

ITEM FOR FINANCE COMMITTEE

HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION BUREAU

Subhead 700 General Non-recurrent

New Item “Scholarship Scheme for Studying Outside Hong Kong”

Subhead 000 Operational expenses

Members are invited to approve –

- (a) a new commitment of \$347,965,000; 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 \$2,814,726,000 by \$1,200,960 to \$2,815,926,960,

for the Education Bureau to implement the Scholarship Scheme for Studying Outside Hong Kong.

PROBLEM

We need to enrich our pool of human capital with talents with global vision, international network and world-class education, thereby contributing to enhancing Hong Kong’s competitiveness as Asia’s World City amidst intense competition in a globalised knowledge economy.

/PROPOSAL

PROPOSAL

2. The Secretary for Education proposes to create a new commitment of \$347,965,000 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 three additional time-limited civil service posts for the implementation of the Scholarship Scheme for Studying Outside Hong Kong (Scholarship Scheme).

JUSTIFICATION

Objectives

3. Talent is the most powerful driving force of a society's sustainable development. We propose the establishment of the Scholarship Scheme for supporting local students to pursue studies outside Hong Kong with a view to enriching our pool of human capital with talents with global vision, international network and world-class education, thereby contributing to enhancing Hong Kong's competitiveness as Asia's World City amidst intense competition in a globalised knowledge economy. The Scholarship Scheme also seeks to support those students who have excellent academic achievement but lack the financial means to study in top-notch universities outside Hong Kong.

Eligibility

4. To be eligible for the Scholarship Scheme, applicants should satisfy the following two criteria –

- (a) have right of abode or right to land, or have entered Hong Kong on One-way Permits; and
- (b) have resided in Hong Kong continuously for three complete years immediately prior to the commencement of the academic programme outside Hong Kong.

For the avoidance of doubt, those applicants who cannot demonstrate that they can return to Hong Kong upon graduation to work (see paragraph 17 below) will not be considered. In particular, students entering Hong Kong on student or dependant visas will not be eligible for the Scholarship Scheme.

5. For undergraduate programmes, we recommend that only students who have completed their formal school education in Hong Kong are eligible. This would cover all Hong Kong students who receive and complete senior secondary education in Hong Kong, including those studying local (e.g. Hong Kong Diploma of Secondary Education) and non-local (e.g. International Baccalaureate) curricula in Hong Kong. For postgraduate programmes, students who have obtained their undergraduate qualifications either in or outside Hong Kong are eligible, provided that they meet the criteria in paragraph 4 above.

Selection Criteria and Process

Encl. 1 6. We propose that the Scholarship Scheme should be merit-based, targeting the best and most outstanding Hong Kong students who are admitted to world renowned universities or programmes. Consistent with the practices for other prestigious scholarship schemes (see Enclosure 1), selection will be based not only on the academic achievements but also other attributes such as leadership qualities and potential, contribution and commitment to the society, etc. Applicants will need to demonstrate *inter alia* how his/her study would benefit himself/herself and eventually the community as a whole.

7. We shall set up a Steering Committee to advise the Secretary for Education on the policy, strategy and administration of the Scholarship Scheme. The Steering Committee will, among other things, advise on the principles and criteria for the selection process, as well as select the final awardees. It is expected that the selection criteria will primarily comprise the following aspects –

- (a) academic and non-academic achievements;
- (b) leadership qualities and potential;
- (c) contribution and commitment to Hong Kong, particularly the willingness to contribute to Hong Kong after completion of studies; and
- (d) programmes and universities/institutions of study.

8. In addition, the Steering Committee will take into account the following –

- (a) the candidates should receive confirmed or conditional offer(s) from renowned university(ies) for programmes at undergraduate or above levels;

/(b)

- (b) while there is no limitation on the disciplines of study, priority will be given to programmes that are conducive to building up Hong Kong's long-term competitiveness, in particular those not available in Hong Kong; and
- (c) other things being equal, priority will be given to students from needy families who will otherwise not have the opportunity to support their studies in prestigious overseas universities.

9. Initially up to 100 scholarships will be awarded each year to support the most outstanding students to pursue degree education outside Hong Kong. Whilst there will be no pre-determined split of or quotas for awardees at undergraduate and postgraduate levels, the Scholarship Scheme will primarily benefit students pursuing studies at undergraduate level. However, flexibility would be given to the Steering Committee based on the merits of applicants in each year.

Composition of Steering Committee and Interview Panels

10. With reference to other scholarship schemes (see the membership composition at Enclosure 1), we propose that the Steering Committee of the Scholarship Scheme should have a good mix of leaders and experts, preferably with excellent knowledge, experience and network relating to world renowned universities as well as major corporations/organisations with global vision and network. The Committee should also comprise members well-versed with operation of the reputable scholarship schemes. The Steering Committee may set up interview panels for vetting, interviewing and selecting qualified applicants in accordance with the principles and criteria set out by the Steering Committee. For instance, interview panels may be set up according to broad disciplines/professions (e.g. science and engineering, humanities and social sciences) or geographic areas of the universities concerned (e.g. North America, Europe, and other regions) where experts or community leaders with relevant knowledge or experience are invited to assess applications. If necessary, we will also seek advice from the relevant policy bureaux and departments, professional bodies and the relevant consulate-generals on the status of a particular institution or programme. The final selection will need to be endorsed by the Steering Committee.

Encl. 2 11. The proposed membership and terms of reference of the Steering Committee are set out at Enclosure 2.

/Scholarship

Scholarship and bursary

12. We propose a two-tiered structure whereby all awardees will receive a non-means-tested scholarship to cover their tuition fees, subject to a ceiling of \$250,000 per annum, whichever is lower. According to our survey, the amount is sufficient for covering the average tuition fee of top universities in the US and UK¹.

13. In addition, considering that some financially less well-off students may need additional support in order for them to pursue study, we also propose a means-tested bursary, subject to a ceiling of \$200,000 per student per annum. The means-tested bursary will consist of two components, i.e. up to \$50,000 per annum for covering tuition fee in excess of \$250,000; and up to \$150,000 per annum for covering living and other study-related expenses.

14. The Steering Committee will be invited to advise on the details of the bursary for the living expense component taking into account the relative costs of living of different study destinations. Besides, the value of the award may be correspondingly reduced if an awardee also receives other awards to finance his/her same studies overseas.

15. For the means-tested bursary, we propose to adopt the same means test formula of the Student Financial Assistance Agency (SFAA) as applicable to local tertiary students with five tiers of financial assistance² based on the result of the means test. However, in view of the fact that awardees will be away from Hong Kong during their studies, we propose that the means test should be conducted only once throughout the study rather than on an annual basis, unless the awardees encounter significant changes in their family circumstances which warrant reassessment.

/Safeguards

¹ Our research indicates that an Oxbridge education in the UK for overseas students costs around £20,000 to £40,000 (around HK\$250,000 to HK\$500,000) per year as tuition and college fees depending on the discipline of study. As for an Ivy League education in the US, universities typically charge an overseas student around US\$45,000 (around HK\$350,000) per year. The proposed non-means-tested scholarship of up to \$250,000 per student per year should be sufficient to cover the bulk of the cost of tuition in most cases.

² There will be five levels of bursary, i.e. 100%, 75%, 50%, 25% and 15% for different Adjusted Family Income groups. The resulting amount will then be further reduced by the percentage (i.e. 100%(no assistance), 80%, 60%, 40%, 20% and 0% (no reduction of assistance)) set out against the net asset value per family member of the applicant.

Safeguards

16. Once awarded, a scholarship will be tenable for the normal duration of the programme concerned (i.e. normally three to four years for undergraduate studies and up to two years for a master's degree or equivalent level) and renewable annually subject to the provision of satisfactory documentary proof of the awardees' good academic performance.

17. We note that some prestigious publicly-funded scholarships in other jurisdictions are usually accompanied by an obligation to return and work for the country/sector for a specific period. As the Scholarship Scheme involves a significant amount of public money, such an obligation is considered a reasonable safeguard measure to ensure the talents would return to Hong Kong and contribute to our community. That said, we also note some arguments against imposing such a mandatory requirement on the ground that in this increasingly globalised environment, students can still contribute to the development of Hong Kong whilst working outside Hong Kong in, for instance, multinational companies or international organisations. In addition, some working experience in the relevant fields overseas may also increase the competitiveness of our students and enhance their employability in Hong Kong. On balance, we recommend that –

- (a) awardees should be required to complete the specific study programmes and undertake to return to Hong Kong upon graduation to work for at least two years or a period equivalent to the duration of receiving the proposed scholarship, whichever is longer;
- (b) flexibility should be given to the Steering Committee to decide, upon application on a case-by-case basis, whether the requirement to undertake to return to and work in Hong Kong could be suitably deferred or waived under exceptional circumstances (e.g. pursuing more advanced studies immediately after graduation, or need to work in the country of their study as a mandatory requirement for acquiring professional qualifications); and
- (c) in the event of failure to comply with (a) or (b), the awardees concerned will be asked to repay the amount of monies disbursed (including both the non-means tested part and means-tested part, if any) in full or on a pro-rata basis, as the case may be, with reference to the prevailing policy of the SFAA on outstanding student loans.

/Implementation

Implementation

18. Subject to Members' approval, the Scholarship Scheme will benefit three cohorts of students starting from the 2015/16 academic year (i.e. those entering the first year of studies in the 2015/16, 2016/17 and 2017/18 academic years) and then be subject to a review on its effectiveness. We propose to engage SFAA to conduct means test for individual needy applicants based on which the subsidy will be granted.

FINANCIAL IMPLICATIONS

19. We estimate that the total expenditure will be \$357,573,000 for three cohorts of students each with 100 awardees, including non-recurrent funding of \$347,965,000 for scholarship/bursary to be provided and cost of engaging temporary staff to cope with seasonal workload, and time-limited recurrent funding of \$9,608,000 for the provision of three additional time-limited civil service posts (namely one Executive Officer I, one Clerical Officer and one Assistant Clerical Officer in EDB) from 2014-15 to 2021-22 to cope with the implementation work. The ceiling placed on the total NAMS value of all non-directorate posts in the establishment of EDB in the 2014-15 Estimates is proposed to be raised by \$1,200,960 to accommodate the three civil service posts.

20. The estimated cash flow requirement from the 2014-15 to 2021-22 financial years is shown in the table below –

Item	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	Total \$'000
(A) Non-recurrent									
(i) Scholarship/ Bursary	-	32,159	64,318	91,654	82,005	49,846	22,511	-	342,493
(ii) Cost of engaging temporary staff	684	684	684	684	684	684	684	684	5,472
(B) Recurrent									
Provision for three additional civil service posts	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201	9,608
Total	1,885	34,044	66,203	93,539	83,890	51,731	24,396	1,885	357,573

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

21. The Legislative Council Panel on Education was consulted on 14 April 2014 and generally supported the proposal. Some Members are concerned that the Scholarship Scheme will benefit non-local students instead of local students. As mentioned in the proposed eligibility criteria in paragraph 4, students entering Hong Kong on student or dependant visas will not be eligible for the Scholarship Scheme. We have also proposed a requirement of three-year continuous residence in Hong Kong immediately prior to the commencement of the programme for all applicants (including permanent residents with right of abode in Hong Kong), so as to ensure that only candidates with commitment to Hong Kong will be selected.

22. Some Members also commented on the employability of awardees upon graduation. Since the awardees of the Scholarship Scheme are among the most outstanding students in Hong Kong, it is highly likely that they would encounter no major difficulty in securing employment after their graduation from prestigious universities abroad. Some Members also queried why the new resources could not be used for increasing the University Grants Committee (UGC)-funded places in local universities hence benefitting more local students. We believe that the Scholarship Scheme is complementary to local university education in terms of grooming a diversified pool of talents for Hong Kong's development.

23. Some Members also enquired about the possibility of injecting public money into existing scholarship scheme(s) for students studying abroad instead of setting up a new scholarship scheme. It is noteworthy that the existing overseas scholarship schemes have been set up using private funds, and they all have their unique background, objectives, governance structure, scope, operating parameters and conditions. Hence, we consider that it is more desirable to establish a new scholarship scheme to meet our objectives.

BACKGROUND

24. In the 2014 Policy Address, the Chief Executive has announced a series of initiatives to provide school leavers with broader and more diversified articulation pathways both in and outside Hong Kong. These initiatives include a new scholarship scheme to support up to 100 outstanding Hong Kong students per cohort to study in renowned universities outside Hong Kong. The scholarship scheme will complement the following four other initiatives mentioned in the 2014 Policy Address, namely –

/(a)

- (a) progressively increasing the senior-year undergraduate intake places in UGC-funded institutions by another 1 000 places to 5 000;
- (b) studying the feasibility of 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;
- (c) 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; 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.

Education Bureau
May 2014

Selection Criteria of the Proposed Scholarship Scheme and Other Scholarship Schemes for Students Studying Abroad

	Proposed Scholarship Scheme	Sir Edward Youde Memorial Scholarships for Overseas Studies	The Prince Philip Scholarship	Prime Minister's Australia Asia Outgoing Scholarship
Source of funding	Hong Kong Government (\$347,965,000)	Sir Edward Youde Memorial Fund	Donations raised by alumni of Cambridge University in Hong Kong	Australian Government
Year of establishment	2015	1987	1982	Information not available
Beneficiaries each year	Up to 100	Below 10	Below 10	40
Selection criteria	<ul style="list-style-type: none"> • Academic achievements • Non-academic achievements • Leadership qualities and potential • Contribution and commitment to Hong Kong, particularly the willingness to contribute to Hong Kong after completion of studies • Priority will be given to programmes that are conducive to building up Hong Kong's long- 	<ul style="list-style-type: none"> • Academic merits • Leadership qualities as demonstrated in their extra-curricular activities/community services • Commitment to Hong Kong and contribution to the society after graduation • Proficiency in English and Chinese as well as the mastery of the language in which the candidate's studies will be undertaken 	<ul style="list-style-type: none"> • Academic excellence • Overall intellectual ability • Personal qualities • Genuine interest in the proposed subject • Aptitude to study the proposed subject • Language ability 	<ul style="list-style-type: none"> • A record of high level academic achievement in the applicant's chosen field of study • Evidence of participation in community services outside of the applicant's regular studies and/or employment duties • A well-defined study and or research program • A proposal that is relevant to the needs and interests of

	Proposed Scholarship Scheme	Sir Edward Youde Memorial Scholarships for Overseas Studies	The Prince Philip Scholarship	Prime Minister's Australia Asia Outgoing Scholarship
	term competitiveness, in particular those not available in Hong Kong			<p>Australia and the applicant's host country</p> <ul style="list-style-type: none"> • A proposal that will contribute to the achievement of personal goals, to academic success and to planned career pathways or goals
Composition of Boards/ Executive Committees/ Steering Committees	<ul style="list-style-type: none"> • a good mix of leaders and experts, preferably with excellent knowledge, experience and network relating to world renowned universities as well as major corporations/ organisations with global vision and network. • members well-versed in the reputable scholarship schemes. • examples include distinguished academics, eminent professionals, senior executives, entrepreneurs, etc. 	<ul style="list-style-type: none"> • academics, government representative (ex-officio) and senior executives 	<ul style="list-style-type: none"> • academics, bankers, former vice chancellor of local institution, independent business adviser, professionals and senior executives 	<ul style="list-style-type: none"> • academics, government representatives and professionals

**Steering Committee on Scholarship Scheme
for Studying Outside Hong Kong
(Steering Committee)**

Proposed Terms of Reference

- (a) To set the overall strategy and direction of the Scholarship Scheme;
- (b) To determine the scope, parameters and details of the implementation of the Scholarship Scheme, including but not limited to the principles and criteria for the selection process;
- (c) To select the awardees under the Scholarship Scheme;
- (d) To consider applications relating to the compliance with conditions of the scholarship; and
- (e) To consider any other matters that may be referred to the Steering Committee by the Education Bureau concerning the policy and administration of the Scholarship Scheme.

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

Proposed Membership

Chairman: Non-official

Members:

Ex-officio Member: Secretary for Education or his/her representative

Non-official Members:

A good mix of leaders and experts, preferably

- with excellent knowledge, experience and network relating to world renowned universities as well as major corporations/organisations with global vision and network
- well-versed in the reputable scholarship schemes

Examples include distinguished academics, eminent professionals, senior executives, entrepreneurs, etc.

The Steering Committee may also co-opt members as and when necessary.
