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Panel on Education

Updated background brief prepared by the Legislative Council Secretariat for the meeting on 14 May 2012

Government scholarship schemes for post-secondary students

Purpose

This paper provides background information on the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Scholarship Scheme. 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")

- 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 the Trustee of the Fund. 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.

- 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 ("HKAPA")) 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.
- 7. In 2011, the Administration injected \$250 million into the Fund to extend the scholarships to students of full-time publicly-funded sub-degree programmes with effect from the 2011-2012 academic year. The parameters and operation of the scholarship scheme for sub-degree students is modelled on those of the scholarship scheme for degree students. The scholarship amount is pitched at \$30,000 each for both local and non-local students for the 2011-2012 academic year. The eligible institutions (namely City University of Hong Kong, The Hong Kong Polytechnic University, The Hong Kong Institute of Education, HKAPA and Vocational Training Council) participate in the scholarship scheme on a voluntary basis.
- 8. A breakdown of the number of scholarship recipients under the Fund by institutions from the 2008-2009 to 2011-2012 academic years is in **Appendix I**.

<u>Self-financing Post-secondary Scholarship Scheme ("SPSS")</u>

9. To promote the development of the self-financing post-secondary sector in Hong Kong, the Government established 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.

10. The administration of SPSS takes reference from the Fund. The criteria for awarding scholarships are (a) high standard of academic performance; (b) demonstration of leadership and good communication skills; (c) valuable contribution to the institution/community; and/or strong commitment to the Hong Kong community. For the 2011-2012 academic year, SPSS has reserved around \$36 million for about 1 300 students with outstanding performance and best academic progress.

Deliberations of the Panel

11. The Panel was briefed by the Administration on the establishment of the Fund and the SPSS at its meetings on 14 January 2008 and 14 February 2011 respectively. The Panel's views were also sought on the proposal to inject \$250 million into the Fund to extend the scholarships to students of full-time publicly-funded sub-degree programmes at its meeting on 9 May 2011. The concerns of members on these subjects are summarized in the ensuing paragraphs.

Ratio between local and non-local scholarship recipients

- 12. 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.
- 13. 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.

14. 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

- 15. Members also expressed concern about the huge difference in the scholarship amount between local and non-local students in respect of the scholarships for publicly-funded degree 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.
- 16. 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. The higher scholarship amount for non-local students would also provide an incentive for them to pursue degree and above programmes in Hong Kong.
- 17. The Administration also advised that the same scholarship amount (\$30,000) was set for local and non-local students in respect of the scholarships for publicly-funded sub-degree students as the sub-degree sector was currently at its early stage in attracting non-local students and

the need for setting a higher scholarship amount for non-local students had not yet arisen. According to the Administration, among the some 25 000 students pursuing publicly-funded sub-degree programmes in the 2010-2011 academic year, there were only 71 non-local students.

- 18. Having reviewed the first three years of the operation of the Fund, the Administration proposed some modifications and enhancement measures to the administration and management of the Fund in May 2011. One of the enhancement measures was to allow the institutions some flexibility in deciding the amount of scholarship of individual awardees, subject to a limit prescribed by the Trustee on the advice of the Steering Committee, having regard to the merit and circumstances of recipients.
- 19. Regarding the amount of the scholarship for publicly-funded sub-degree students under the Fund which was pitched at \$30,000 per year, some members suggested that institutions should consider exercising flexibility to adjust the scholarship amount to \$10,000 or \$20,000 per student instead of \$30,000 with a view to increasing the number of scholarship recipients.
- 20. The Administration advised that it would encourage institutions to determine the scholarship amount in a flexible manner having regard to specific circumstances. Too many scholarship recipients might defeat the purpose of recognizing the achievements of outstanding students. Institutions should strike a proper balance between giving due recognition to outstanding students and the desirability of benefiting more students.

Management of the investment income

- 21. Noting that the award of scholarships to publicly-funded sub-degree students was to be funded by the investment income generated from the \$250 million injection into Fund, members were concerned whether the 4% to 5% investment income was sufficient to meet the amount of such as investment manager fees and sustain the award of scholarships to publicly-funded sub-degree students on an ongoing basis.
- 22. The Administration advised that it would take reference from the administration of other Government funds such as the Quality Education Fund, and monitor the fees charged by investment managers to ensure cost-effectiveness of the investment. The Investment Committee under the Fund met regularly with the Treasury to discuss investment strategies and monitor the investment of the Fund. Investment managers were selected through tendering, and consideration would be given to their track

records in the selection process. According to the information provided by the Administration in May 2011, the fees charged by investment managers were in the range of 50 to 70 basis points per annum.

Retaining talented non-local students in Hong Kong

- 23. 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.
- The Administration considered that the Fund would become less 24. 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. Since 2008, the Administration had implemented the following measures to retain non-local graduates, including non-local recipients of scholarships under the Fund, in Hong Kong: (a) non-local fresh graduates, upon application, might be granted 12 months' stay without any condition; and (b) applications from non-local graduates for visa/entry permit to stay (or return to) and work in Hong Kong would be favourably considered so long as the job was at a level commonly taken up by degree holders and the remuneration was at market level. According to the information provided by the Administration in the examination of the Estimates of Expenditure 2012-2013 in February 2012, since the implementation of these relaxation measures in 2008, more than 15 000 applications from non-local students to stay in Hong Kong had been approved.
- 25. At the request of the Panel, the Administration had provided information on (a) a breakdown of the places of origin of non-local recipients of scholarships under the Fund from the 2008-2009 to 2010-2011 academic years (**Appendix II**); (b) percentage of non-local recipients of scholarship who stayed and settled down for employment in Hong Kong after graduation out of the total number of non-local recipients of scholarship under the Fund for the 2008-2009 and 2009-2010 academic years (**Appendix III**); and (c) award of scholarships to non-local students by governments of Singapore and Australia(**Appendix IV**).

<u>Financial assistance for needy students pursuing self-financing post-secondary programmes</u>

- 26. 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 They pointed out that students enrolled in the scholarship scheme. 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.
- 27. 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.
- 28. 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.

- 29. The Administration informed members that the review on NLSPS was underway. Phase I of the public consultation had been completed. The Administration will seek members' views at the meeting on 14 May 2012 on the proposed package of improvement measures to the non-means-tested loans for post-secondary students, having taken into account views received during Phase 2 public consultation.
- 30. 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.
- 31. 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.

Latest developments

32. The Administration will consult the Panel at the meeting on 14 May 2012 on the proposed injection of \$1 billion each into the Fund and the Self-financing Post-Secondary Education Fund in order to establish more scholarships or award schemes for outstanding students. The Administration aims to submit the proposal to the Finance Committee in June 2012.

Relevant papers

33. 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).

34. A list of the relevant papers on the LegCo website is in **Appendix V.**

Council Business Division 2 <u>Legislative Council Secretariat</u> 8 May 2012

HKSAR Government Scholarship Fund Breakdown of the number of scholarship recipients by institutions

	2008-2009	2009-2010	2010-2011	2011-	2012
Name of Institution	Degree & above	Degree & above	Degree & above	Degree & above	Sub-degr ee
City University of Hong Kong	27	51	63	68	4
Hong Kong Baptist University	24	41	44	40	-
Lingnan University	9	17	18	18	-
The Chinese University of Hong Kong	40	81	100	102	-
The Hong Kong Institute of Education	8	16	20	22	3
The Hong Kong Polytechnic University	41	74	89	95	15
The Hong Kong University of Science and Technology	26	57	61	57	-
The University of Hong Kong	51	96	110	102	-
The Hong Kong Academy for Performing Arts	4	8	9	10	3
Vocational Training Council	-	-	-	-	118
Total	230	441	514	514	143

Source: Examination of Estimates of Expenditure 2012-2013

HKSAR Government Scholarship Fund Places of origin of non-local recipients

(No. of non-local recipients)	2008-2009 academic year	2009-2010 academic year	2010-2011 academic year
East Asia	l	I	l
Mainland China	55	116	170
Macao	1	4	6
Taiwan	1	4	7
South Korea		3	2
South East Asia	<u> </u>		
Malaysia	5	12	19
Myanmar		2	2
Singapore			1
South Asia	•		
India	1	1	1
Pakistan	1	1	2
Sri Lanka		1	1
North America	<u> </u>		
USA	1	5	4
Canada	1	1	
Europe	<u> </u>		
Lithuania		1	1
Poland		1	1
Portugal		1	
Africa			
Mauritius			1
Tunisia	1		
Zimbabwe	1	1	1
Australasia			
Australia			1
New Zealand		1	
Total:	68	155	220

Source: Education Bureau, June 2011 [LC Paper No. CB(2)1980/10-11(01)]

HKSAR Government Scholarship Fund Number and percentage of graduates who stayed in Hong Kong

	2008-2009 academic year (total non-local recipients:68)		acaden (total ne	-2010 nic year on-local nts:155)	
	No. of non-local recipients who graduated	% of non-local recipients who graduated	No. of non-local recipients who graduated	% of non-local recipients who graduated	
Work in Hong Kong after graduation	2	40%	9	29%	
Pursue further study in Hong Kong after graduation	1	20%	6	19%	
Leave Hong Kong after graduation	2	40%	12	39%	
Information not available	0	-	4	13%	
Total	5	100%	31	100%	

Source: Education Bureau, June 2011 [LC Paper No. CB(2)1980/10-11(01)]

Appendix IV

Summary of major scholarships offered by governments of Singapore and Australia to non-local students

Types of Scholarship Award	Study Level	Award Duration	Content of Award / Terms and Conditions
Singapore ASEAN ¹ Scholarships (for nationals in ASEAN countries except Singapore)			
(a) ASEAN Scholarships for Brunei, Malaysia and Thailand Nationals			
(i) Secondary One Scholarships (applicable to Brunei and Malaysia Nationals only)	Secondary One to Pre-University Two	6 years	 Allowance of S\$2,200 (Secondary) / S\$2,400 (Pre-University) per annum with hostel accommodation Settling-in allowance of S\$400 (once only) Economy class air passage to Singapore and back to home country upon completion of course Waiver of school fees (excluding miscellaneous fees) Waiver of GCE O-Level and A-Level (or equivalent) examination fees (once only, if applicable) Subsidized medical benefits and accident insurance cover Bridging course (if applicable, in Singapore before start of course) No bond attached to the scholarship
(ii) Secondary Three Scholarships	Secondary Three to Pre-University Two	4 years	ditto

	Types of Scholarship Award	Study Level	Award Duration	Content of Award / Terms and Conditions
	(iii) Pre-University One Scholarships	Pre-University studies	2 years	 Allowance of S\$2,400 per annum with hostel accommodation Settling-in allowance of S\$500 (one-time) Economy class air passage to Singapore and back to home country upon completion of scholarship term Waiver of school fees (excluding miscellaneous fees) Waiver of GCE A-Level (or equivalent) examination fees (once only, if applicable) Subsidized medical benefits and accident insurance cover No bond attached to the scholarship
(b)	ASEAN Scholarships for Cambodia, Indonesia, Lao P.D.R., Myanmar, Philippines, Vietnam Nationals	Secondary Three to Pre-University Two	4 years	Same as "Secondary Three Scholarships" for ASEAN Scholarships for Brunei, Malaysia and Thailand Nationals
(c)	ASEAN Undergraduate Scholarships	Undergraduate	Normal duration of full-time undergraduate courses	 Only applicable to first year full-time undergraduate students, Singaporean citizens are ineligible to apply Covers tuition fees and annual living allowance of \$\$5,800 Recipients may not concurrently hold any other scholarship, fellowship, grant or award without prior approval from the Universities No bond attached to the scholarship

	Types of Scholarship Award	Study Level	Award Duration	Content of Award / Terms and Conditions
Hong stude	g Kong Scholarships (for Hong Kong ents)			
(a)	Hong Kong Primary Scholarships (Special / Merit Awards)	Primary One to Six	6 years	 Allowance of S\$1,000 (Primary School Merit Award) / S\$2,000 (Primary School Special Award) per annum Waiver of school fees (excluding miscellaneous fees) One-month English Language Immersion Course No bond attached to the scholarship
(b)	Hong Kong Secondary Scholarships	Secondary One to Pre-University Two	Tenable from level of entry up to Pre-University Two	 Allowance of S\$2,200 (Secondary) / S\$2,400 (Pre-University) per annum with hostel accommodation Settling-in allowance of S\$400 (once only) Economy class air passage to Singapore and back to home country upon completion of scholarship term Waiver of school fees (excluding miscellaneous fees) Waiver of GCE O-Level and A-Level examination fees (once only, if applicable) Subsidized medical benefits and accident insurance cover Bridging course (if applicable, in Singapore before start of course) No bond attached to the scholarship

	Types of Scholarship Award	Study Level	Award Duration	Content of Award / Terms and Conditions
(c)	Hong Kong Pre-University Scholarships	Pre-University studies	2 years	 Allowance of S\$2,400 per annum with hostel accommodation Settling-in allowance of S\$500 (once only) Economy class air passage to Singapore and back to home country upon completion of scholarship term Waiver of school fees (excluding miscellaneous fees) Waiver of GCE A-Level examination fees (once only, if applicable) Subsidized medical benefits and accident insurance cover No bond attached to the scholarship
(d)	Hong Kong Undergraduate Scholarships	Undergraduate	Normal duration of full-time undergraduate courses	 Only tenable for undergraduate studies in the School of Computing, Faculty of Engineering and Faculty of Science in National University of Singapore; or Engineering / Science undergraduate degree programme in Nayang Technological University Covers tuition fees and all compulsory fees One-off settling-in allowance of S\$200 Accommodation allowance Annual living allowance of S\$6,000

Types of Scholarship Award	Study Level	Award Duration	Content of Award / Terms and Conditions
			One-way air passage from home country to Singapore at the beginning of the course of study and return air passage upon completion of the course of study
			➤ Recipients may not concurrently hold any other scholarship, fellowship, grant or award without prior approval from the Universities
			Recipients required to serve a six-year bond with the sponsoring company, its subsidiaries or other approved Singapore-registered companies
A *STAR India Youth Scholarship (for nationals of India)	Secondary Three to Pre-University Two	4 years	Allowance of S\$2,200 (Secondary) / S\$2,400 (Pre-University) per annum with hostel accommodation
			➤ Settling-in allowance of S\$400 (once only)
			Economy class air passage to Singapore and back to home country upon completion of course
			 Waiver of school fees (excluding miscellaneous fees)
			➤ Waiver of GCE O-Level and A-Level examination fees (once only, if applicable)
			Subsidized medical benefits and accident insurance cover
			No bond attached to the scholarship

ASEAN countries comprise Brunei, Cambodia, Indonesia, Laos, Myanmar, Philippines, Malaysia, Singapore, Thailand and Vietnam

Types of Scholarship Award	Study Level	Award Duration	Total Award Value / Terms and Conditions
Australia			
Endeavour Awards (for citizens of the Asia-Pacific, the Middle East, Europe and the Americas to undertake study, research and professional development in Australia) (Around 500-600 awards are offered per year; award holders are expected to return to their home country at the completion of their programmes)			
(a) Endeavour Postgraduate Awards	Postgraduate study/ research for an Australian Masters degree or PhD	Up to 2 years for a Masters Up to 4 years for a PhD	Up to A\$228,500 (including tuition fees, a monthly stipend, travel allowance and establishment allowance, and travel and health insurance)
(b) Endeavour Research Fellowships	Research towards a Masters degree or PhD in home country; or postdoctoral research	4-6 months	➤ Up to A\$23,500 (including a monthly stipend, travel allowance and establishment allowance, and travel and health insurance)
(c) Endeavour Vocational Education and Training Awards	Diploma, Advanced Diploma, Associate Degree	1-2.5 years	Up to A\$119,500 (including tuition fees, a monthly stipend, travel allowance and establishment allowance, and travel and health insurance)
(d) Endeavour Executive Awards	Professional Development	1-4 months	Up to A\$18,500 (including a monthly stipend, travel allowance and establishment allowance, and travel and health insurance)

Types of Scholarship Award	Study Level	Award Duration	Total Award Value / Terms and Conditions
Australian Development Scholarships (for students from developing countries studying in Australia) (Approximately 1,000 awards are offered per year)	Full time undergraduate or postgraduate study at participating Australian universities and Technical and Further Education institutions	Minimum period necessary to complete the academic program	 Full tuition fees Return air travel Establishment allowance, Contribution to Living Expenses Introductory Academic Program Overseas Student Health Cover Pre-course English fees (if deemed necessary) Supplementary Academic Support (if deemed necessary) Fieldwork (for research students) Awardees are required to return to their country of citizenship for a minimum of two years after completing their scholarship, to contribute to the economic and social development of their country
Australian Leadership Award Scholarships (for high achieving students from developing countries studying in Australia) (Up to 200 awards are offered per year)	Postgraduate study at Australian higher education institutions	Available on an annual basis	 Full tuition fees Return air travel Establishment allowance, Contribution to Living Expenses Introductory Academic Program Overseas Student Health Cover Costs associated with participating in the Leadership Development Program are covered Awardees are required to return to their country of citizenship for a minimum of two years after completing their scholarship, to contribute to the economic and social development of their country

Source: Education Bureau, June 2011 [LC Paper No. CB(2)1980/10-11(01)]

${\bf Government\ scholar ship\ schemes\ for\ post-secondary\ students}$

Relevant papers

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
Panel on Education	9.5.2011 (Item V)	Agenda Minutes CB(2)1980/10-11(01)

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