

立法會
Legislative Council

LC Paper No. CB(2)1657/10-11(04)

Ref : CB2/PL/ED

Panel on Education

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 9 May 2011**

Government scholarship schemes for post secondary students

Purpose

This paper provides background information on the HKSAR Government Scholarship Fund and the proposed Self-financing Post-secondary Scholarship Scheme ("SPSS"). It also summarizes the concerns of the Panel on Education ("the Panel") on issues relating to these Government scholarship schemes for post-secondary students.

Background

HKSAR Government Scholarship Fund ("the Fund")

Scholarships for students of publicly-funded degree and above programmes

2. In 2008, the Government established the \$1 billion Fund to provide scholarships to outstanding local and non-local students pursuing publicly-funded degree or above level programmes in Hong Kong, with a view to nurturing and attracting talents to sustain the economic and social development of Hong Kong and promoting the further development of Hong Kong as a regional education hub.

3. The Fund has been set up as a trust under the Permanent Secretary for Education Incorporated, which acts as its trustee. A Steering Committee has been established to advise the trustee on the overall strategy and policy pertaining to the administration and development of the Fund. An Investment Committee has also been set up under the Steering

Committee to formulate policies for and monitor the investment of the Fund and to advise on the appointment of fund managers to handle the investment of the funds.

4. Each academic year, the Government will distribute a sum of money, funded by the investment income generated from the Fund, to the nine institutions (the eight University Grants Committee ("UGC")-funded institutions and the Hong Kong Academy for Performing Arts) offering full-time publicly-funded programmes at degree or above levels on a pro rata basis in accordance with the actual enrolment of such programmes in the previous academic year, subject to the proviso that no institution will receive less than 2% of the total sum allocated.

5. Participating institutions will distribute scholarships having regard to the following selection criteria: (a) excellent performance in academic studies; (b) recognized contribution to the institution/society; (c) demonstrated leadership and good communication skills; and (d) strong commitment to the Hong Kong community. Scholarships are awarded based on merit and local and non-local students will compete on an equal basis in the light of their academic and non-academic achievements.

6. The scholarship is \$40,000 per year for local students and \$80,000 per year for non-local students. Once awarded, a scholarship will be tenable for the normal duration of the programme concerned and renewable annually subject to satisfactory academic performance of the awardees. The number and amount of scholarships awarded under the Fund and the breakdown on the number of scholarship recipients by institutions from the 2008-2009 to 2010-2011 academic years are in **Appendices I and II** respectively.

Scholarships for students of publicly-funded sub-degree programmes

7. In the 2011-2012 Budget, the Financial Secretary has proposed to inject \$250 million into the Fund to extend the scholarships to students of publicly-funded sub-degree programmes. Subject to the approval of the Finance Committee ("FC"), the first batch of scholarships to publicly-funded sub-degree students will be awarded in the 2011-2012 academic year.

SPSS

8. As announced by the Chief Executive in the 2010-2011 Policy Address, the Government has proposed to establish a \$2.5 billion

Self-financing Post-secondary Education Fund to support self-financing post-secondary institutions to enhance the quality of teaching and learning and award scholarships to outstanding students through SPSS. SPSS aims to provide Government scholarships to outstanding students pursuing full-time locally-accredited self-financing sub-degree or bachelor degree (including top-up degree) programmes at non-profit-making institutions. Other awards may also be introduced under SPSS to encourage and recognise students with significant progress and improvement. The administration of SPSS will take reference from the HKSAR Government Scholarship Fund. Subject to FC's approval, it is the Administration's plan to establish the Self-financing Post-secondary Education Fund in the second half of 2011.

Deliberations of the Panel

9. The Panel was briefed by the Administration on the operation of the Fund at its meeting on 14 January 2008. The Panel's views were also sought on SPSS at its meeting on 14 February 2011. The concerns of members on these subjects are summarized in the ensuing paragraphs.

Expanding the coverage of the Fund to self-financing universities

10. While generally supporting the policy objectives for the establishment of the Fund, members considered that it should be expanded to cover self-financing universities such as the Hong Kong Shue Yan University, as they could enrol outstanding students like the eight UGC-funded institutions and the Hong Kong Academy for Performing Arts. Members expressed the view that the Administration should adopt a holistic and student-oriented approach in awarding outstanding students, irrespective of which universities they attended. The Administration agreed to consider the suggestion.

Quota on scholarships for non-local students

11. Members raised concern about the impact of offering scholarships to meritorious non-local students on local students and suggested that the Administration should consider setting a quota on scholarships for non-local students under the Fund. Some members considered that all participating institutions should distribute evenly the scholarships between local and non-local students. There was a view that the number of scholarships for non-local students should constitute no more than 50% of the total number of scholarships awarded under the Fund each year.

12. On the other hand, some members held the view that flexibility should be allowed for individual institutions to make adjustments in awarding scholarships having regard to their development plans. Institutions had to consider their own circumstances and capacity in deciding the number of non-local students to be admitted to their programmes. As the imposition of a quota on scholarships for non-local students could affect the institutions' autonomy on academic matters, they considered it a better approach to require the institutions to provide information on the distribution of scholarships on a regular basis.

13. The Administration advised that the primary objective of the Fund was to attract outstanding students to pursue higher education in Hong Kong. The award of scholarships to outstanding non-local students could help bring in the most talented students from all over the world, achieving the policy intent of promoting internationalism. As selection of recipients would be based on students' performance in various aspects, the Administration considered it inappropriate to put in place a quota to limit institutions' freedom in distributing scholarships. Nevertheless, the Administration would review the operation of the Fund in one to two years' time after its implementation. The need for a quota system would then be considered in the light of operational experience including the distribution of scholarships to local and non-local students by individual institutions.

Scholarship amounts

14. Members also expressed concern about the huge difference in the amount of scholarships between local and non-local students under the Fund which would convey a wrong message to the public that the Administration had higher regard for non-local students than local students.

15. According to the Administration, it had made reference to practices in other countries and noted that the amounts of scholarships awarded to non-local students were generally higher than those awarded to local students in consideration of the higher tuition fees and accommodation and living expenses shouldered by non-local students. Based on the information provided by local universities, a similar arrangement was adopted for local scholarships funded by private donations; and the average amounts of scholarships awarded to local and non-local students were about \$13,000 and \$50,000 per year respectively.

Retaining talented non-local students in Hong Kong

16. To achieve the objective of retaining outstanding non-local students in Hong Kong, members suggested that the Administration should consider making it a requirement for the scholarship recipients to stay for a certain period of time after completing their studies in Hong Kong. The Administration should also identify those trades and industries with shortage in talents and focus on attracting talented students in those disciplines through the scholarship scheme under the Fund.

17. The Administration considered that the Fund would become less attractive to talented students if too many conditions were imposed, in particular when Hong Kong was facing competition from other countries and cities in attracting talents. The Administration explained that there would be difficulties in enforcing a requirement of mandatory stay after graduation as scholarship recipients might apply for waiver. The Administration had extended the period for non-local students to stay in Hong Kong after graduation from three months to one year with a view to facilitating their finding of employment.

Financial assistance for needy students pursuing self-financing post-secondary programmes

18. When the Administration consulted the Panel on the proposed establishment of SPSS at its meeting on 14 February 2011, some members expressed the view that as there were already a number of scholarships in place offering awards to outstanding students by private organizations or affluent individuals, the Administration should use SPSS to help the needy students receive self-financing post-secondary education. Some members considered that SPSS should aim at providing financial assistance to students who had fair academic performance to pursue post-secondary education. Members stressed that the Administration should take into consideration the financial predicament faced by needy students pursuing self-financing post-secondary programmes in its planning for the scholarship scheme. They pointed out that students enrolled in the publicly-funded universities received about \$1 million subsidy for the duration of the university programmes, while students enrolled in self-financing post-secondary institutions received no subsidy from the Government but only grants and loans. Many of them were in heavy debt and were having difficulties in making ends meet.

19. The Administration explained that the establishment of SPSS was not only an award to but also recognition of the outstanding students

enrolled in self-financing post-secondary programmes. Needy students enrolled in publicly-funded or self-financing post-secondary programmes could gain access to government grants or loans by applying for the various financial assistance schemes. The Administration reviewed these financial assistance schemes from time to time with a view to better meeting the needs of students.

20. Members pointed out that many students who had financial hardship were unwilling to apply for government loans because the repayment could last long. Many of them resorted to taking up part-time jobs in order to pay for the tuition fees. This would inevitably affect their academic performance. To alleviate the financial burden on sub-degree students, members suggested that the terms of Non-means-tested Loan Scheme for Post-secondary Students ("NLSPS") administered by the Student Financial Assistance Agency should be revised to take account of the financial circumstances of sub-degree students, and the commencement of the calculation of interest on loans should be deferred until after their completion of sub-degree programmes.

21. The Administration informed members that the review on NLSPS was underway. Phase I of the public consultation had been completed and the Administration was working on phase 2 of the public consultation. The Administration would seek members' views on the improvements to the scheme in due course.

22. Noting that the estimated investment income of \$125 million generated from the Self-financing Post-secondary Education Fund would be shared out by three schemes (SPSS being one of the schemes), some members expressed concern that the number of awards under SPSS was insufficient to help the large number of students enrolled in self-financing post-secondary institutions. They pointed out that it was expected that some 16 000 students could not get publicly funded university places in the 2012-2013 academic year notwithstanding their attainment of the minimum qualification for university education.

23. The Administration advised that should there be a need to increase the number of scholarships to be awarded under SPSS in a particular year, the Administration might, where necessary, seek advice from the Steering Committee on Self-financing Post-secondary Education Fund to draw a small part of the principal of the Fund.

Relevant papers

24. At the request of the Panel made at its meeting on 14 January 2008, the Research Division of the Legislative Council ("LegCo") Secretariat prepared an information note on the operation of major government scholarship schemes in Australia, New Zealand and Singapore for the study of full-time programmes at degree or above levels (IN07/07-08).

25. A list of the relevant papers on the LegCo website is in **Appendix III**.

Council Business Division 2
Legislative Council Secretariat
5 May 2011

HKSAR Government Scholarship Fund

The number and amount of scholarships awarded under the Fund from the 2008-2009 to 2010-2011 academic years

Academic Year	Number of recipients	Amount Awarded
2008-2009	230	\$11,970,000
2009-2010	441	\$23,590,000
2010-2011	514	\$29,300,000

Source: Extracted from the Education Bureau's replies to Members' initial written questions concerning Examination of Estimates of Expenditures 2011-2012.

HKSAR Government Scholarship Fund

Breakdown of number of scholarship recipients by institution

Name of Institution	2008/09	2009/10	2010/11
City University of Hong Kong	27	51	63
Hong Kong Baptist University	24	41	44
Lingnan University	9	17	18
The Chinese University of Hong Kong	40	81	100
The Hong Kong Institute of Education	8	16	20
The Hong Kong Polytechnic University	41	74	89
The Hong Kong University of Science and Technology	26	57	61
The University of Hong Kong	51	96	110
The Hong Kong Academy for Performing Arts	4	8	9
Total	230	441	514

Note

Every year, a sum of money from the investment income of the Fund is allocated to the nine institutions offering full-time publicly-funded programmes at degree or above levels on a pro rata basis in accordance with the actual enrolment of such programmes in the previous academic year, subject to the proviso that no institution will receive less than 2% of the total sum allocated.

Source: Extracted from the Education Bureau's replies to Legislative Council Members' questions in examining the Estimates of Expenditures 2011-2012

**Relevant papers on
Government scholarship schemes for post secondary students**

Committee	Date of meeting	Paper
Panel on Education	14.1.2008 (Item V)	Agenda Minutes IN07/07-08
Panel on Education	14.4.2008 (Item IV)	Agenda Minutes
Panel on Education	10.1.2011 (Item VI)	Agenda Minutes
Panel on Education	14.2.2011 (Item IV)	Agenda Minutes

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