



中華人民共和國香港特別行政區政府總部教育局
Education Bureau
Government Secretariat, Government of the Hong Kong Special Administrative Region
The People's Republic of China

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Ms Angel WONG
Clerk to Panel
Legislative Council Panel on Education
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms WONG,

Panel on Education
Proposed non-recurrent funding support to the Hong Kong
Examinations and Assessment Authority

We refer to your letter dated 17 December 2018. With regard to Hon SHIU Ka-chun's enquiries made on 6 December 2018 to the Panel Chairman about the agenda item "Proposed non-recurrent funding support to the Hong Kong Examinations and Assessment Authority", our response is as follows.

The Hong Kong Examinations and Assessment Authority (HKEAA) is an independent statutory body set up in accordance with the Hong Kong Examinations and Assessment Authority Ordinance (Cap 261) (HKEAAO). Its major functions are to administer public examinations (currently refers to the Hong Kong Diploma of Secondary Education Examination (HKDSE)) to cater for the needs of the local education system and society, and to conduct various international and professional examinations.

The HKDSE fees charged according to the HKEAAO is a major source of income of the HKEAA. In 2017/18, the income related to the HKDSE accounted for about 52% of HKEAA's income, while that related to international and professional examinations as well as other local examinations (including Territory-wide System Assessment and Language Proficiency Assessment for Teachers) contributed to the remaining share of the income. According to the HKEAAO, public examination fees have to be approved by the Government. Before making a decision, the Government will take into account a basket of factors, such as the user-pay principle, inflation rate, local economic situation, affordability of families in general and the HKEAA's overall financial position. Currently, there are measures in place to alleviate the financial burden of examination fees on needy students. For example, the Working Family and Student Financial Assistance Agency administers the Examination Fee Remission Scheme which offers examination fee remission to eligible needy school candidates sitting public examinations conducted by the HKEAA. The Social Welfare Department also provides financial assistance to students from families receiving Comprehensive Social Security Assistance to cover public examination fees. Therefore, eligible needy school candidates will not be denied access to public examinations because of financial difficulties.

The current mode of operation and cost structure of the HKEAA could not support the long-term operation of HKDSE, resulting in financial difficulties faced by the HKEAA. It will be difficult for the HKEAA to maintain effective operation and continue to conduct the HKDSE, and the problem is expected to aggravate in the future. The HKEAA is working out a proposal to ensure its long-term financial sustainability in consultation with the Government. A concrete plan is yet to be formulated.

As a tide-over measure pending the comprehensive review, the Government proposed to provide the HKEAA with a non-recurrent funding of \$360.8 million in four years to support its effective operation during the period.

It is envisaged that the planned detailed study will take time to complete. Views of members of relevant LegCo committees and stakeholders will be sought and carefully considered in the process to ensure that the recommended way forward can ensure HKEAA's long-term financial sustainability and provide continuous support for needy students at the same time for the long-term interest of society. The study will not involve engagement of external research teams.

According to the information provided by the HKEAA, from 2013/2014 to 2017/2018, the reserve balance of the HKEAA declined from around \$237 million to \$185 million (see the table below for details). The reserve is for maintaining the HKEAA's effective operation, including covering the expenditure items for conducting the HKDSE, capital expenditure, as well as conducting research and development, such as development and upgrading of information technology systems supporting the administration of examinations. The HKEAA estimates that it would run out of sufficient cash to maintain effective operation in the second half of 2019, and the liquidity problem is expected to aggravate in subsequent years.

End of financial year (31 August)	Reserve (\$ Million)
2013/2014	237
2014/2015	231
2015/2016	211
2016/2017	195
2017/2018	185

Yours sincerely,



(Ms Jenny CHAN)
for Secretary for Education