

**For discussion
on 10 June 2013**

Legislative Council Panel on Education

**Proposed Scholarships for Post-secondary Students
with Special Educational Needs**

Purpose

This paper seeks Members' views on the Administration's proposal to inject \$20 million each into the HKSAR Government Scholarship Fund (GSF) and Self-financing Post-secondary Education Fund (SPEF) to set up scholarships and awards for giving recognition to deserving post-secondary students with special educational needs (SEN).

GSF and SPEF

2. As part of a basket of measures to promote Hong Kong as a regional education hub and to enhance Hong Kong's attractiveness to quality students as a higher education destination, the Government established the GSF with a commitment of \$1 billion in 2008 to provide scholarships to outstanding students pursuing full-time publicly-funded degree or above level programmes in Hong Kong. Two additional injections of \$250 million and \$1 billion were made in 2011 and 2012 respectively to expand the provision of scholarships to full-time students of publicly-funded sub-degree programmes and to establish more scholarships and awards to give recognition to post-secondary students not only of outstanding academic performance but also with achievements and talents in other non-academic fields.

3. For the self-financing post-secondary sector, we set up the SPEF with a commitment of \$2.5 billion in 2011 to support the quality and healthy development of the self-financing sector and further enhance Hong Kong's status as a regional education hub. The SPEF provides scholarships for outstanding students of full-time self-financing sub-degree and undergraduate programmes under the Self-financing Post-secondary Scholarship Scheme (SPSS) as well as supports quality

enhancement projects by institutions and quality assurance activities¹. Similar to the GSF, a further injection of \$1 billion was made to SPEF in 2012 to provide more scholarships and awards to give recognition to post-secondary students with achievements and talents in other non-academic fields. The establishment of the two government scholarship schemes under GSF and SPEF complements the various scholarships offered by institutions and philanthropic organisations and demonstrates the Government's strong support to post-secondary education.

4. The aforementioned scholarships under the GSF and SPEF are provided on an on-going basis and are financed by the investment income generated from the two funds. Both the GSF and the SPEF are set up under the Permanent Secretary for Education Incorporated who acts as the Trustee of the funds. Steering Committees have been established for the GSF and the SPEF respectively to advise on the overall strategy and policy pertaining to the administration and development of the two funds. The Director of Accounting Services has been appointed to manage the investment and accounting matters of both funds. Investment Committees have also been set up for the two funds respectively to formulate investment policies and advise on the appointment of fund managers for the funds. The membership and terms of reference of the Steering Committee and Investment Committee of the two funds are set out at Annex.

5. Both the GSF and the SPSS operate on a merit basis. The following criteria, with appropriate adaptations to cater for different groups of students, are adopted for awarding scholarships to students –

- (a) high standard of academic performance;
- (b) demonstration of leadership and good communication skills;
- (c) valuable contribution to the institution/society; and/or
- (d) strong commitment to the Hong Kong community.

6. In addition to general scholarship schemes for outstanding local and non-local students, other scholarship schemes are launched under the GSF and the SPSS to cater for the development needs and

¹ Under the SPEF, three schemes are set up, namely the Self-financing Post-secondary Scholarship Scheme, Quality Enhancement Support Scheme and the Quality Assurance Support Scheme. The first and second schemes have been in operation since the 2011/12 and 2012/13 academic years respectively. The commencement date of the third scheme is to be decided.

priorities of the publicly-funded and self-financing post-secondary sectors. For instance, a targeted scholarship scheme to attract outstanding students from targeted regions has been set up under the GSF to raise the profile of Hong Kong and to foster closer collaboration and relationship with places of strategic importance. In the case of the SPEF, we have established a Best Progress Award to encourage and recognise students with significant progress and improvement during their post-secondary studies. The Talent Development Scholarship and Reaching Out Award have been introduced since the 2012/13 academic year to recognise students who have demonstrated achievements or talent in non-academic areas, and support meritorious students who are nominated by institutions to participate in learning, internship or service programmes, as well as national, regional and international events and competitions that are conducted outside Hong Kong.

7. In the 2012/13 academic year, 5 622 scholarships and awards totaling 127 million has been disbursed under the GSF and the SPSS. Details are set out below –

	<u>Award amount</u>	<u>Amount allocated</u>	<u>No. of scholarships/awards</u>
GSF		\$71 m	3 023
• Outstanding performance	\$20,000 to \$80,000 ²	\$51 m	1 131
• Targeted	\$100,000	\$1 m	10
• Talent Development	\$10,000	\$7 m	708
• Reaching Out	\$10,000	\$12 m	1 174
SPSS		\$56 m	2 599
• Outstanding performance	\$30,000 to \$80,000 ³	\$42 m	1 247
• Best progress	\$10,000	\$3 m	333
• Talent Development	\$10,000	\$5 m	466
• Reaching Out	\$10,000	\$6 m	553
Total		\$127 m	5 622

² For undergraduate or above level recipients, the scholarship amount is \$40,000 per year for local students and \$80,000 per year for non-local students. The amount for sub-degree students is between \$20,000 and \$30,000 per year for both local and non-local students.

³ The respective amounts for local and non-local undergraduate students are \$40,000 and \$80,000 each per year. For sub-degree students, the scholarship for local or non-local student is \$30,000 each per year.

Proposal to inject \$20 million each into the GSF and SPEF

8. Students with special educational needs (SEN)⁴ encounter greater difficulties in their studies as compared with ordinary students. The extra efforts made by meritorious SEN students in overcoming various challenges so as to pursue post-secondary education deserve recognition. To this end, the Financial Secretary has proposed in the 2013-14 Budget to make two separate injections of \$20 million each into the GSF and the SPEF, bringing the total to \$40 million, to set up scholarships to give recognition to deserving post-secondary students with SEN in the pursuit of excellence in academic and other areas. According to the information provided by institutions, there were about 420, 480 and 530 SEN students pursuing full-time locally-accredited sub-degree and undergraduate programmes from the 2009/10 to 2011/12 academic years respectively.

9. The additional injections of \$40 million will serve as seed funding to generate recurrent investment income in support of the scholarships and awards. We plan to award scholarships and awards for about 100 SEN students pursuing full-time locally-accredited post-secondary programmes every year under the two funds. In line with existing practice of the scholarship schemes under GSF and SPEF, we propose that both local and non-local post-secondary students currently covered by the GSF and SPEF be eligible to apply for the proposed scholarship. However, as almost all SEN students studying in post-secondary institutions are local students according to past record, the proposed scholarships are expected to benefit mostly local students.

10. The proposed scholarships will complement other existing scholarships and financial assistance that are available to all students including SEN students. At present, all meritorious students (including SEN students) pursuing eligible post-secondary programmes can be nominated by respective institutions for the different types of scholarships and awards under the GSF and SPSS of the SPEF. Furthermore, all eligible students (including SEN students) in full-time locally-accredited post-secondary education in Hong Kong may apply for means-tested grants to cover tuition fees and academic expenses and loans to meet living expenses under the relevant Financial Assistance

⁴ SEN includes specific learning disabilities, intellectual disabilities, autism spectrum disorders, attention deficit / hyperactivity disorder, physical disability, visual impairment, hearing impairment, speech and language impairment, and others.

Schemes. As the proposed scholarship aims at giving recognition to deserving post-secondary students with SEN, we consider our proposed number of awards reasonable having regard to the size of SEN student population in the post-secondary education sector, the need to give distinguished recognition to those with deserving achievements and the availability of other scholarship and financial assistance schemes for post-secondary students in general (including SEN students).

11. We propose that the operation of the new scholarship and award schemes should take reference from the existing scholarship schemes under the GSF and the SPEF with appropriate adaptations. The institutions will participate in the new scheme on a voluntary basis. Based on the total number of scholarships available for SEN students for each academic year, we may invite institutions to propose nominations on a pro-rata basis with reference to the actual enrolment of SEN students in the eligible programmes of each institution in each year. The nominations should take into account the merits of the SEN students in academic and non-academic aspects. Each SEN student may be nominated more than once if he/she meets the selection criteria. Priority will be given to those students who have not previously received any awards under the GSF and SPEF so as to allow more students to benefit. We will work out the details of the scheme, including the title, the nomination and vetting mechanism, in consultation with the relevant Steering Committees of the two funds after the approval of the proposed injection by the Finance Committee of the Legislative Council.

12. As regards the amount of the awards and other arrangements for the new scholarship, we propose that for budgetary purpose, the proposed scholarship amount will be pitched at \$10,000 each in the 2013/14 academic year, and the respective steering committees will be invited to review this amount from time to time. We also propose that the same amount of scholarship be set for local and non-local students of all study levels. Assuming a stable investment return of 5%, the proposed injections will generate a total investment income of around \$2 million a year for the two funds in the long term, and the amount of scholarship for each recipient may be reviewed in due course.

Financial Implications

13. The Government has earmarked sufficient funds in the

2013-14 Estimates for the proposed injection of \$20 million each into the GSF and SPEF. The investment income of the proposed injection, after deduction of reasonable expenses such as investment manager fees and other expenses incidental to the administration of the funds, should provide sustainable support to the new scholarship schemes. In times of potential market volatilities, we may have to use a small part of the principal of the respective funds to finance the schemes under exceptional circumstances.

Way forward

14. Subject to Members' views, we will seek approval from the Finance Committee of the Legislative Council on the proposed injection of \$20 million each into the GSF and the SPEF in July 2013.

Education Bureau
June 2013

HKSAR Government Scholarship Fund Steering Committee

Terms of Reference

1. To advise the Trustee on the overall strategy in the custody and use of the Fund;
2. To advise the Trustee on the oversight of the ongoing operation of the Fund, including the scope and parameters of administering awards under the Fund and the disbursement of such awards; and
3. To review the effectiveness of the scheme, and make recommendations on the overall strategy in making use of the Fund as a vehicle to enhance the overall attractiveness of Hong Kong as a regional education hub.

Membership (as at 1 June 2013)

Name

Professional Background

Chairman

Secretary for Education or his representative

Members

Mrs Pamela CHAN WONG Shui,
B.B.S., J.P.

Chairman, Hong Kong Deposit Protection Board

Professor NYAW Mee-kau, B.B.S.

Emeritus Professor, Lingnan University

Professor KONG Yau-pak

Vice-President (Academic),
Chu Hai College of Higher Education

Mr Richard TANG Yat-sun, B.B.S., J.P.

Managing Director, Richcom Co Ltd

Ms Shirley WONG She-lai, M.H.

School Supervisor, St. Clare's Girls' School

HKSAR Government Scholarship Fund Investment Committee

Terms of Reference

1. To advise the Trustee on the formulation of policies for the investment of the Fund;
2. To make recommendations in respect of the monitoring of the investment of the Fund;
3. To advise the Trustee on the appointment of fund managers, as appropriate, to handle the investment of the Fund; and
4. To submit its advice and recommendations to the Steering Committee for information.

Membership (as at 1 June 2013)

Name

Professional Background

Chairman

Secretary for Education or representative

Members

Mr Patrick CHAN Kwok-wai

Executive Director & Chief Financial Officer, Sun Hung Kai Properties Ltd

Mr Clifton CHIU Chi-cheong

Chairman, Harvester (Holdings) Co Ltd

Mr CHUNG Shui-ming, G.B.S., J.P.

Independent Non-Executive Director, China Unicom (Hong Kong) Limited

Permanent Secretary for Education or representative

Director of Accounting Services or representative

Self-financing Post-secondary Education Fund Steering Committee

Terms of Reference

The Steering Committee advises the Secretary for Education on:

1. the overall strategy for making use of the Self-financing Post-secondary Education Fund (the Fund) as a vehicle to enhance the quality of self-financing post-secondary education;
2. the strategy, scope and parameters of the Self-financing Post-secondary Scholarship Scheme, Quality Enhancement Support Scheme and Quality Assurance Support Scheme in support of the development of the self-financing post-secondary education sector in Hong Kong; and
3. any other matters that may be referred to the Committee by the Education Bureau concerning the policy and administration of the Fund.

In discharging its functions, the Steering Committee may set up sub-committees, conduct studies, engage professional services and co-opt members as and when necessary.

Membership (as at 1 June 2013)

Name

Professional Background

Chairman

Mr Tim LUI Tim-leung, B.B.S., J.P.

Partner, PricewaterhouseCoopers Limited

Members

Mr Patrick CHAN Kai-lung

Executive Director, SmarTone
Telecommunications Holdings Limited

Mr Albert CHOW Hing-pong

Director of Qualifications, The Hong Kong
Institution of Engineers

Mr CHUNG Shui-ming, G.B.S., J.P.

Independent Non-Executive Director, China
Unicom (Hong Kong) Limited

Mr Herbert HUI Ho-ming, J.P.

Non-Executive Director, Hong Kong
Resources Holdings Company Limited

Dr Maggie KOONG May-kay

Head of Academy, Victoria Shanghai Academy

Professor TAM Kar-yan

Associate Provost and Dean of Students, The
Hong Kong University of Science and
Technology

Ms Shirley WONG She-lai, M.H.

School Supervisor, St. Clare's Girls' School

Principal Assistant Secretary (Further Education)

Self-financing Post-secondary Education Fund Investment Committee

Terms of Reference

The terms of reference of Investment Committee are as follows:

1. To advise the Trustee on the formulation of policies for the investment of the Fund;
2. To make recommendations in respect of the monitoring of the investment of the Fund; and
3. To advise on the appointment of fund managers to handle the investment of the Fund.

In discharging its functions, the Investment Committee may set up sub-committees, conduct studies, engage professional services and co-opt members as and when necessary.

Membership (as at 1 June 2013)

Name

Professional Background

Chairman

Secretary for Education or representative

Members

Mr Patrick CHAN Kwok-wai

Executive Director & Chief Financial Officer, Sun Hung Kai Properties Ltd

Mr Clifton CHIU Chi-cheong

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Mr CHUNG Shui-ming, G.B.S., J.P.

Independent Non-Executive Director, China Unicom (Hong Kong) Limited

Permanent Secretary for Education or representative

Director of Accounting Services or representative
