-funded FYFD offers during the Main Round. These show that nominees under the SPN mechanism stand a better chance to be admitted to UGC-funded FYFD programmes than their fellow applicants. However, it remains unclear whether the offers given under SPN were attributable to the principals' nominations based on non-academic areas, purely on the nominees' academic merits, or both.

12. Apart from the above schemes operated by the JUPAS office, there are other channels that give special consideration to students with other talents. The Sports Federation & Olympics Committee of Hong Kong, China (SF&OC) and the Hong Kong Sports Institute (HKSI) can nominate elite athletes for universities' consideration. However, given HKSI's and SF&OC's mission of promoting elite sports, only a small number of very top athletes with exceptional sports achievements will be considered.

#### Existing Scholarships for Students with Multi-faceted Talents

13. We are mindful that many universities provide various forms of scholarships to students with multi-faceted talents. The Government has

also devoted substantial resources to give recognition and emphasis to non-academic achievements, including the injection of \$1 billion each into the Hong Kong Special Administrative Region Government Scholarship Fund and the Self-financing Post-secondary Education Fund in 2012-13 to provide a total of 10 000 scholarships/awards a year for students with talents in non-academic fields. However, most of these scholarships are only open for application by undergraduate students after they have already been admitted by the institutions. The few pre-admission scholarships available for prospective students are awarded mainly on the basis of academic merits.

14. It is also noted that most of the existing scholarships are awarded directly to the students to cover their tuition fees. From the universities' perspective, the existing scholarships do not provide any financial incentives for admitting more students with non-academic talents because universities are not given additional places or resources for admitting such students.

#### Details of the Scholarship

15. Under the proposed Scheme, universities and tertiary institutions will be provided with additional resources out of the fund to cover the full costs of admitting about 20 additional local students a year who excel in sport, arts and community service to study undergraduate courses starting from the 2015/16 academic year. The awardees will not be required to pay tuition fee as it will be fully covered by the Scholarship.

16. The Scholarship will serve as an admission channel which places emphasis on non-academic achievements. These scholarship places will be additional undergraduate places beyond those currently funded by UGC (i.e. under the over-enrolment quota currently allowed by the Government<sup>1</sup>). The target students are HKDSE graduates who have met all the basic requirements of university admission and/or any further requirements stipulated by individual faculties and departments.

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<sup>1</sup> According to UGC's established funding policy, over-enrolment across the whole institution not exceeding 4% for local students is permitted.

17. The Scholarship would involve three key steps, viz. the nomination, selection and matching process as follows:

- (a) the process starts with nomination by secondary schools. In order to ensure the quality of the Scholarships recipients, each secondary school principal would be allowed to nominate only one HKDSE student in their school with outstanding achievements in sports, arts and/or community service;
- (b) the nominations will be shortlisted with reference to a set of objective criteria. In order to encourage youths to pursue multi-faceted excellence, students whose achievement matches the undergraduate programme(s) they choose will be given extra credits. An Assessment Panel, comprising well-respected figures in the fields of education, sports, arts and community service, will interview the shortlisted candidates with a view to making around 20 nominations; and
- (c) to give due regard to universities' autonomy in admission, the students nominated by the Assessment Panel will be referred to universities for consideration. If deemed necessary, the universities may conduct further interviews with the nominees to assess whether they have the aptitude for the programme chosen. Such interviews may be arranged during or after the HKDSE examinations, but in any event before the release of the HKDSE results, following individual university's admission schedule. We expect the universities to give conditional offers to the nominees that they intend to admit, which means that the offers will be conditional upon the nominees attaining basic university admission requirements or any further requirements stipulated by individual faculties/departments. In accordance with JUPAS' established practice, after the release of HKDSE results, universities would consider the nominees' HKDSE results, as well as the interview performance (if any) to decide whether to admit the nominees. If admitted, the nominees will be placed at the top of the "merit list" submitted to the JUPAS office by the corresponding programme. Nominees whose HKDSE results meet the admission conditions and who passed further interviews

(if any) will secure the scholarship offer.

18. Around 20 students will be awarded the Scholarship each year, and the average student unit cost for each undergraduate place is around \$246,500 per annum at 2013 price level. The whole funding arrangement will follow UGC's established funding mechanism for UGC-funded institutions. For instance, the actual amount of the funding for each place will depend on the study discipline, in the same way that UGC adjusts the unit funding rate for different disciplines based on the different costs of operating different disciplines; the funding to institutions will be regularly adjusted in accordance with civil service pay and price movements; funding to institutions will be pitched at 62.5% of the full cost of the first undergraduate year, and 100% of the full cost of subsequent years<sup>2</sup>. The Scholarship will be provided to the respective institutions directly to cover the cost of the programme enrolled. We expect that the \$100 million fund would be adequate for the Scholarship to operate for at least five years. We shall review the effectiveness of the Scholarship in two to three years' time.

### Financial Implications

19. The Scholarship involves a one-off non-recurrent funding of \$100 million to finance the provision of the additional undergraduate places and the tuition fee of these places for about 20 students a year. We have earmarked sufficient funds for the proposal.

20. The estimated cash flow requirement for the Scholarship is as follows –

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<sup>2</sup> The average total subsidy for a four-year degree programme is around \$894,000, i.e. \$246,500 x 62.5% + \$246,500 x 3.

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u> <u>and</u> <u>beyond</u>	<u>Total</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Scholarship to Promote Multi-faceted Excellence	5,000	10,000	15,000	20,000	20,000	30,000	100,000

### Implementation Plan

21. We plan to seek funding approval from the Finance Committee and, subject to funding approval, will hold a briefing session for the first batch of Scholarships before the beginning of the 2014/15 academic year to brief secondary school principals on the details. Nomination by school principals will be invited before end-2014. The selection of candidates will follow, with a view to referring nominees to universities in February/ March 2015. We expect that preliminary conditional offers (conditional upon results of further interviews which might be arranged by the universities according to their established practice) would be released by April 2015. The result of the Scholarships will be announced in early August 2015, together with the announcement of JUPAS main round offer results.

### Public Consultation

22. The Scholarship proposal was first conceived by CoY and they have been kept informed of the details of the proposal highlighted above. We have consulted the Heads of Universities Committee (HUCOM) which shares our policy objective of promoting multi-faceted excellence and has given their in-principle support to the Scholarship. They also find the proposed framework workable, including the conditional offers to candidates by their faculties/departments. We have consulted the admission offices of all UGC-funded institutions, as well as a number of self-financing tertiary institutions on the modus operandi. The regional school heads associations (representing secondary school principals) are



also in favour of launching the Scholarship.

## **POSITIONING OF THE YOUTH SQUARE (YS)**

23. YS' primary objective is to serve as a focal point for territory wide youth development activities with its target users being youths and youth organisations in Hong Kong. It is an important component within the youth development framework in Hong Kong and one of the platforms through which we pursue our youth development policy objectives.

24. The YS started operating in early 2010. In seeking funding approval from the FC for the construction of YS in February 2005, we indicated that a review on the management and operation mode of YS would be conducted after three years of operation. We have engaged a consultant to carry out the review, and it was completed in end-2013. The Audit Commission (Audit) also reviewed the operation of YS and its Value for Money Audit Report No. 58 was published in April 2012.

25. The principal recommendation of the consultancy study is that there existed a possible discrepancy between YS' youth development objective and full-cost-recovery objective; because of this, it has not been possible for YS to fully fund its recurrent expenditures through its revenues. Being a key government investment to promote youth development, YS needs to ensure that its facilities are mainly used by the target user groups (youths and youth organizations), and offer concessionary rates to them. Both Audit and the Public Accounts Committee (PAC) expressed that the objectives of youth development and full-cost-recovery that we aim to achieve for YS might be in conflict. Audit asked the Government to critically consider how YS should be positioned to strike a proper balance between the two objectives.

26. The consultant has consulted a wide range of stakeholders in the review. These stakeholders include relevant bureaux/departments, the YS Management Advisory Committee (MAC), members of CoY, relevant members of the Eastern District Council, past and current tenants/users of YS, youths and various youth organisations in Hong Kong. All the

stakeholders echoed Audit’s observations. They opined that as youth development is a long-term and ongoing process, continued input of resources from the Government is both necessary and justifiable. By offering a diversified range of venues and facilities for the young people and youth organisations, YS is an important platform for the Government to pursue its youth development objectives. This may not be possible when the rates charged for the facilities are not set at a level affordable to these target users whose budgets are limited.

27. The consultant has also reviewed YS’ operational and financial performance. Since the opening of YS, its performance as well as utilisation rates have been improving. Through various promotional efforts and implementation of concessionary proposals, the utilisation has been on the rise and many facilities are achieving more than satisfactory utilisation rates which are above the performance targets. The utilisation rates of key facilities in YS for Contract Year<sup>3</sup> from 2010-11 to 2013-14 are as follows-

Key Facilities	Average Utilisation Rates			
	2010-11	2011-12	2012-13	2013-14 (up to December 2013)
Y-Theatre	80.7%	83.1%	84.2%	93.7%
Y-Studio	64.4%	71.5%	73.9%	82.1%
Y-Loft	81.9%	80.7%	85.5%	87.8%
Office Units	100%	99.7%	97.7%	100%
Retail Units	83.1%	96.9%	81.6%	92.7%
Y-Platform and Plaza	35.6%	30.4%	33.4%	42.4%
Multi-purpose Areas	24.0%	32.4%	37.7%	64.1% <sup>4</sup>

28. Despite the satisfactory utilisation rates, YS has been incurring

<sup>3</sup> Contract Year runs from May to April of the following year.

<sup>4</sup> The significant increase is due to the leasing of 10 out of 29 multi-purpose areas to Hong Kong Art School since May 2013.

operating deficits due to various constraints. In the contract year of 2012-13, YS' operating expenditure was \$71.4 million. Its cost structure is largely fixed with the management fees, which are adjusted annually according to the Composite Consumer Price Index and make up the bulk of the operating cost (85%). On the other hand, revenues generated from YS were \$41.9 million. About 60% of the total income comes from Y-Loft, which is a 148-room hostel at YS. Given Y-Loft's high utilisation rate (over 85%) and its rental policy of offering discounts to the youths, the room for significantly increasing its operating revenue is very limited. In light of these constraints, it would not be realistic for YS to increase revenue or reduce costs significantly to make up for its deficit and achieve full-cost-recovery as originally planned.

29. Based on the findings and analysis, the consultant has put forward a number of recommendations, covering different aspects of YS as highlighted below –

(a) Positioning of YS

YS should continue its position of serving as a focal point for youth development activities in Hong Kong and contribute to youth development by providing venues and facilities to the youths and youth organisations at affordable prices.

(b) Measurement of YS' contribution to youth development

YS should focus on how to maximize its role in contributing to youth development and to demonstrate that the input of resources is well-justified. The contribution of YS in enhancing youth development should be reflected by the number of youth events held at YS and the relevance of their natures and objectives to YS' youth development objectives.

(c) Rental and leasing strategy for venues and facilities

To further improve the rental strategy for venues and facilities, it is proposed to provide further discounts for the target users for a few under-utilised facilities and setting charges based on the affordability

of the target users. The new price level for target users for some facilities should be set as follows –

- (i) for major facilities with low utilisation (e.g. Y-Platform), a 70% discount on the current regular price will be offered (instead of 20% discount at present);
- (ii) for minor facilities with low utilisation (e.g. piano rooms, recording studio, photographic room), a further 30% discount on existing concessionary price will be offered. Such concession will be extended to individual youths (who are 10 to 29 years old with Hong Kong Identity Card) on top of the existing category of non-profit making organisations when hiring minor facilities;
- (iii) for retail units, a 70% discount on the market rent assessed by Rating and Valuation Department will be offered for priority tenants, instead of 50% at present.

It is also recommended to improve the tenancy mix of the retail units by offering a lower rental to suitable priority tenants. Taking into account stakeholders' views during the consultation process, it is suggested that the retail units should be used to serve and support social enterprises, youth organisations and young entrepreneurs. As such, it is recommended that social enterprises should be included as a category of priority tenant with the same leasing terms on rental as other local non-profit making organisations. This proposed arrangement is the first time we stipulate an arrangement benefiting for-profit social enterprises in government facilities.

- (d) Areas where the status quo should be maintained

The consultant has reviewed other aspects, including the management and operation mode of YS, its hostel strategy and catering services, and has recommended no change to their operations. The current management and operation services contract (which runs from 23 April 2009 to 22 April 2016) and the catering contract (which runs from 28 December 2009 to 27 December 2016) will be put up for

tender in due course.

30. The findings put forward by the consultant indicated that the existing charges of some facilities at YS may not be fully competitive, and this will affect the utilisation rates. The proposed measures would make these facilities more attractive to users, hence a higher utilisation should be expected after implementation of the measures. Nevertheless, given the uncertainty of the price elasticity of demand of the facilities, whether the measures will result in a revenue gain or loss remains to be seen.

31. Based on past experience and the consultant's financial analysis, we have recommended to set the target cost-recovery ratio at 50%. The YS MAC agreed that this ratio is reasonable and realistic. We will keep in view the effectiveness of the proposal and recommend suitable adjustments where necessary, particularly when both the management and catering contracts are going to expire in 2016.

32. The above recommendations have been endorsed by the YS MAC and will be implemented in 2014/15 financial year. The Executive Summary of the Consultancy Report can be found at [http://www.hab.gov.hk/file\\_manager/en/documents/policy\\_responsibilities/community\\_and\\_youth\\_development/youth/executive\\_summary\\_e.pdf](http://www.hab.gov.hk/file_manager/en/documents/policy_responsibilities/community_and_youth_development/youth/executive_summary_e.pdf). HAB will also report the above to the PAC in its next progress report.

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**Home Affairs Bureau**  
**March 2014**