

Mr Michael M.Y. Suen, GBS, JP  
Secretary for Education's Speaking Note  
at the Special Meeting of Legislative Council Finance Committee  
to examine the Draft Estimates of Expenditure 2012-13  
on 5 March 2012

Madam Chairman,

The Government has all along been investing heavily in education for the purpose of nurturing human capital, thereby facilitating social mobility. Therefore, education has consistently been the largest spending area of the Government's total expenditure, representing about one fifth of its total recurrent expenditure.

2. In the 2012-13 financial year, the total expenditure on the policy area of education is estimated at \$79.1 billion, representing an increase of 15.9 per cent over the 2011-12 revised estimate and accounting for 20.1 per cent of the total government expenditure.

3. Out of the total expenditure on education, \$59.7 billion is recurrent expenditure, representing an increase of 6.6 per cent over the 2011-12 revised estimate and accounting for 22.6 per cent of the recurrent government expenditure.

4. Now, I would like to brief you on our major initiatives in the 2012-13 Budget.

### **Research Funding for Higher Education Sector**

5. We will inject \$5 billion into the Research Endowment Fund in the 2012-13 financial year to implement the proposal set out in the 2011-12 Policy Address of the Chief Executive. Of this, the investment income from \$3 billion will provide new research funds for self-financing tertiary institutions to enhance their academic and research development. The investment income of the remaining \$2 billion will replace the existing recurrent provision of \$100 million for the Research Grants Council so as to provide a stable research funding for the institutions funded by the University Grants Committee.

### **Promoting Post-secondary Education**

6. We will earmark \$2.5 billion to launch the sixth Matching Grant Scheme (MGS) in the post-secondary education sector. For the first time, the MGS will cover all statutory and approved post-secondary institutions to further

consolidate their development.

7. Given that the scholarship schemes under the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund are well-received, we propose to make two separate injections of \$1 billion each, bringing the total to \$2 billion, into these two funds to establish diversified scholarships or award schemes to give recognition to more students with outstanding academic performance or remarkable achievements in other areas. We estimate that a total of 10 000 students will benefit each year.

8. Moreover, we will increase first-year-first-degree places to 15 000 for each cohort from the 2012/13 academic year and progressively increase senior year intake places to 4 000 each year. The annual expenditure is estimated to be about \$1.178 billion upon full implementation.

### **Multiple Pathways**

9. We will earmark \$1 billion to implement a new programme under the new senior secondary academic structure modelled on Project Yi Jin. The aim is to provide an alternative pathway for students to acquire a formal qualification other than the Hong Kong Diploma of Secondary Education Examination. We expect that in addition to post-secondary places (including first-degree and sub-degree programmes), the new Project Yi Jin programme, vocational education or training courses and other programmes will by and large meet the needs of about 100 000 students in the double cohort year of 2012. Besides, more than 2 000 places will be provided by 63 Mainland higher education institutions participating in the pilot scheme to exempt Hong Kong students from taking the joint entrance examination.

10. In addition, we plan to set up a new Youth College to provide young people with alternative progression pathways outside mainstream education and provide dedicated support for non-Chinese speaking students and students with special educational needs, so that they can have suitable opportunities for vocational education and training. We also hope that the college will establish itself as a resource centre for supporting diversified and inclusive vocational education and training. Upon full implementation, this initiative will provide 420 additional places and will involve an annual expenditure of about \$26 million.

### **School-based Educational Psychology Service**

11. In the 2011-12 Policy Address, the Chief Executive announced that the Government would further extend the School-based Educational Psychology Service, giving secondary and primary schools greater support to help students with dyslexia and other special educational needs. This mode of service, now covering about 50 per cent of schools, will be extended progressively to cover all public sector secondary and primary schools by the 2016/17 school year. The estimated additional expenditure is about \$36 million per year upon full implementation.

### **Student Guidance Service Grant**

12. To further enhance the student guidance service in primary schools, we will provide a top-up student guidance service grant for public sector primary schools from the 2012/13 school year. It is estimated that about 70 per cent of the primary schools in Hong Kong will receive a top-up grant of \$100,000 or more. The additional expenditure is estimated to be about \$58 million in the 2012/13 school year.

### **Implementing Moral and National Education Subject in Primary and Secondary Schools**

13. Regarding the implementation of the “Moral and National Education” (MNE) subject in primary and secondary schools, we are now considering in detail the revised proposals submitted by the Curriculum Development Council on the MNE curriculum. To help schools implement the MNE subject, we have reserved funding for a series of support measures, including organising various focused and serial teacher training programmes and cross-border professional exchange activities. Quality learning and teaching resources, including “Life Events” Exemplars in both Chinese and English as well as a resources web, will also be developed to support the learning and teaching of the subject.

### **Student Financial Assistance**

14. Government policy for student financial assistance is to ensure that no student will be denied access to education due to lack of means. In the 2010/11 academic year, the Student Financial Assistance Agency (SFAA) disbursed grants and loans of over \$4.6 billion, benefiting more than 360 000 students. Following a series of improvement measures, including relaxing the income ceiling for full level of assistance under the means test mechanism, increasing

school textbook assistance for primary and secondary school students, as well as enhancing the Kindergarten Fee Remission Scheme, etc., it is estimated that the total grants and loans to be disbursed by the SFAA in the 2011/12 academic year will increase by \$800 million to about \$5.4 billion. In the 2012/13 academic year, with more secondary school graduates of the double cohort pursuing post-secondary education and the increase in kindergarten student population, the expenditure on student grants and loans to be disbursed is expected to increase further by around \$600 million to over \$6 billion.

15. There are two initiatives on student financial assistance in the 2012-13 Budget. First, the Education Bureau is considering lowering the interest rate and relaxing the standard repayment period of the means-tested living expenses loans. Subject to the approval of the Finance Committee, the improvement measures will be launched in the 2012/13 academic year.

16. Moreover, in light of economic uncertainties in the coming year, the Government proposes offering all student loan borrowers who complete their studies in 2012 the option to start repaying their student loans one year after completion of studies. This will alleviate the financial burden of fresh graduates and allow them more time to secure a stable job. It is estimated that about 26 000 graduates will benefit from this measure.

### **15-Year Free Education**

17. The Government has been listening carefully to the community's call for 15-year free education. At present, direct subsidy is being provided for parents through the Pre-primary Education Voucher Scheme and school fee remission. This has ensured that children will not be deprived of the opportunity for kindergarten education due to lack of means. At the same time, we are providing parents with diversified options as well as promoting the flexible and quality development of pre-primary education. The proposal to implement free pre-primary education or to incorporate kindergartens into the subvented education sector will have a profound impact with implications for the diversity and flexibility of kindergarten education, parental choice, regulations etc. We must first elucidate our goals so that the conditions conducive to quality pre-primary education can be sustained. We will look into these profound impacts carefully, continue to maintain dialogue with stakeholders and listen to the views of different sectors.

18. Madam Chairman, my colleagues and I will be happy to answer questions from Members.

Education Bureau  
5 March 2012