

*The Language Fund*

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The Audit Commission ("Audit") conducted a review of the management of the Language Fund ("LF").

2. Hon Abraham SHEK Lai-him declared that he was a director of the Absolutely Fabulous Theatre Connection and a member of the School Council of St. Stephen's Girls' College, all of which are involved in language education.

3. LF was set up in March 1994 and held in trust by the Permanent Secretary for Education Incorporated as the Trustee to provide financial support for initiatives aiming at improving Hong Kong people's proficiency in Chinese (including Putonghua) and English languages. The Standing Committee on Language Education and Research ("SCOLAR") was established in 1996 to advise the Government on the use of LF and language education issues in general, and the Language Education and SCOLAR Section of the Education Bureau ("EDB") has been assigned as the SCOLAR Secretariat. From 1994 to 2017, the Legislative Council ("LegCo") approved seven capital injections into LF totaling \$8,000 million. From 1994 to 2016, the Trustee of LF approved \$3,703 million to fund 544 initiatives.

4. The Committee noted the following findings from the Director of Audit's Report:

- in 2007, the Trustee approved \$225 million from LF to launch a six-year pilot Putonghua as the medium of instruction for teaching the Chinese Language subject ("PMIC") Support Scheme. From 2008-2009 to 2013-2014 academic year (all years mentioned hereinafter refer to academic year), 132 primary schools and 28 secondary schools participated in the Scheme, with \$54 million used for the provision of non-cash support measures<sup>1</sup> and \$148 million used as grants for schools to help teachers implement their school plans on using PMIC as well as to attend relevant professional development programmes. In 2012, EDB spent \$1.42 million to commission a tertiary education institution to conduct a study to examine the process of, and the changes and impacts brought to the participating schools by the implementation of PMIC. However, only four schools participated in the last phase of the Scheme were selected for the study,

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<sup>1</sup> Some of the measures include professional advice rendered by Mainland teaching experts to help the schools implement their plans on using PMIC.

*The Language Fund*

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and with respect to students' performance, the findings were inconclusive as to whether Putonghua was more effective than Cantonese;

- in 2006 and 2010, \$880 million and \$323 million were earmarked from LF for the English Enhancement Scheme ("EES") and the Refined English Enhancement Scheme ("REES") respectively. These two Schemes were administered by the Education Commission and Planning Division ("ECPD") of EDB instead of the SCOLAR Secretariat. In 2015, ECPD had completed the evaluation on EES and REES and found out that 177 (41%) and 175 (45%) of the schools participated in EES and REES respectively did not show satisfactory performance in meeting the pledged targets vis-à-vis objectives of the schools. As no arrangements were made between ECPD and the SCOLAR Secretariat on the reporting requirements to SCOLAR, the implementation information and evaluation report of EES and REES were not provided to SCOLAR;
- \$270 million was approved in January 2010 for the four-year English Enhancement Grant Scheme ("EEGS").<sup>2</sup> Under EEGS, grants of not more than \$0.5 million were disbursed to each participating school over a period of two years, and the unspent funds should be returned to the Government upon project completion. Audit examined 20 projects, and discovered that the returns of unspent funds of 15 (75%) projects took an average of 95 days after the final report submission due date, and many targets set by the schools in their implementation plans were not easily measurable;
- the applications of the Professional Development Incentive Grant Scheme for Language Teachers<sup>3</sup> had been decreasing from 3 164 in 2003-2004 to 15 in 2015-2016 (up to June 2016), while 4 252 of

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<sup>2</sup> The Scheme lasted from 2010-2011 to 2013-2014 to prepare primary school students for their needs of learning English in secondary schools.

<sup>3</sup> The Scheme was launched to provide financial incentive to encourage language teachers to pursue recognized programmes of studies for enhancing their subject knowledge and pedagogy in the language they teach.

*The Language Fund*

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15 246 language teachers who joined the teaching profession before 2004-2005 still did not possess the qualifications outlined by SCOLAR;<sup>4</sup>

- from 1994 to 2016, \$558 million was approved from LF for 378 language education community projects, and working groups had been set up to plan and oversee these projects. Audit examined 10 completed projects, and found that no spot checks or surprise visits were conducted as stated in the Work Manual of LF. Of the 63 project reports submitted by project grantees for the 10 projects, 45 (71%) were submitted late. In 4 of the 10 projects, there were cases of non-compliance with the procurement requirements stipulated in the project agreement. Of the 10 examined projects, one was over \$1 million and three were over one year, but no independent evaluations of these projects were conducted by the SCOLAR Secretariat;
- before 2015-2016, LF did not call for applications for sponsorship projects. From 2012-2013 to 2014-2015, there were only 15 applications for sponsorship projects. Starting from 2015-2016, an open-call exercise had been conducted annually to invite proposals aiming to attract more partners from the community, and the applications increased to 7 and 12 for 2016-2017 and 2017-2018 respectively;
- from 2014 to 2016, \$48 million was approved from LF for 24 bottom-up research and development ("R&D") projects.<sup>5</sup> In one project, there was no documentary evidence showing that the SCOLAR Secretariat had taken follow-up action on the reservations and conditions given by the Vetting Committee;
- for the appointment of SCOLAR members for the term from 1 July 2015 to 30 June 2017, the SCOLAR Secretariat issued the appointment letters on 5 June 2015, but the conflicts of interest Declaration Forms were sent

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<sup>4</sup> SCOLAR considered that the possession of a Bachelor of Education degree majoring in the relevant language subject, or a first/higher degree majoring in the relevant language subject and a Postgraduate Diploma in Education or Postgraduate Certificate in Education majoring in that language subject was essential to ensuring adequate preparation of language teachers in proficiency, subject knowledge and pedagogy.

<sup>5</sup> Starting from March 2014, apart from the top-down approach, SCOLAR had also adopted a bottom-up approach of inviting applications through open-call exercises. Proposals from education institutions were invited. Priority areas/themes on language learning/development and pedagogy were identified by SCOLAR whereas the actual topic, and scope and duration of the projects were proposed by the applicants. Proposals were assessed by a Vetting Committee.

*The Language Fund*

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to members by emails after the commencement of the term. In the event, nine members returned the Forms more than 30 days after the commencement of the term. Also, six of the eight working groups under SCOLAR only held one meeting from 1 July 2015 to 31 October 2016;

- as at 30 June 2016, Audit examination revealed that of the 68 "ongoing" initiatives in LF project database, only 55 (81%) were in progress. For the remaining 13 (19%) initiatives, six had been completed/terminated for over one year and their unspent balance amounted to \$61.1 million;
- EDB informed the LegCo Panel on Education in December 2013 that the investment return from the placement with the Exchange Fund would be used to fund support measures to schools and teachers, R&D projects and language education community projects, and in the period from the placement with the Exchange Fund in March 2014 to June 2016, the interest income earned from the Exchange Fund was \$513.3 million. However, Audit found that the actual total funding of \$262 million approved for the period from March 2014 to June 2016 was \$251.3 million (49%) less than the interest income of \$513.3 million earned from the Exchange Fund; and
- from 2007 to 2016, over 20% and over 30% of Secondary 3 students did not meet the basic competencies in Chinese Language and English Language respectively under the Territory-wide System Assessment. In 2016, about 15% and 20% of Secondary 6 students did not attain "Level 2" or above in Chinese Language and English Language respectively under the Hong Kong Diploma of Secondary Education Examination.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the effectiveness of the PMIC Support Scheme and Professional Development Incentive Grant Scheme for Language Teachers, the management of EES, REES, EEGS, language education community projects and R&D projects, the governance of SCOLAR, the financial and investment management of LF, and the measures to improve the Chinese and English language proficiency of students. The replies from **Secretary for Education** are in *Appendix 27*.

*The Language Fund*

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6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.