

ITEM FOR FINANCE COMMITTEE

**HEAD 156 – GOVERNMENT SECRETARIAT:
EDUCATION BUREAU**

**Subhead 700 General non-recurrent
New Item “Injection into the Gifted Education Fund”**

Members are invited to approve a new commitment of \$800 million for injection into the Gifted Education Fund.

PROBLEM

We need to enhance support for the development of gifted education so as to enable more gifted students to unleash their potential, enrich the talent pool and enhance the competitiveness of Hong Kong.

PROPOSAL

2. The Secretary for Education (SED) proposes to create a new commitment of \$800 million for an injection into the Gifted Education Fund (GE Fund) for generating more investment income to support the development of gifted education in Hong Kong.

JUSTIFICATION

Services Offered by the Hong Kong Academy for Gifted Education

3. The Hong Kong Academy for Gifted Education (HKAGE) came into operation in 2008 with a start-up funding of \$200 million, comprising \$100 million donation from Sir Joseph Hotung and \$100 million as a one-off grant approved by the Finance Committee (FC) in January 2007, to provide more structured,

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articulated and challenging off-school programmes for students with exceptional talents, and to promote the concepts and practices of gifted education to support teachers and parents. The start-up funding had been the major source of income for the HKAGE's operation. In 2016, the relevant funding was almost exhausted and no fresh donation was forthcoming. In view of the need to sustain off-school nurturing for gifted students, the Government set up the GE Fund in 2016 as an endowment for generating investment income to provide funding support to the HKAGE for the development of gifted education.

4. Currently, the HKAGE offers gifted education programmes which are predominantly enrichment in nature. While these enrichment programmes serve to broaden the exposure of students beyond their experiences in the school curriculum and enhance students' interest and motivation to pursue excellence, they may not fully help groom exceptionally gifted students to attain higher achievements and excel in their respective talented areas. The HKAGE also offers individual programmes providing advanced learning experiences to top-tier gifted students, opportunities and related training for exceptionally gifted students to participate in prestigious international competitions, and parent education programmes to help them better support their gifted children. A summary of the programmes offered by the HKAGE and the statistics on student enrolment in the past three years from the 2014/15 to 2016/17 school year is set out in Enclosure 1.

Encl. 1

Development of Gifted Education

5. Gifted education in various overseas countries has been developing rapidly in recent years. Individualised advanced learning experiences are offered to top-tier gifted students to help them develop their potential to the full. We see a need for more advanced level programmes to expose our top-tier gifted students to high quality and challenging learning experiences in their talented areas or, where suitable, in a wider range of disciplines or even cross disciplines. The HKAGE is planning, in consultation with the Education Bureau (EDB), to expand the scope and scale of its services such that more advanced level programmes will be offered to students with active participation and outstanding performance in its enrichment programmes.

6. We have learned from the experience of overseas countries with fast development in gifted education like Israel, Singapore and Korea that the involvement of post-secondary institutions, non-government organisations and large private enterprises, especially in the innovation and technology sector, would greatly enrich the provision for gifted students. Academics in the post-secondary institutions and professionals from innovation and technology enterprises possess specific knowledge, skills and experience in their respective disciplines that would

help identify and inspire gifted students, and engage them in advanced learning experiences to further develop their potential and attain higher achievement in their talented areas. They may offer research projects or mentorship programmes in which students can work alongside scientists from post-secondary institutions or practising professionals from different fields.

7. When setting up the GE Fund in 2016, the Government also set up the Advisory Committee on Gifted Education¹ (ACGE) to advise SED on, apart from the use and management of the GE Fund, strategic development of gifted education in Hong Kong as well as new measures and initiatives for promoting gifted education. Apart from the HKAGE, there are other providers of programmes for gifted students². The ACGE has been deliberating on how to enhance the development and provision of gifted education with reference to overseas experience by engaging more stakeholders in identifying exceptionally gifted students and development of advanced level programmes. We propose to allocate more resources for supporting local gifted education by engaging relevant stakeholders to offer a wider spectrum of advanced level programmes and cast the net wider to cater for the needs of more gifted students some of whom may not enroll with the HKAGE. Examples of possible advanced learning programmes are set out in Enclosure 2.

Encl. 2

Need for Injection into the GE Fund

8. The Government placed the whole endowment of \$800 million of the GE Fund with the Exchange Fund (EF) for investment³ in March 2017. With a return rate of 2.8% for 2017, the investment return of the GE Fund from March to December 2017 was around \$18 million.⁴ The return rate of the EF in 2018 is 4.6%

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¹ The ACGE is chaired by a non-official and comprises representatives from different sectors, e.g. post-secondary institutions, schools, parents, the private sector, experts with knowledge on local and overseas gifted education practices, professional bodies, and ex-officio members from EDB.

² Most of these providers are universities in Hong Kong providing fee-charging programmes.

³ The tenure of the placement in EF is six years during which the amount of principal sum cannot be withdrawn. The rate of return is the average annual investment return of the EF's Investment Portfolio for the past six years or the average annual yield of three-year government bond for the previous year subject to a minimum of zero percent, whichever is the higher.

⁴ Given the low investment return rate of 2017, the amount of investment return would not be sufficient for the HKAGE's full-year operation. To meet the HKAGE's operation as well as cash flow requirements, EDB provided \$22 million to the HKAGE in August 2017 (equivalent to about 60% of the full-year operating expenditure). When the investment return of the GE Fund became available for withdrawal in January 2018, EDB withdrew \$14 million of the investment return (equivalent to about 40% of the full-year operating expenditure) to fund the operation of the HKAGE.

and the investment income withdrawable in January 2019 will be around \$37 million. The operating expenditure of the HKAGE from 1 April 2015 to 31 March 2016 was \$34.5 million and that from 1 April 2016 to 31 August 2017 (17 months) was \$52.4 million (\$37 million for 12 months on a pro-rata basis). With the present quantum of investment return, there is limited room to scale up the HKAGE's services and to spare additional funding to engage other stakeholders as recommended by the ACGE.

9. While it remains the intention that the HKAGE would seek to augment its income through further donations, sponsorships and programme fees, it has up to the present not attracted any significant donations and sponsorships. While the HKAGE is considering the possibility of charging fees for its programmes, a balance will have to be struck between generating revenue and deterring gifted students to enroll. It is foreseeable that any fees charged in the future would not be pitched at a level that can help generate a significant level of revenue. Levying a high level of fees would also not be in line with the public expectation of the Government's commitment to gifted education.

10. The Government's investment in gifted education will not only benefit gifted students. Society will benefit from the contribution by the nurtured talents. We propose to make an injection of \$800 million into the GE Fund to generate more investment income to support the enhancement of services of the HKAGE and to implement measures recommended by the ACGE, including providing quality advanced learning programmes for gifted students by different gifted education providers and enhancing the development of gifted education in Hong Kong. On the assumption that the rate of investment return is in the range of 3.7% to 4.9% a year, the proposed injection together with the existing endowment of the GE Fund will generate investment income of about \$59.2 million to \$78.4 million.

CONTROL AND MONITORING MECHANISM

11. Upon the proposed injection, the GE Fund will continue to be managed in accordance with its Trust Deed which stipulates the framework and the salient features necessary for its proper management and administration. The existing control and monitoring mechanism will continue to apply. More specifically, the Permanent Secretary for Education Incorporated will act as the trustee of the GE Fund; the ACGE will advise SED on the use and management of the GE Fund; and EDB will table before the Legislative Council (LegCo) the annual audited accounts of the GE Fund. Also, as the Controlling Officer, the Permanent Secretary for Education will be responsible for ensuring the prudent management of the resources under the GE Fund.

FINANCIAL IMPLICATIONS

12. We have earmarked sufficient provision in the 2018-19 Estimates for the proposed injection of \$800 million into the GE Fund. If the proposed injection is approved, we will make appropriate investment arrangement.

13. Generally, expenditure arising from the implementation of measures related to gifted education set out in the above paragraphs should be met by the investment return of the GE Fund. However, there may be times of market volatility where we have to adjust our expenditure in the light of the reduced income or use a small part of the principal to finance the funding required under exceptional circumstances.

14. EDB will continue to absorb the relevant administrative expenses incurred from overseeing the operation of the GE Fund and providing secretariat support to the ACGE.

PUBLIC CONSULTATION

15. We consulted the LegCo Panel on Education (the Panel) at its meeting on 11 May 2018. While some Members enquired the financial position, student enrolment statistics of the HKAGE and the Government's policy on gifted students with special educational needs, the Panel supported the submission of the proposed injection to the FC for consideration. EDB has provided supplementary information to the Panel separately and suitably incorporated into this paper.

BACKGROUND

16. Starting from 2000, EDB has been advocating the Three-tier Implementation Model and encouraged schools to develop the talents of students by providing them with appropriate programmes and opportunities to participate in learning activities –

- (a) Level 1 refers to using pedagogies that could tap the potential of students in creativity, critical thinking, problem solving or leadership in the regular classroom;
- (b) Level 2 refers to offering pull-out programmes in disciplinary or interdisciplinary areas for the more able students within the school setting; and

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- (c) Level 3 refers to the provision of learning opportunities for the exceptionally gifted students in the form of specialist training outside the school setting.

Over the years, EDB has been supporting schools and teachers to provide Level 1 and 2 programmes for gifted students while the HKAGE has been responsible for Level 3 gifted education provision for exceptionally gifted students.

17. The HKAGE was established as a private company limited by guarantee with a start-up funding of \$200 million which comprised a donation of \$100 million from Sir Joseph Hotung and a one-off grant of \$100 million approved by FC in January 2007 vide FCR(2006-07)37.

18. With FC's approval in June 2016 vide FCR(2016-17)48, the GE Fund was set up with an endowment of \$800 million in November 2016 for generating investment income to support gifted education development in Hong Kong. As the HKAGE faced a severe shortage of funding and was unlikely to sustain operation beyond October 2017, the investment return of the GE Fund has been providing a source of income to support its long-term and on-going initiatives.

Education Bureau
June 2018

Programmes offered by Hong Kong Academy for Gifted Education

A. Programmes for students

(a) Number of programmes and enrolment

	2014/15 school year		2015/16 school year		2016/17 school year	
	No. of programmes	Enrolment	No. of programmes	Enrolment	No. of programmes	Enrolment
Enrichment Programmes	177	4 211	183	5 236	194	5 394
Affective Education Programmes and Advanced Learning Experiences	N/A	N/A	51	1 499	58	923
Training Programmes for Competitions	22	566	23	635	27	781

(b) Enrolment and completion rates

	2014/15 school year		2015/16 school year		2016/17 school year	
	Average Enrolment Rate	Average Completion Rate	Average Enrolment Rate	Average Completion Rate	Average Enrolment Rate	Average Completion Rate
Enrichment Programmes	82.0%	85.4%	83.1%	83.7%	84.1%	80.9%
Affective Education Programmes and Advanced Learning Experiences	N/A	N/A	113.7%	87.4%	77.9%	92.5%
Training Programmes for Competitions	81.8%	70.5%	82.0%	73.9%	86.7%	75.7%
Overall	81.9%	83.8%	89.1%	83.6%	83.0%	82.8%

B. Programmes for parents

	2014/15 school year.		2015/16 school year		2016/17 school year	
	No. of programmes	Enrolment	No. of programmes	Enrolment	No. of programmes	Enrolment
Seminars	15	573	19	904	4	195
Workshops	11	293	3	34	4	133
Parent-child Parallel Groups	0	0	4	56	4	36
Parent Peer Support Groups	25	661	26	447	20	507
Outreach Talks	36	2 416	31	1 907	14	1 516
Conferences	1	107	0	0	0	0
Parent Orientation	4	967	4	1 805	2	791
Total	92	5 017	87	5 153	48	3 178

Examples of Possible Advanced Learning Programmes

Programme (Nature)	Objective(s)	Implementation	Deliverables
<p>1. Research-based STEM^{Note}-related Mentorship Programme (Investigative Learning)</p>	<ul style="list-style-type: none"> - To equip gifted students with the essential knowledge and skills in the field of STEM for future advanced research studies or related career. 	<ul style="list-style-type: none"> - Opportunities are offered to gifted students to assist in specific research projects (e.g. in bio-technology, artificial intelligences etc.) under mentorship of academics in post-secondary institutions. - Opportunities may also be offered to gifted students to assist in collaborative research projects jointly taken by academics of post-secondary institutions and scientists/professional of industries (e.g. food industry, chemical industry etc.). - Arrangement could be made for students to attach to the projects during the long summer holidays before the students pursue university study. 	<ul style="list-style-type: none"> - New technologies/inventions involving input from student participants of the Programme are exhibited/promoted to celebrate achievements of the gifted students. - Research reports jointly written by the gifted students, academics, professionals and scientists are published in local/overseas academic or related publications upon completion of research projects. - Reflective experiences are presented by gifted students to public audiences.

^{Note} STEM is an acronym that refers collectively to the academic disciplines of Science, Technology, Engineering and Mathematics.

Programme (Nature)	Objective(s)	Implementation	Deliverables
2. Humanities and Social Sciences Research Programme (Experiential and Investigative Learning)	<ul style="list-style-type: none"> - To engage gifted students in research-based social sciences projects and equip them with the essential knowledge and skills in social sciences research. 	<ul style="list-style-type: none"> - Social sciences departments in post-secondary institutions, non-government organisations and youth organisations work independently or in collaboration to engage gifted students in diversified research-based social sciences projects. - The gifted students also act as action researchers to evaluate the implementation of the social sciences projects they engaged with a view to formulating suggestions on related policies for improving the practices or for the betterment of the community. 	<ul style="list-style-type: none"> - Suggestions on related policies to address a particular community issue are presented by the gifted students. - Reflective experiences are presented by gifted students to public audiences.
3. Apprenticeship and Entrepreneurship Programme (Experiential and Collaborative Learning)	<ul style="list-style-type: none"> - To provide gifted students with authentic work-placement at large corporates to gain professional knowledge and experiences under the joint efforts of university and business sector. - To provide gifted students with collaborative learning experiences as a team as well as equipping them with 	<ul style="list-style-type: none"> - Placements are offered by corporates where gifted students can work alongside top professionals in real workplace to gain knowledge and skills in the field (e.g. during the long summer holidays before their university studies). - Possible enterprises may include those in the fields of finance technology, legal services, journalism, etc. - Academics of the business schools of post-secondary institutions or professionals of private enterprises advise and 	<ul style="list-style-type: none"> - Authentic learning opportunities are offered to the motivated gifted students. - Professional certification of students' work could be awarded upon completion of the programme. <p><i>Reference:</i> Microsoft Apprenticeship Programme – https://partner.microsoft.com/en-gb/Training/apprenticeships</p> <ul style="list-style-type: none"> - Real business/companies are set up and run, from which the teams of gifted students conceptualise the experiences learnt. - Reflective experiences are presented by gifted students to public audiences.

Programme (Nature)	Objective(s)	Implementation	Deliverables
	<p>the knowledge and skills in setting up and running a business.</p> <ul style="list-style-type: none"> - To nurture gifted students' creativity and problem-solving skills in challenging contexts. 	facilitate gifted students working in teams to plan, set up and run a real business for a sustained period of time.	
4. Student-initiated Research Studies (Personalised learning)	<ul style="list-style-type: none"> - To provide advanced level personalised learning opportunities for gifted students in areas of their interest. - To nurture self-directed learning habits of gifted students. 	<ul style="list-style-type: none"> - A list of university academics and professionals in different fields with expertise and research interest is drawn up. - Selected gifted students submit personal study plans on specific topics to the academics/professionals on the list. - Tutorials are scheduled for the gifted students to meet with the academics/professional for advice on their study. - Possible domains may include economics, finance, laws, social issues, psychology, education etc. 	<ul style="list-style-type: none"> - A study report similar to an academic thesis is produced by individual gifted students. - A student-led conference is organised for the participating gifted students to present their studies.