

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

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

Estimate 2012–13	\$4,743.0m
Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 450 non-directorate posts as at 31 March 2012 rising by 125 posts to 575 posts as at 31 March 2013	\$177.9m
In addition, there will be one directorate post as at 31 March 2012 and as at 31 March 2013.	
Commitment balance	\$2,860.9m

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	3,978.1	3,955.7	4,333.8Δ (+9.6%)	4,743.0 (+9.4%)

(or + 19.9% on
2011–12 Original)

Δ To enhance financial support for needy students, supplementary provision of \$573 million has been allocated to Head 173 in 2011-12 to relax the means test mechanism of the Agency so that more eligible students, from pre-primary to post-secondary levels, can receive full level or a higher amount of assistance under the various financial assistance schemes and to increase the amount of academic expenses grant to eligible post-secondary students with effect from the 2011/12 academic year. A further supplementary provision of \$99 million has been allocated to Head 173 in 2011-12 to implement the enhancement measures for the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) from the 2011/12 academic year.

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, scholarships under the Education Scholarships Fund and Scholarship for Prospective English Teachers. 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 and Hong Kong Design Institute 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 locally-accredited self-financing post-secondary programmes, courses offered by the Hong Kong Shue Yan University and the Open University of Hong Kong, and eligible 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 (STSS) for needy students who receive formal primary or secondary education or attend a full-time day course up to the degree level, provided that these students live beyond ten minutes' walking distance from their schools and have passed the means test;

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- fee remission under the Examination Fee Remission Scheme (EFRS)^φ for needy Secondary 6/Senior Secondary 3 and Secondary 7 school candidates taking public examinations conducted by the Hong Kong Examinations and Assessment Authority;
- means-tested grants under the School Textbook Assistance Scheme (STAS) for students in public sector schools and local private schools under the Direct Subsidy Scheme;
- means-tested grants under the Subsidy Scheme for Internet Access Charges^λ for low-income families with children who are full-time students receiving education at primary or secondary level;
- fee remission under the KCFRS 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 (FAEAEC) 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.

φ With the implementation of the New Senior Secondary (NSS) academic structure from the 2009/10 academic year, the first Hong Kong Diploma of Secondary Education Examination (HKDSEE) will be held in the 2011/12 academic year with a view to replacing the Hong Kong Certificate of Education Examination (HKCEE) and the Hong Kong Advanced Level Examination (HKALE). The last HKALE for school candidates will take place in the 2011/12 academic year. In the light of these changes and to enhance support for needy students, the ambit of the EFRS has been expanded with effect from the 2011/12 academic year to provide fee remission to (i) school candidates sitting for the HKDSEE; (ii) school candidates eligible for half level of assistance sitting for the HKALE or HKDSEE; (iii) school candidates sitting for the same examination for the second time in the immediate following year; and (iv) eligible non-Chinese-speaking students sitting for the General Certificate of Secondary Education (Chinese) Examination.

λ Families with children who are full-time students receiving education at primary and secondary levels and who are in receipt of the flat-rate grant for School-related Expenses under the Comprehensive Social Security Assistance Scheme are also eligible for Subsidy for Internet Access Charges, which is disbursed by the Social Welfare Department (SWD). All the expenditure is funded under Head 173.

¶ 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 (PEVS) 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	Academic Year		
		2010/11 (Actual)	2011/12 (Revised Estimate)	2012/13 (Estimate)
Tertiary Student Finance Scheme – Publicly-funded Programmes				
application for financial assistance (%)	60 days	99	98	98
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	98	98
application for review of financial assistance (%)	70 days	100	100	100
Non-means-tested Loan Schemes (%)	21 days	99.8	99.0	99.0
Kindergarten and Child Care Centre Fee Remission Scheme (%)	2 months	99.9	99.9	99.9

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	Target Processing Time for Applications ^Ψ	Academic Year		
		2010/11 (Actual)	2011/12 (Revised Estimate)	2012/13 (Estimate)
Continuing Education Fund (%).....	2 weeks	99	99	99
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 STSS (also for full-time post-secondary students), EFRS, STAS, Subsidy Scheme for Internet Access Charges, Project Yi Jin and FAEAEC.

Indicators

	Academic Year		
	2010/11 (Actual)	2011/12 (Revised Estimate)	2012/13 (Estimate)
Tertiary Student Finance Scheme – Publicly-funded Programmes			
no. of applications.....	31 185	29 027	34 864
funds disbursed (\$m) (including grants and loans) ^δ	1,089.0	1,253.9	1,506.0
no. of applications/post.....	156	136	148
Financial Assistance Scheme for Post-secondary Students			
no. of applications.....	28 133	29 046	32 075
funds disbursed (\$m) (including grants and loans) ^δ	1,050.2	1,247.7	1,377.9
no. of applications/post.....	179	180	197
Non-means-tested Loan Schemes			
no. of applications.....	34 143	31 767	37 424
funds disbursed (\$m) (loans) ^δ	1,231.7	1,185.8	1,443.6
no. of applications/post.....	186	184	203
Kindergarten and Child Care Centre Fee Remission Scheme^α			
no. of applications.....	42 940	46 892	49 356
funds disbursed (\$m)	239.0	447.3	500.2
no. of applications/post.....	933	977	1 007
Scholarships, Merit Awards and related Schemes			
no. of applications.....	11 215	9 827	7 753
no. of scholarships, grants and awards granted.....	6 952	6 061	4 854
amount of scholarships, grants and awards disbursed (\$m) ^Ω	29.3	29.6	33.2
no. of applications/post.....	801	655	596
Continuing Education Fund^Λ			
no. of applications.....	46 292	45 676	45 676
funds disbursed (\$m)	322.0	348.2	366.8
no. of applications/post.....	890	952	952
Financial assistance for primary and secondary school students			
no. of family-based applications	220 441	220 773	206 345
no. of applications/post.....	1 119	1 017	964
Examination Fee Remission Scheme[§]			
no. of applications.....	3 356	36 425	30 233
funds disbursed (\$m)	7.5	71.8	65.1
Subsidy Scheme for Internet Access Charges			
no. of family-based applications	181 619	178 582	169 495
funds disbursed (\$m)	150.7	182.1	172.9
School Textbook Assistance Scheme[∇]			
no. of applications.....	266 852	267 135	249 678
funds disbursed (\$m)	440.6	632.6	610.7

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	<i>Academic Year</i>		
	2010/11 (Actual)	2011/12 (Revised Estimate)	2012/13 (Estimate)
Student Travel Subsidy Scheme ^θ			
no. of applications.....	238 004	233 260	230 968
funds disbursed (\$m)	352.0	427.4	433.1
Project Yi Jin [@]			
no. of applications.....	18 921	6 395	‡
funds disbursed (\$m)	165.7	44.2	‡
no. of applications/post.....	4 730	2 132	‡
Financial Assistance Scheme for Designated Evening Adult Education Courses ^Φ			
no. of applications.....	858	782	782
funds disbursed (\$m)	3.6	3.6	3.6
no. of applications/post.....	429	391	391
Pre-primary Education Voucher Scheme ^β			
no. of applications.....	48 888	53 997	52 936
no. of Certificates of Eligibility for the Pre-primary Education Voucher Scheme issued ^γ	48 266	53 306	52 259
voucher value involved (\$m) ^γ	708.9	852.9	878.0
no. of applications/post.....	1 192	1 385	1 323

- δ Loans disbursed under these schemes are provided under the Loan Fund. Details are provided in Volume II.
- α In the 2005/06 academic year, the Agency implemented the expansion of the former Kindergarten Fee Remission Scheme (which has been renamed 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 SWD) upon harmonisation of pre-primary services. The indicators for the 2010/11 academic year as shown above have not included residual cases of recipients under the CCCFAS in the 2010/11 academic year 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 SWD until phasing out of the CCCFAS in the 2011/12 academic year. The KCFRS has been realigned after the introduction of the PEVS in the 2007/08 academic year such that fee remission will only be granted to needy children after deduction of the voucher value dedicated towards fee subsidy under the PEVS. With effect from the 2011/12 academic year, the KCFRS has been further improved to calculate the percentage of fee remission after deducting the voucher subsidy, to remove the social needs assessment for kindergarten children attending whole-day classes and to adjust annually the meal allowance ceiling.
- Ω Most of the funds disbursed are under the control of the donors or their trustees.
- Λ The Continuing Education Fund is open to applications throughout the year. The figures shown here relate to financial rather than academic years.
- § With the implementation of the NSS academic structure from the 2009/10 academic year, the first HKDSEE will be held in the 2011/12 academic year with a view to replacing the HKCEE and the HKALE, and the last HKALE for school candidates will take place in the 2011/12 academic year. In the 2010/11 academic year, only Secondary 7 school candidates who were eligible for full level of assistance and sitting for the HKALE could receive fee remission under the EFRS. Starting from the 2011/12 academic year, the ambit of the EFRS has been expanded to cover more categories of students and examinations as set out in φ above, resulting in a substantial increase in the funding requirement from the 2011/12 academic year onwards.
- ∇ In the 2011/12 academic year, the flat-rate grant under the STAS has been increased from \$408 to \$1,000 per student per year for full-grant students, and from \$204 to \$500 per student per year for half-grant students, so as to relieve the financial burden of low-income families in meeting the school-related expenses of their children at primary and secondary levels.
- θ Number of applications include applications of primary and secondary school students, and post-secondary students.
- @ Tuition fees for Project Yi Jin are disbursed on a reimbursement basis. The number of applications received and funds disbursed in the 2010/11 academic year are provisional figures only as reimbursement applications are still being processed.
- ‡ Project Yi Jin will lapse by the end of 2011/12. In 2012/13, funding approval will be sought to launch a new programme based on the Project Yi Jin model as an alternative pathway for Senior Secondary 3 school leavers under the NSS academic structure and for adult learners to gain a formal qualification for employment and continuing education.
- Φ Tuition fees for FAEAEC are disbursed on a reimbursement basis. The number of applications received and funds disbursed in the 2010/11 academic year are provisional figures only as reimbursement applications are still being processed.

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- β The face value of the voucher in the 2010/11 and 2011/12 academic years was \$16,000 per student per annum (pspa). The value of the voucher in the 2012/13 academic year is set at \$16,800 pspa in accordance with the year-on-year rate of change in the Composite Consumer Price Index.
- γ Holders of the Certificate of Eligibility for the PEVS need not re-apply for the PEVS within the specific validity period. The indicators above include the number of Certificates of Eligibility for the PEVS issued and voucher value involved for first-time applicants. The voucher value involved for the 2010/11 academic year reflects the actual amount of subsidy redeemed, which is less than the maximum amount redeemable for the year because not all Certificates issued in the year were presented for voucher redemption.

6 In the 2010/11 academic year, around 952 000 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 2012–13

7 During 2012–13, the Agency will:

- continue to provide efficient and quality services to students under various student financial assistance schemes;
- continue to step up efforts to recover student loans in arrears and tackle the default problem;
- continue to develop the integrated student financial assistance system to support the administration of all student financial assistance schemes as well as scholarships and merit award schemes, with a view to improving the operational efficiency and effectiveness of the Agency in the administration and delivery of these schemes; and
- implement the improvement measures on the operation of the Non-means-tested Loan Schemes and the Financial Assistance Scheme for Post-secondary Students following the Review of the Non-means-tested Loan Schemes, which is expected to be completed in mid 2012.

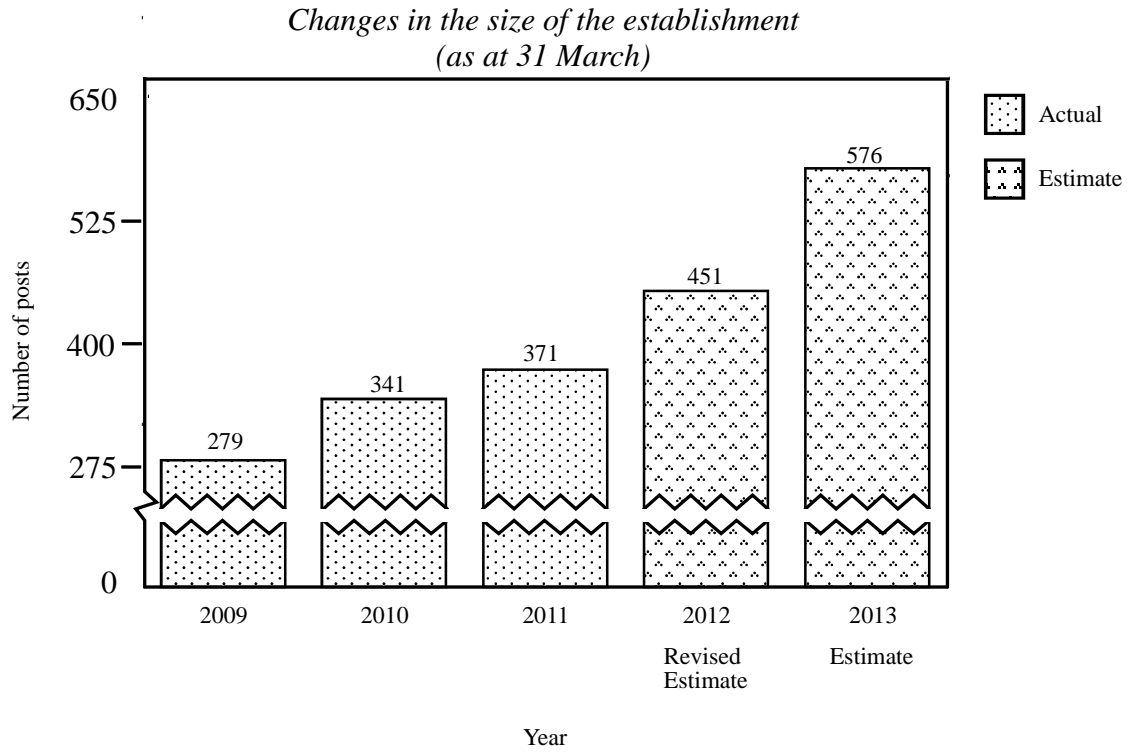
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ANALYSIS OF FINANCIAL PROVISION

Programme	2010-11 (Actual) (\$m)	2011-12 (Original) (\$m)	2011-12 (Revised) (\$m)	2012-13 (Estimate) (\$m)
Student Assistance Scheme	3,978.1	3,955.7	4,333.8 (+9.6%)	4,743.0 (+9.4%)
				(or +19.9% on 2011-12 Original)

Analysis of Financial and Staffing Provision

Provision for 2012-13 is \$409.2 million (9.4%) higher than the revised estimate for 2011-12. This is mainly due to the increased provision for additional civil service posts to meet operational needs, increased provision for the disbursement of KCFRS, increased provision for grants to be disbursed under the Tertiary Student Finance Scheme – Publicly-funded Programmes and Financial Assistance Scheme for Post-secondary Students, partly offset by the reduced provision for the disbursement of STAS and Subsidy Scheme for Internet Access Charges.



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Sub-head (Code)	Actual expenditure 2010-11	Approved estimate 2011-12	Revised estimate 2011-12	Estimate 2012-13	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	225,943	293,049	255,532	297,568
228	Student financial assistance.....	2,687,874	3,209,667	3,699,391	4,065,661
	Total, Recurrent	<u>2,913,817</u>	<u>3,502,716</u>	<u>3,954,923</u>	<u>4,363,229</u>
Non-Recurrent					
700	General non-recurrent	1,064,303	453,025	378,897	379,722
	Total, Non-Recurrent	<u>1,064,303</u>	<u>453,025</u>	<u>378,897</u>	<u>379,722</u>
	Total, Operating Account	<u>3,978,120</u>	<u>3,955,741</u>	<u>4,333,820</u>	<u>4,742,951</u>
<hr/>					
	Total Expenditure	<u><u>3,978,120</u></u>	<u><u>3,955,741</u></u>	<u><u>4,333,820</u></u>	<u><u>4,742,951</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Student Financial Assistance Agency is \$4,742,951,000. This represents an increase of \$409,131,000 over the revised estimate for 2011–12 and of \$764,831,000 over actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$297,568,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Student Financial Assistance Agency. The increase of \$42,036,000 (16.5%) over the revised estimate for 2011–12 is mainly due to the additional civil service posts to be created to meet operational needs in 2012–13, partly offset by the reduced provision for employment of temporary staff.

3 The establishment as at 31 March 2012 will be 451 permanent posts. It is expected that there will be an increase of 125 permanent posts in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$177,892,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	97,303	119,448	117,281	151,256
- Allowances	1,559	1,937	2,122	2,277
Personnel Related Expenses				
- Mandatory Provident Fund contribution	274	230	425	440
- Civil Service Provident Fund contribution	387	748	921	1,282
Departmental Expenses				
- General departmental expenses	126,420	170,686	134,783	142,313
	225,943	293,049	255,532	297,568

5 Provision of \$4,065,661,000 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, Internet access charges and other academic and travel expenses. The increase of \$366,270,000 (9.9%) over the revised estimate for 2011–12 is mainly due to the increased provision for the disbursement of Kindergarten and Child Care Centre Fee Remission Scheme as the enhancement measures begin to take full-year effect from 2012–13 and due to the anticipated increase in the number of applications and projected increase in the fee remission ceilings, increased provision for grants to be disbursed under the Tertiary Student Finance Scheme – Publicly-funded Programmes and Financial Assistance Scheme for Post-secondary Students due to an increase in the population of tertiary students with the implementation of the new academic structure for senior secondary and higher education, partly offset by the reduced provision for the disbursement of STAS and Subsidy Scheme for Internet Access Charges due to an estimated drop in the number of applications as a result of the decrease in the population of secondary students.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2011	Revised estimated expenditure for 2011-12	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund	6,200,000	3,002,450	362,551	2,834,999
	866	One-off support grant for needy students in the 2010/11 School Year	520,000	479,696	14,446	25,858
		Total	<u>6,720,000</u>	<u>3,482,146</u>	<u>376,997</u>	<u>2,860,857</u>