

For discussion
on 16 March 2015

Legislative Council Panel on Education
Education-related issues in the 2015-2016 Budget

Expenditure on Education

This paper sets out the expenditure on education and related initiatives as stated in the 2015 Budget delivered by the Financial Secretary on 25 February 2015.

2. In 2015-16, the estimated total expenditure on education amounts to \$79.3 billion, which is \$5.2 billion or 7% higher than the 2014-15 revised estimate. Of the total, recurrent expenditure accounts for \$71.4 billion, representing an increase of \$3.2 billion or 4.7% over the 2014-15 revised estimate (pay adjustment to be determined in 2015 is yet to be reflected).

3. Recurrent expenditure on education takes up the largest share among all policy areas, accounting for 22% of the recurrent government expenditure in the 2015-16 Budget. It represents a cumulative increase of 18% as compared with the \$60.4 billion at the inauguration of the current-term Government in 2012-13 and over 90% as compared with the \$37.3 billion in 1997 when Hong Kong returned to China.

4. Recurrent expenditure on education accounts for an increasing share of the total expenditure on education, taking up 90% of the total education expenditure since 2014-15. There is a significant increase of more than 10 percentage points over the corresponding figure of 78.3% in 1997, demonstrating the Government's long-term rather than short-term commitment to education.

Demographic Change

5. In view of the ageing population of Hong Kong, public resources will be allocated in such a way as to meet specific needs accordingly. Since the return of Hong Kong to China in 1997, the overall student population has dropped by over 20%. This notwithstanding, the resources that the Government puts into education increase rather decrease over the years, with a cumulative increase of over 90% in recurrent education expenditure for continuous implementation of various measures conducive to the development of schools, teachers and students. Since the inauguration of the current-term Government, the student unit cost of aided primary schools has increased by about 20% from \$44,451 in 2012-13 to \$52,850 in 2015-16. The corresponding figure for aided secondary schools has increased by about 35% from \$49,246 to \$66,440.

2015-16 Budget

6. On the education front, resources are provided in the 2015-16 Budget to take forward new initiatives announced in this year's Policy Address and continue with the implementation of existing programmes, including those introduced in last year's Policy Address such as enhancing the voucher value under the Pre-primary Education Voucher Scheme, strengthening support for needy students, students with special educational needs and non-Chinese speaking students, promoting life planning and vocational education, continuing to increase subsidised places for post-secondary education and promoting the Qualifications Framework (See Annex). The new and additional provisions in the 2015-16 Budget are mainly to implement the following initiatives :

- Progressively increase senior year undergraduate places of University Grants Committee-funded institutions so that 5 000 meritorious sub-degree graduates will be able to articulate to subsidised degree programmes each year by the 2018/19 academic year, involving an additional annual expenditure of \$475 million;
- Subsidise about 1 000 students per cohort to pursue designated self-financing undergraduate programmes on a pilot basis from the 2015/16 academic year to nurture talents to meet Hong Kong's social and economic needs. The 13 programmes to be offered to the first cohort of students include health care, architecture and engineering, testing and certification, creative industry, logistics, and tourism and hospitality, involving a total expenditure of \$960 million;
- Implement the Hong Kong Scholarship for Excellence Scheme to support three cohorts of outstanding local students, with initially up to 100 students per cohort, to pursue studies in world renowned universities outside Hong Kong from the 2015/16 academic year. All awardees will receive, without going through a means test, a scholarship to cover their tuition fees, subject to a ceiling of \$250,000 per student per annum, whichever is the lower. Financially needy students may also apply for a means-tested bursary, subject to a ceiling of \$200,000 per student per annum, involving a total expenditure of \$348 million;
- Progressively increase the ratio of graduate teacher posts in public sector primary schools from the current 50% to 65% in the 2017/18 school year, involving an additional annual expenditure of \$328 million;
- Progressively provide more opportunities for students to participate in Mainland exchange programmes during each of their primary and secondary school stages from the 2015/16 school year, involving an additional annual expenditure of \$38 million;

- Further to the increase in voucher value of the Pre-primary Education Voucher Scheme by \$2,500 in the 2014/15 school year, the voucher value will again be adjusted upward by \$2,500 to \$22,510 in the 2015/16 school year; and the fee remission ceiling of the Kindergarten and Child Care Centre Fee Remission Scheme will also be raised in these two school years, involving additional expenditure of \$840 million in the two school years;
- Launch the Fourth Strategy on Information Technology in Education, including the phased provision of wireless network services and other supporting facilities for all public sector schools, involving a total expenditure of \$105 million; and
- Implement the pilot programme on promoting Hong Kong-Mainland sister school exchanges, involving a total expenditure of \$200 million.

7. Members are invited to note and comment on the paper.

Education Bureau
March 2015

Major Initiatives on Education in the 2015 Policy Address

(1) Free Kindergarten Education

- On the principle of preserving the characteristics of flexibility and diversity in kindergarten education, the Committee on Free Kindergarten Education has taken an in-depth look at such issues as whether to offer basic subsidies to all eligible children taking half-day places and whether to adopt a mandatory salary scale for teachers. Moreover, the Committee will study ways to encourage kindergartens to provide more full-day services and consider providing needy families with subsidised whole-day and long whole-day services. Recommendations will be put forward in mid-2015. To ensure the proper use of public resources, the Committee considers that the provision should only cover the basic expenses directly attributable to children's learning and school operation.

(2) Increasing the Ratio of Graduate Teacher Posts in Public Sector Primary Schools and Reducing the Administrative Work of Teachers

- To attract more talents to join the teaching force of primary education and hence enhance the quality of teaching, from the 2015/16 school year, we propose to further increase the ratio of graduate teacher posts in public sector primary schools by phases in three years, from the current 50% to 65% in the 2017/18 school year.
- Through pilot projects, we will consolidate more experience and collect more evidence on effective means to strengthen the internal management of public sector schools and reduce the administrative work of teachers.

(3) Promoting Exchange and Co-operation between Schools and their Mainland Counterparts

- We propose to subsidise every student to join at least one Mainland exchange programme during each of their primary and secondary school stage, so that they can reinforce and consolidate the knowledge acquired in classrooms and gain first-hand experience of our country's development in different areas.
- We propose, through a three-year pilot scheme launched from the 2015/16 school year, to provide financial and professional support on an annual basis to each public sector or Direct Subsidy Scheme school which has formed partnership as sister schools with their Mainland counterparts, so as to promote the multi-faceted development of sister school activities and relieve teachers responsible from some of the administrative work. The number of Hong Kong-Mainland primary and secondary sister schools is expected to increase progressively to about 600 in three years.

(4) **Enriching Science and Mathematics Education and Renewing the Chinese History and World History Curricula**

- We will enrich Science, Technology and Mathematics Education through such measures as curriculum development, organising a cross-disciplinary symposium for teachers, enhancing teacher training, holding an integrative Science, Technology, Engineering and Mathematics Education Fair for students, and strengthening the collaboration among schools, tertiary institutions, professional bodies and the industries concerned.
- We will renew the content of the school curricula for Chinese History and World History. An ad hoc committee set up by the Curriculum Development Council is reviewing the junior secondary curricula for the subjects of Chinese History and History, with a view to coming up with reform proposals in the middle of 2015, to be followed by consultations with stakeholders. Separately, we will enhance the professional development programmes for teachers. Learning activities, such as visits to historic sites and museums, will be organised in parallel to enhance the quality and learning effectiveness of the two history subjects.

(5) **Promoting the Business-School Partnership Programme to Enhance Life Planning**

- We will strengthen the Business-School Partnership Programme in the next three years to promote further partnership between business establishments and schools. To facilitate life planning for students, we will also review and consolidate key elements of effective practices to facilitate the setting up of a platform to showcase exemplars of business-school partnership, thereby attracting the participation of more businesses and schools.

(6) **Strengthening the Support for Students with Special Educational Needs**

- We will invite the Community Care Fund (CCF) to consider providing a cash grant for ordinary schools admitting relatively more students with special educational needs (SEN) and financial needs, so that the schools can strengthen their teaching teams and assign a dedicated teacher to co-ordinate the support for students with SEN.
- We will invite the CCF to consider launching an assistance programme to enhance the academic expenses grant for post-secondary students with SEN.
- Over a three-year period from the 2015/16 school year, we plan to commission non-governmental organisations, on a pilot basis, to organise work experience programmes for students with specific learning difficulties and non-Chinese speaking students in secondary schools to prepare them for further studies or employment.

- Starting from the 2015/16 school year, we will regularise the CCF programme of Extra Travel Subsidy for Needy Special School Students under the Government's regular assistance programme.

(7) **Strengthening the Support for the Financially Needy Students**

- We will invite the CCF Task Force to consider providing a one-off special subsidy for primary and secondary students on full grant under the School Textbook Assistance Scheme in the 2015/16 school year, so as to provide timely assistance to low-income families before the launch of the Low-income Working Family Allowance.
- We will request community colleges established under the University Grants Committee-funded institutions to seriously review their financial situation and consider, where possible, benefiting students with their surplus through various means, such as lowering tuition fees, offering scholarships or bursaries to students with financial needs.

(8) **Upgrading the Population**

- We will study the need and means to lift the statutory retirement age of newly recruited teachers in aided schools.

Ongoing Implementation of Major Initiatives Announced in the 2014 Policy Address

- As recommended, the voucher subsidy will be increased by another \$2,500 to \$22,500 per student in the 2015/16 school year. It is expected that the Committee on Free Kindergarten Education will submit its report to the Education Bureau in 2015.
- The consultation on the Fourth Strategy on Information Technology in Education has been completed. As soon as funding approval has been obtained from the Finance Committee, we can start implementing various measures, including the coverage of Wi-Fi in all public sector schools to support the use of mobile computing devices for e-learning.
- Starting from the 2014/15 school year, we have provided each public sector school operating classes at senior secondary levels with a recurrent grant with a view to strengthening school co-ordination and promoting life planning.
- Starting from the 2014/15 school year, we have put in place the Chinese Language Curriculum Second Language Learning Framework in primary and secondary schools and introduced in phases the Applied Learning Chinese Course (for non-Chinese speaking students) at the senior secondary level to provide another channel for non-Chinese speaking students to obtain a recognised qualification.
- Starting from the 2015/16 academic year and the triennium that follows, the number of University Grants Committee-funded senior year undergraduate intake places will be progressively increased by 1 000 places to 5 000 per annum. In the 2015/16 academic year, there will be an initial increase of 265 places.
- Starting from the 2015/16 academic year, we will implement the Study Subsidy Scheme for Designated Professions/Sectors to subsidise about 1 000 students per cohort to pursue designated full-time locally-accredited self-financing undergraduate programmes in selected disciplines. In the 2015/16 academic year, there will be 940 subsidised places.
- Starting from the 2015/16 academic year, we will support three cohorts of outstanding local students, with initially up to 100 students per cohort, to pursue studies in world renowned universities outside Hong Kong through the Hong Kong Scholarship for Excellence Scheme, which was launched in November 2014.
- We continue to support needy Hong Kong students pursuing undergraduate studies in the Mainland under the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions.
- The Vocational Training Council (VTC) has started rolling out the Pilot Training and Support Scheme and we have allocated recurrent funding of about \$18 million to VTC to provide industrial attachment opportunities for about 9 000 students mainly pursuing Higher Diploma programmes and certain Diploma in Vocational Education programmes.

- The Task Force on Promotion of Vocational Education set up in June 2014 will submit a report to the Secretary for Education by mid-2015.
- The Qualifications Framework (QF) Fund established on 1 September 2014 with an endowment of \$1 billion will further encourage relevant stakeholders to join the QF. At present, 19 different industries/sectors have established their Industry Training Advisory Committees under the QF, covering 20 trades and 52% of the labour force.
- Starting from the 2014/15 school year, two pilot schemes have been launched under the Community Care Fund (CCF) to enhance the support for post-secondary students and three education-related CCF programmes have been incorporated into the Government's regular assistance programme.
- Starting from the 2014/15 school year, the Learning Support Grant rates have been increased by 30% and future grant rates will be adjusted annually according to inflation.