

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

Controlling officer: the Controller, Student Financial Assistance Agency will account for expenditure under this Head.

Estimate 2009–10 **\$3,905.8m**

Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 278 non-directorate posts as at 31 March 2009 rising by 62 posts to 340 posts as at 31 March 2010 ... **\$106.6m**

In addition, there will be one directorate post as at 31 March 2009 and as at 31 March 2010.

Commitment balance **\$2,630.8m**

Controlling Officer's Report

Programme

Student Assistance Scheme

This programme contributes to Policy Area 16: Education (Secretary for Education) and Policy Area 34: Manpower Development (Secretary for Labour and Welfare).

Detail

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	3,258.3	3,649.2	3,672.3 (+0.6%)	3,905.8 (+6.4%)
				(or +7.0% on 2008–09 Original)

Aim

2 The aim is to administer efficiently and cost-effectively various student financial assistance schemes, scholarships and merit award schemes.

Brief Description

3 The Agency provides publicly-funded financial assistance in the form of grants and loans to students of different levels and administers privately-donated and publicly-funded scholarship schemes. The scholarships, merit awards and related schemes include the Sir Edward Youde Memorial Fund Scholarships and some 170 scholarships under the Education Scholarships Fund. Financial assistance mainly takes the form of:

- means-tested grants and loans# under the Tertiary Student Finance Scheme - Publicly-funded Programmes for eligible full-time students of publicly-funded institutions, i.e. University Grants Committee - funded institutions, the Hong Kong Institute of Vocational Education of the Vocational Training Council, the Hong Kong Academy for Performing Arts and the Dental Technology Course of the Prince Philip Dental Hospital;
- means-tested grants and loans# under the Financial Assistance Scheme for Post-secondary Students for eligible full-time students aged 25 or below pursuing locally-accredited, self-financing post-secondary education programmes;
- non-means tested loans# for eligible students of publicly-funded institutions, and eligible students pursuing accredited post-secondary programmes, courses offered by the Hong Kong Shue Yan University and the Open University of Hong Kong, and continuing and professional education courses provided in Hong Kong by registered schools, non-local universities and recognised training bodies;
- allowances under the Student Travel Subsidy Scheme for needy students who are receiving formal primary or secondary education or attending a full-time day course up to first degree, provided that these students are living beyond ten minutes' walking distance from their schools and have passed the means test;
- fee remission under the Senior Secondary Fee Remission Scheme§ for needy senior secondary students (Secondary 4-7) in public sector schools up to the end of the 2007/08 academic year. Starting from the 2008/09 academic year, all students in public sector schools are provided with free senior secondary education and the Senior Secondary Fee Remission Scheme has ceased operation;
- fee remission under the Examination Fee Remission Scheme for needy Secondary 5 and Secondary 7 students taking public examinations conducted by the Hong Kong Examinations and Assessment Authority;
- means-tested grants under the School Textbook Assistance Scheme for students in public sector schools and local private schools under the Direct Subsidy Scheme;

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- fee remission under the Kindergarten and Child Care Centre Fee Remission Scheme for needy children attending kindergartens and child care centres;
- tuition fee reimbursement under the Continuing Education Fund for eligible persons pursuing continuing education and training in specified sectors;
- tuition fee reimbursement under the Project Yi Jin¶ for eligible students completing modules under Project Yi Jin; and
- tuition fee reimbursement under the Financial Assistance Scheme for Designated Evening Adult Education Courses for eligible students attending designated evening secondary courses.

Loans disbursed under these schemes are provided under the Loan Fund. Details are provided in Volume II.

§ The amount of fee remission is not shown as an expenditure item under Head 173. In the case of aided schools, the cost of fee remission is reflected as increased subvention for aided schools under Head 156—Government Secretariat: Education Bureau *Subhead 000 Operational expenses* as a result of the schools receiving less in school fee receipts. In the case of government schools, fee remission is expressed as revenue forgone by the Government.

¶ The amount of fee reimbursement is not shown as an expenditure item under Head 173. The expenditure is funded under Head 156—Government Secretariat: Education Bureau *Subhead 700 General non-recurrent Item 027 Project Yi Jin*.

4 The Agency is responsible for assessing the eligibility of applicants under the Pre-primary Education Voucher Scheme from the 2007/08 academic year onwards. Actual redemption of pre-primary education vouchers is not shown as an expenditure item under Head 173. The expenditure is funded under Head 156—Government Secretariat: Education Bureau *Subhead 000 Operational expenses*.

5 The key performance measures are:

Targets

	Target Processing Time for Applications ^Ψ	<i>Academic Year</i>		
		2007/08 (Actual)	2008/09 (Revised Estimate)	2009/10 (Estimate)
Tertiary Student Finance Scheme –				
Publicly-funded Programmes				
application for financial assistance (%)	60 days	97	97	97
application for review of financial assistance (%)	70 days	100	100	100
Financial Assistance Scheme for				
Post-secondary Students				
application for financial assistance (%)	60 days	99	99	99
application for review of financial assistance (%)	70 days	100	100	100
Non-means-tested Loan Schemes (%)	21 days	100	99	99
Kindergarten and Child Care Centre				
Fee Remission Scheme (%)	2 months	99.9	99.9	99.9
Continuing Education Fund (%)	2 weeks	95	98	98
Financial assistance for primary and secondary school students (eligibility assessment) (%) [^]				
	3 months	100	100	100
Pre-primary Education Voucher Scheme (eligibility assessment) (%)				
	6-8 weeks	99.9	99.9	99.9

^Ψ Target processing time is subject to submission of complete supporting documents by the applicants.

[^] Financial assistance for primary and secondary school students comprises the Student Travel Subsidy Scheme, Senior Secondary Fee Remission Scheme, Examination Fee Remission Scheme, School Textbook Assistance Scheme, Project Yi Jin and Financial Assistance Scheme for Designated Evening Adult Education Courses. The Senior Secondary Fee Remission Scheme has ceased operation since the 2008/09 academic year as all students in public sector schools are provided with free senior secondary education.

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Indicators

	Academic Year		
	2007/08 (Actual)	2008/09 (Revised Estimate)	2009/10 (Estimate)
Tertiary Student Finance Scheme - Publicly-funded Programmes			
no. of applications	32 413	30 740	39 210
funds disbursed (\$m) (including grants and loans) λ	1,136.9	1,080.6	1,435.6
no. of applications/post.....	186	166	190
Financial Assistance Scheme for Post-secondary Students			
no. of applications	20 064	21 826	30 912
funds disbursed (\$m) (including grants and loans) $\lambda\phi$	505.7	834.7	1,264.3
no. of applications/post.....	193	182	218
Non-means-tested Loan Schemes			
no. of applications	28 011	32 304	35 575
funds disbursed (\$m) (loans) λ	951.4	964.1	1,210.6
no. of applications/post.....	228	218	220
Kindergarten and Child Care Centre Fee Remission Scheme α			
no. of applications	48 170	54 188	57 022
funds disbursed (\$m)	275.4	304.2	349.6
no. of applications/post.....	1 204	1 178	1 213
Scholarships, Merit Awards and related Schemes			
no. of applications	11 302	10 507	10 329
no. of scholarships, grants and awards granted	7 537	6 765	6 811
amount of scholarships, grants and awards disbursed (\$m) Ω	27.4	29.0	30.0
no. of applications/post.....	665	584	608
Continuing Education Fund \wedge			
no. of applications	73 563	73 743	72 534
funds disbursed (\$m)	478.6	512.4	543.1
no. of applications/post.....	1 501	1 418	1 395
Financial assistance for primary and secondary school students			
no. of family-based applications.....	239 915	232 666	238 560
no. of eligibility certificates issued	369 241	348 999	357 840
no. of applications/post.....	1 690	1 369	1 403
Senior Secondary Fee Remission Scheme Δ			
no. of applications	89 610	—	—
fees remitted (\$m).....	407.9	—	—
Examination Fee Remission Scheme			
no. of applications	12 455	12 518	13 673
funds disbursed (\$m)	15.5	16.6	18.4
School Textbook Assistance Scheme			
no. of applications	309 036	298 143	310 128
funds disbursed (\$m)	446.9	472.6	524.2
Student Travel Subsidy Scheme			
no. of applications	249 943	239 882	261 826
funds disbursed (\$m)	377.8	352.2	398.1
Project Yi Jin			
no. of applications	11 697	12 998	13 239
funds disbursed (\$m) $@$	93.0	109.9	112.9
no. of applications/post.....	5 849	6 499	4 413
Financial Assistance Scheme for Designated Evening Adult Education Courses δ			
no. of applications	531	765	765
funds disbursed (\$m) $@$	1.9	3.3	3.3
no. of applications/post.....	177	255	191

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	<i>Academic Year</i>		
	2007/08 (Actual)	2008/09 (Revised Estimate)	2009/10 (Estimate)
Pre-primary Education Voucher Scheme ^β			
no. of applications	114 369	44 345	45 630
no. of Certificates of Eligibility for the Pre-primary Education Voucher Scheme issued [∇]	115 353	41 310	45 630
voucher value involved (\$m) [∇]	1,499.6	578.3	638.8
no. of applications/post.....	2 859	1 167	1 170

- ^λ Loans disbursed under these schemes are provided under the Loan Fund. Details are provided in Volume II.
- ^φ Prior to the 2008/09 academic year, the Financial Assistance Scheme for Post-secondary Students only provided grants to assist needy students in meeting tuition fees and academic expenses. Starting from the 2008/09 academic year, means-tested loans are also provided under the scheme to assist needy students in meeting living expenses.
- ^α In the 2005/06 academic year, the Agency implemented the expansion of the former Kindergarten Fee Remission Scheme (which is renamed as Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS)) to cover all eligible children receiving pre-primary services (including those originally covered by the Child Care Centre Fee Assistance Scheme (CCCFAS) of the Social Welfare Department) upon harmonisation of pre-primary services. The indicators above have not included residual cases of existing recipients under the CCCFAS who are allowed to opt to continue receiving assistance based on the formula of the existing CCCFAS (subject to their meeting the eligibility criteria of the existing CCCFAS in a continuous manner). Such cases are paid out of Head 173 but processed by the Social Welfare Department. Starting from the 2007/08 academic year, the Pre-primary Education Voucher Scheme (PEVS) has been introduced to provide direct subsidy to parents in the form of vouchers to cover school fees for their children attending eligible kindergartens. The KCFRS has been realigned after the introduction of the PEVS such that fee remission will only be granted to needy children after deduction of the voucher value dedicated towards fee subsidy under the PEVS.
- ^Ω Most of the funds disbursed are under the control of the donors or their trustees.
- [^] The Continuing Education Fund is open to applications throughout the year. The figures shown here relate to financial rather than academic years.
- ^Δ Starting from the 2008/09 academic year, all students in public sector schools are provided with free senior secondary education and the Senior Secondary Fee Remission Scheme has ceased operation.
- [@] Tuition fees for Project Yi Jin and the Financial Assistance Scheme for Designated Evening Adult Education Courses (FAEAEC) are disbursed on a reimbursement basis. The number of applications received and funds disbursed in the 2007/08 academic year are provisional figures only as the processing of reimbursement applications is still in progress.
- ^δ Starting from the 2008/09 academic year, the FAEAEC has been extended to cover junior secondary courses, i.e. Secondary 1 to 3. A 50 per cent tuition fee reimbursement assistance level is also introduced under the scheme.
- ^β It is assumed that 90 per cent of the children in the relevant age cohorts for attending kindergarten classes will apply for the PEVS. The face value of the voucher in the 2007/08 academic year is \$13,000 per student per annum (pspa), rising to \$14,000 pspa in the 2008/09 and 2009/10 academic years.
- [∇] Holders of the Certificate of Eligibility of the PEVS need not re-apply for the PEVS within the specific validity period. The indicators above have included the number of Certificates of Eligibility for the PEVS issued and voucher value involved for first-time applicants.

6 In the 2007/08 academic year, around 1 001 000 applications were received for processing under the various student financial assistance schemes. The Agency was generally able to process all applications with complete information within the timeframe as pledged.

Matters Requiring Special Attention in 2009–10

7 During 2009–10, the Agency will:

- continue to provide efficient and quality services to students under various student financial assistance schemes; and
- continue to examine the feasibility of implementing an integrated computer system supporting the administration of all the student financial assistance schemes, with a view to improving the operational efficiency and effectiveness of the Agency in the administration and delivery of various student financial assistance schemes.

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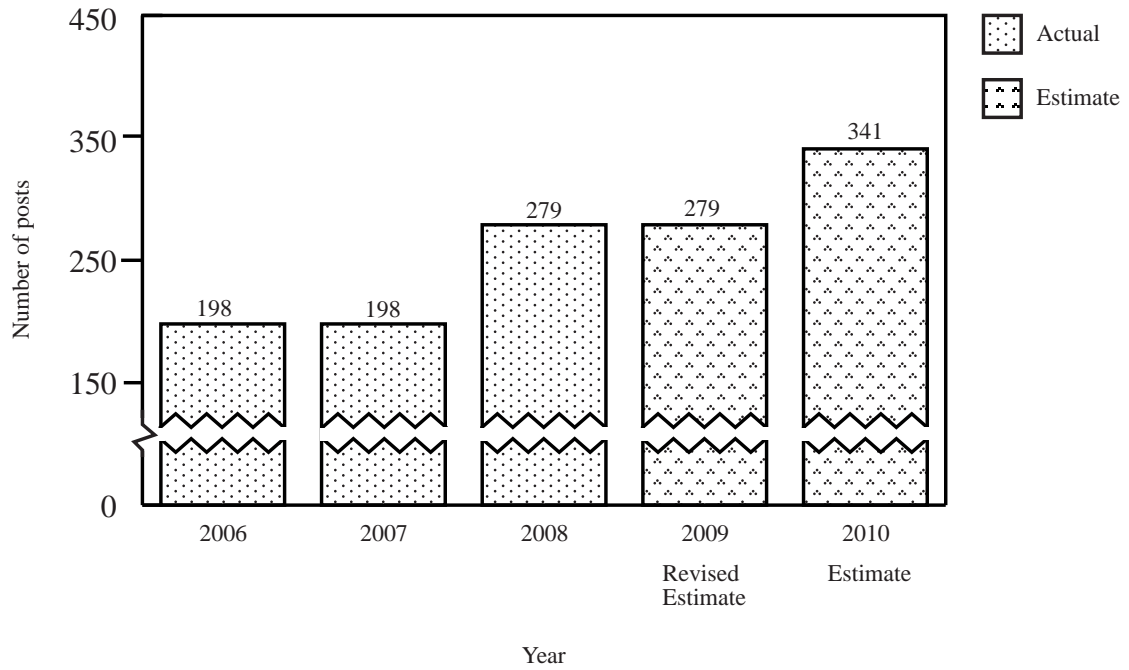
ANALYSIS OF FINANCIAL PROVISION

Programme	2007-08 (Actual) (\$m)	2008-09 (Original) (\$m)	2008-09 (Revised) (\$m)	2009-10 (Estimate) (\$m)
Student Assistance Scheme.....	3,258.3	3,649.2	3,672.3 (+0.6%)	3,905.8 (+6.4%)
				(or +7.0% on 2008-09 Original)

Analysis of Financial and Staffing Provision

Provision for 2009-10 is \$233.5 million (6.4%) higher than the revised estimate for 2008-09. This is mainly due to an expected increase in the demand for financial assistance under various student financial assistance schemes having regard to the prevailing economic downturn, partly offset by reduced cash flow requirement for a non-recurrent support grant. In addition, there will be an increase of 62 posts in 2009-10 to implement improvement measures to the Financial Assistance Scheme for Post-secondary Students, strengthen internal audit and replace contract staff.

*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)		Actual expenditure 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	Estimate 2009-10
		\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses	170,097	238,744	194,876	243,321
228	Student financial assistance	2,595,983	2,840,621	2,423,687	3,078,764
	Total, Recurrent.....	2,766,080	3,079,365	2,618,563	3,322,085
Non-Recurrent					
700	General non-recurrent.....	492,189	569,857	1,053,751	583,754
	Total, Non-Recurrent.....	492,189	569,857	1,053,751	583,754
	Total, Operating Account	3,258,269	3,649,222	3,672,314	3,905,839
	Total Expenditure	3,258,269	3,649,222	3,672,314	3,905,839

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Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the Student Financial Assistance Agency is \$3,905,839,000. This represents an increase of \$233,525,000 over the revised estimate for 2008–09 and of \$647,570,000 over actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$243,321,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Student Financial Assistance Agency. The increase of \$48,445,000 (24.9%) over the revised estimate for 2008–09 is mainly due to the additional civil service posts to be created in 2009–10, the provision of temporary staff to cater for an expected increase in the demand for student financial assistance under the improved Financial Assistance Scheme for Post-secondary Students, and the enhancement of control measures under various student financial assistance schemes.

3 The establishment as at 31 March 2009 will be 279 permanent posts. It is expected that there will be an increase of 62 permanent posts in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$106,557,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	73,237	94,564	86,500	105,338
- Allowances	696	1,564	1,368	1,564
Personnel Related Expenses				
- Mandatory Provident Fund contribution	99	209	75	66
- Civil Service Provident Fund contribution	—	—	150	166
Departmental Expenses				
- General departmental expenses	96,065	142,407	106,783	136,187
	170,097	238,744	194,876	243,321

5 Provision of \$3,078,764,000 under *Subhead 228 Student financial assistance* is for the payment of student financial assistance under various schemes to students at all levels of study in meeting their education expenses, such as tuition and examination fees, textbooks and other academic and travel expenses. The increase of \$665,077,000 (27.0%) over the revised estimate for 2008–09 is mainly due to the expected increase in the demand for financial assistance under various student financial assistance schemes having regard to the prevailing economic downturn.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2008	Revised estimated expenditure for 2008–09	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund.....	5,000,000	1,897,303	526,251	2,576,446
	893	One-off support grant for needy students	550,000	—	525,500	24,500
	920	Financial Assistance Scheme for Designated Evening Adult Education Courses.....	36,000	4,185	2,000	29,815
		Total	<u>5,586,000</u>	<u>1,901,488</u>	<u>1,053,751</u>	<u>2,630,761</u>