

ITEM FOR FINANCE COMMITTEE

HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION BUREAU

Subhead 700 General Non-recurrent

New Item “Study Subsidy Scheme for Designated Professions/Sectors”

Subhead 000 Operational expenses

Members are invited to approve –

- (a) a new commitment of \$960,000,000; and
- (b) an increase in the ceiling placed on the total notional annual mid-point salary value of all non-directorate posts in the establishment of Head 156 – Government Secretariat: Education Bureau in 2014-15 from \$2,815,926,960¹ by \$621,900 to \$2,816,548,860,

for the Education Bureau to implement the Study Subsidy Scheme for Designated Professions/Sectors.

PROBLEM

We need to nurture talents to meet Hong Kong’s social and economic needs especially for industries with urgent or keen demand for human resources.

/PROPOSAL

¹ \$2,815,926,960 is equal to the total notional annual mid-point salary (NAMS) value of all non-directorate posts in the establishment of Head 156 – Government Secretariat: Education Bureau of \$2,814,726,000 in the 2014-15 Estimates, plus a proposed increase in the NAMS value by \$1,200,960 vide FCR(2014-15)17 for “Scholarship Scheme for Studying Outside Hong Kong” issued for the same meeting.

PROPOSAL

2. The Secretary for Education proposes to create a new commitment of \$960,000,000 and increase the ceiling placed on the total notional annual mid-point salary (NAMS) value of all non-directorate posts in the establishment of the Education Bureau (EDB) in 2014-15 for the creation of one additional time-limited civil service post for implementation of the Study Subsidy Scheme for Designated Professions/Sectors (SSSDP).

JUSTIFICATION

Objectives

3. It is our policy to support the parallel development of the publicly-funded and self-financing post-secondary education sectors. The self-financing sector plays an important role in broadening the opportunities and choices for further education, thereby providing quality, diversified and flexible pathways with multiple entry and multiple exit points for school leavers. The sector also helps diversify our higher education sector and is conducive to Hong Kong's further development as a regional education hub. In addition, the self-financing sector is characterised by its responsiveness to changing society needs, thereby playing a pivotal role in upgrading the quality of the human resources in Hong Kong by offering a wide array of programmes for school leavers, our workforce and the community at large.

4. We propose the introduction of a new subsidy scheme starting from the 2015/16 academic year to subsidise up to 1 000 students per cohort to pursue designated full-time locally-accredited self-financing undergraduate programmes in selected disciplines to nurture talents to meet Hong Kong's social and economic needs. The SSSDP aims to achieve the following objectives –

- (a) to increase the supply of subsidised undergraduate places by leveraging on the supply of the self-financing sector;
- (b) to nurture talent in support of specific industries with urgent or keen demand for human resources;
- (c) to encourage the self-financing education sector to offer programmes in selected disciplines that meet Hong Kong's social and economic needs by providing targeted financial support; and

/(d)

- (d) in achieving (a) and (b) above, to support the healthy and sustainable development of the self-financing post-secondary education sector to complement the University Grants Committee (UGC)-funded sector in broadening and diversifying study opportunities.

Eligibility

- 5. Eligible programmes must meet the following requirements –
 - (a) the programmes must be full-time locally-accredited self-financing undergraduate programmes;
 - (b) the programmes are included in a list of designated programmes nominated by relevant bureaux/departments (B/Ds) for the purpose of nurturing necessary talent in support of specific industries with urgent or keen demand for human resources; and
 - (c) for full-time programmes offered by post-secondary education institutions, the tuition fees would need to be adjusted downwards to reflect the subsidy.
- 6. EDB is finalising the disciplines, programmes and number of places intended to be supported under the SSSDP in consultation with relevant B/Ds and programme providers. We have initially identified health care, construction industry, testing and certification, creative industry, and tourism and hospitality as key disciplines that are in keen and urgent demand for talent.

Subsidy

- 7. At present, average annual tuition fees for most self-financing undergraduate programmes range from \$45,000 to some \$110,000. We propose that the unit subsidy be administered by a two-tier arrangement in which a subsidy of up to \$40,000 is provided to programmes which are not laboratory-based while a higher subsidy of up to \$70,000 is provided to more costly programmes which are laboratory-based. The subsidy is tenable for the normal duration of the programme concerned (i.e. four to six years) and will be disbursed to the relevant institutions based on the actual enrolment of eligible students subject to the quota for the designated programme. Needy students admitted to the subsidised places under the SSSDP may apply for student financial assistance in respect of the actual amount of tuition fees payable (i.e. the tuition fees that have been adjusted to reflect the subsidy).

/Implementation

Implementation

8. We are exploring the merits and possibility of requiring the programmes to allocate the places mainly through the Joint University Programmes Admissions System (JUPAS)² in order to ensure eligible students are selected through a merit-based system. Should there be unfilled places after all admission rounds under JUPAS, we propose to allow participating institutions to admit local students via direct admission so as to maximise the use of subsidised places under the SSSDP for nurturing talent in support of sectors with keen and urgent demand for human resources. Operational details, including the publicity, application and admission schedules and the rights and responsibilities of institutions in joining the scheme, will be worked out with the participating institutions.

9. Subject to Members' approval, the SSSDP will be made available to three cohorts of students starting from the 2015/16 academic year (i.e. those entering the first year of undergraduate studies in the 2015/16, 2016/17 and 2017/18 academic years) and then be subject to a review on its effectiveness.

10. The programmes and number of subsidised places will be subject to annual review in consultation with B/Ds taking into account the social and economic development in Hong Kong and the needs of the industries. We shall explore with the participating institutions feasible means to keep track of the employment situation of the graduates after their completion of the undergraduate programmes under the SSSDP. Tuition fees of the programmes should generally be set with reference to the existing fee level with adjustments allowed for price movement and enhancement in teaching and learning if needed with full justifications, and should be adjusted downwards to fully reflect the subsidy under SSSDP.

FINANCIAL IMPLICATIONS

11. For budgeting purpose, we assume a subsidy of \$70,000 to be provided for each subsidised place each year (actual subsidy will depend on whether the programme is laboratory-based as mentioned in para 7). Based on the proposed number of subsidised places (a total of 3000 for three cohorts) and the duration of these programmes (i.e. four to six years), the total expenditure for running the scheme for three cohorts of students is estimated to be \$965,000,000,

/including

² Joint University Programmes Admissions System (JUPAS) is a scheme and the main route of application designed to assist students with Hong Kong Diploma of Secondary Education Examination results to apply for admission to programmes offered by the JUPAS participating institutions, namely the eight UGC-funded institutions and the Open University of Hong Kong.

including non-recurrent funding of \$960,000,000 for subsidies to be provided for the programmes and administration expenses, and time-limited recurrent funding of \$4,976,000 for the provision for one additional time-limited civil service post (viz. one Executive Officer I) to be created from 2014-15 to 2021-22 to cope with the implementation workload. The ceiling placed on the total NAMS value of all non-directorate posts in the establishment of EDB in 2014-15 is proposed to be raised by \$621,900 to accommodate the Executive Officer I post.

12. The estimated cash flow requirement from the 2014-15 to 2023-24 financial years is shown in the table below –

Item	Financial year/Cashflow in \$'000										
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
(A) Non-recurrent											
(i) Programme subsidies	-	70,000	140,000	210,000	210,000	168,000	101,500	35,000	7,000	3,500	945,000
(ii) Administration expenses	5,000	4,000	3,000	3,000	-	-	-	-	-	-	15,000
(B) Recurrent											
Provision for Executive Officer I post	622	622	622	622	622	622	622	622	-	-	4,976
Total	5,622	74,622	143,622	213,622	210,622	168,622	102,122	35,622	7,000	3,500	964,980 (say 965,000)

Sufficient provision has been earmarked in the 2014-15 Estimates to meet the funding requirements of the year. For subsequent years, we will include sufficient provision in the draft Estimates to meet the requirements.

PUBLIC CONSULTATION

13. The Legislative Council Panel on Education was consulted on 14 April 2014 and the Panel generally supported the proposal. Some Members sought clarification on the process and criteria in selecting disciplines and programmes to be supported under SSSDP. In this connection, relevant information is set out in paragraphs 5 to 10 above.

/BACKGROUND

BACKGROUND

14. In the 2014 Policy Address, the Chief Executive has announced a series of initiatives in a bid to provide school leavers with broader and more diversified articulation pathways both in and outside Hong Kong. These initiatives include the SSSDP, which is a new scheme to subsidise up to 1 000 students per cohort to pursue self-financing undergraduate programmes in selected disciplines to meet Hong Kong's manpower needs. The scheme will complement the following four other initiatives, namely –

- (a) progressively increasing the intake of senior-year undergraduate places in UGC-funded institutions by another 1 000 places to 5 000;
- (b) launching the Mainland University Study Subsidy Scheme to support needy students pursuing studies under the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions;
- (c) introducing a new scholarship scheme to support up to 100 outstanding local students each cohort to pursue studies in renowned universities outside Hong Kong; and
- (d) setting up a \$100 million scholarship fund to encourage universities to admit about 20 local students a year who excel in sport, arts and community service.

Full implementation of the above measures will offer more opportunities and wider choices for senior secondary graduates to pursue higher education. It is expected that an additional 2 120 subsidised places will be provided to local students to pursue degree education in and outside Hong Kong. Students who choose to further their studies in the Mainland will also receive financial assistance.
