

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

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

Estimate 2002–03 **\$2,737.0m**

Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 240 non-directorate posts as at 31 March 2002 reducing by 40 posts to 200 posts at 31 March 2003 **\$69.0m**

In addition there will be one directorate post at 31 March 2002 and at 31 March 2003.

Controlling Officer's Report

Programmes

Student Assistance Scheme

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

Detail

| | 2000–01 (Actual) | 2001–02 (Approved) | 2001–02 (Revised) | 2002–03 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------|
| Financial provision (\$m) | 2,074.7 | 2,308.5 (+11.3%) | 2,339.4 (+1.3%) | 2,737.0 (+17.0%) |

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 Scholarship Fund. Financial assistance mainly takes the form of:

- means-tested grants and loans† under the Local Student Finance Scheme for eligible full-time students of publicly-funded institutions, i.e. University Grants Committee (UGC) - 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 at 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 accredited, self-financing post-secondary education programmes;
- means-tested grants and loans† under the Student Finance Assistance Scheme for eligible full-time students of the Hong Kong Shue Yan College (HKSYP);
- non-means tested loans† for eligible students of publicly-funded institutions, the Open University of Hong Kong, the HKSYP, accredited post-secondary institutions and persons pursuing continuing and professional education courses provided in Hong Kong by registered schools, non-local universities and professional and recognised training bodies;
- allowances under the Travel Subsidy Schemes for needy primary students aged below 12 who attend public sector schools outside their residing Primary One Admission Net, and students aged 12 and above who have not completed their first degree, provided that these students are living beyond ten minutes' walking distance from their schools;
- fee remission under the Senior Secondary Fee Remission Scheme§ for needy senior secondary students (Secondary 4–7) in public sector schools and the Examination Fee Remission Scheme for needy Secondary 5 and Secondary 7 students taking public examinations conducted by the Hong Kong Examinations 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; and
- fee remission under the Kindergarten Fee Remission Scheme for needy kindergarten pupils.

† 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 here as it is deducted from the revenue in respect of school fees collected by aided schools, or by the Education Department in case of government schools.

4 The key performance measures in respect of the student financial assistance schemes promulgated in the Agency's performance pledge are:

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Targets

| | Target Processing Time for Applications (months) | Academic Year | | |
|---|--|---------------------|-----------------------|-------------------|
| | | 2000/01 (Actual) | 2001/02 (Estimate) | 2002/03 (Plan) |
| Local Student Finance Scheme | | | | |
| current students | 2 | 2 | 2 | 2 |
| new students..... | 2 | 2 | 2 | 2 |
| review of financial assistance | 3 | 3 | 2½ | 2½ |
| Financial Assistance Scheme for Post-secondary Students (introduced in the 2001/02 academic year) | | | | |
| current students | 2 | — | — | 2 |
| new students..... | 2 | — | 2 | 2 |
| review of financial assistance | 2½ | — | 2½ | 2½ |
| Non-means Tested Loan Scheme..... | 3@ | 3@ | 3@ | 3@ |
| Student Finance Assistance Scheme | | | | |
| current students | 4 | 4 | 4 | 4 |
| new students..... | 3 | 3 | 3 | 3 |
| Student Travel Subsidy Scheme | | | | |
| secondary/primary students..... | 4 | 4 | 4 | 4 |
| tertiary students..... | 3 | 3 | 3 | 3 |
| Travel Subsidy Scheme for Primary School Pupils | 4 | 4 | 4 | 4 |
| Senior Secondary Fee Remission Scheme .. | 2 | 2 | 2 | 2 |
| School Textbook Assistance Scheme..... | 4 | 4 | 4 | 4 |
| Kindergarten Fee Remission Scheme | 2 | 2 | 2 | 2 |

@ Target processing time in weeks.

Indicators

| | Academic Year | | |
|--|---------------------|----------------------------------|-----------------------|
| | 2000/01 (Actual) | 2001/02 (Revised Estimate) | 2002/03 (Estimate) |
| Local Student Finance Scheme | | | |
| no. of applications | 41 194 | 39 861 | 39 504 |
| funds disbursed (\$m) (including grants and loans†) | 1,438.5 | 1,462.7 | 1,484.0 |
| no. of applications/post | 241 | 234 | 232 |
| Financial Assistance Scheme for Post-secondary Students | | | |
| no. of applications | — | 4 160 | 6 739 |
| funds disbursed (\$m) (including grants and loans†) | — | 80.4 | 133.2 |
| no. of applications/post | — | 154 | 270 |
| Non-means Tested Loan Scheme | | | |
| no. of applications | 16 679 | 19 474 | 20 607 |
| funds disbursed (\$m) (loans†)..... | 306.3 | 416.9 | 465.2 |
| no. of applications/post | 397 | 443 | 491 |
| Student Finance Assistance Scheme | | | |
| no. of applications | 1 186 | 670 | 458 |
| funds disbursed (\$m) (including grants and loans†) | 25.5 | 15.8 | 10.7 |
| no. of applications/post | 1 186 | 670 | 458 |
| Student Travel Subsidy Scheme | | | |
| no. of applications | 218 520 | 226 288 | 239 832 |
| funds disbursed (\$m)..... | 357.1 | 392.1 | 456.6 |
| no. of applications/post | 8 405 | 8 703 | 9 224 |
| Travel Subsidy Scheme for Primary School Pupils | | | |
| no. of applications | 30 260 | 36 399 | 51 802 |
| funds disbursed (\$m)..... | 31.0 | 38.9 | 55.4 |
| no. of applications/post | 15 130 | 18 200 | 25 901 |
| Senior Secondary Fee Remission & Examination Fee Remission Schemes | | | |
| no. of applications | 113 962 | 114 495 | 120 860 |
| funds remitted (\$m)..... | 365.4 | 369.5 | 400.4 |
| no. of applications/post | 5 698 | 6 735 | 7 109 |

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| | <i>Academic Year</i> | | |
|--|----------------------|----------------------------------|-----------------------|
| | 2000/01 (Actual) | 2001/02 (Revised Estimate) | 2002/03 (Estimate) |
| School Textbook Assistance Scheme | | | |
| no. of applications | 373 731 | 389 929 | 446 075 |
| funds disbursed (\$m) | 426.5 | 486.0 | 606.7 |
| no. of applications/post | 26 695 | 27 852 | 29 738 |
| Kindergarten Fee Remission Scheme | | | |
| no. of applications | 70 794 | 71 142 | 67 397 |
| funds disbursed (\$m) | 372.5 | 394.4 | 581.5 |
| no. of applications/post | 1 863 | 1 872 | 1 774 |
| Scholarships, Merit Awards and related Schemes | | | |
| no. of applications | 20 697 | 20 524 | 21 015 |
| no. of scholarships, grants and awards granted | 11 944 | 11 936 | 12 113 |
| amount of scholarships, grants and awards disbursed (\$m)# | 48.8 | 50.7 | 52.6 |
| no. of applications/post | 1 089 | 1 207 | 1 313 |

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

Most of the funds disbursed are under the control of the donors or their trustees.

5 In the 2000/01 academic year, the overall number of applications registered an increase of 6% over the previous academic year. Although the number of applications received exceeded 887 000, the Agency was generally able to process all applications with complete information within the time-frame as pledged. To support needy students in pursuit of accredited self-financing post-secondary education, a new means-tested student financial assistance scheme, namely the Financial Assistance Scheme for Post-secondary Students, was introduced in the 2001/02 academic year to provide grants or loans to meet tuition fee payments. In addition, the ambit of the Non-means Tested Loans Scheme was expanded to provide loans to these post-secondary students to meet basic living expenses during the course of their studies.

Matters Requiring Special Attention in 2002–03

6 During 2002–03, the Agency will:

- standardise the means-test for student financial assistance schemes at all levels of study;
- advance the notification of application results and the disbursement of payments to needy primary and secondary students;
- take over from schools the responsibility of vetting applications for student financial assistance at the primary and secondary education levels;
- enhance the fee assistance level for eligible kindergarten students by introducing a new level of 75% fee remission under the Kindergarten Fee Remission Scheme;
- examine the scope for out-sourcing the Non-means Tested Loan Scheme; and
- review the fixed annual interest rate charge for the various means-tested loans.

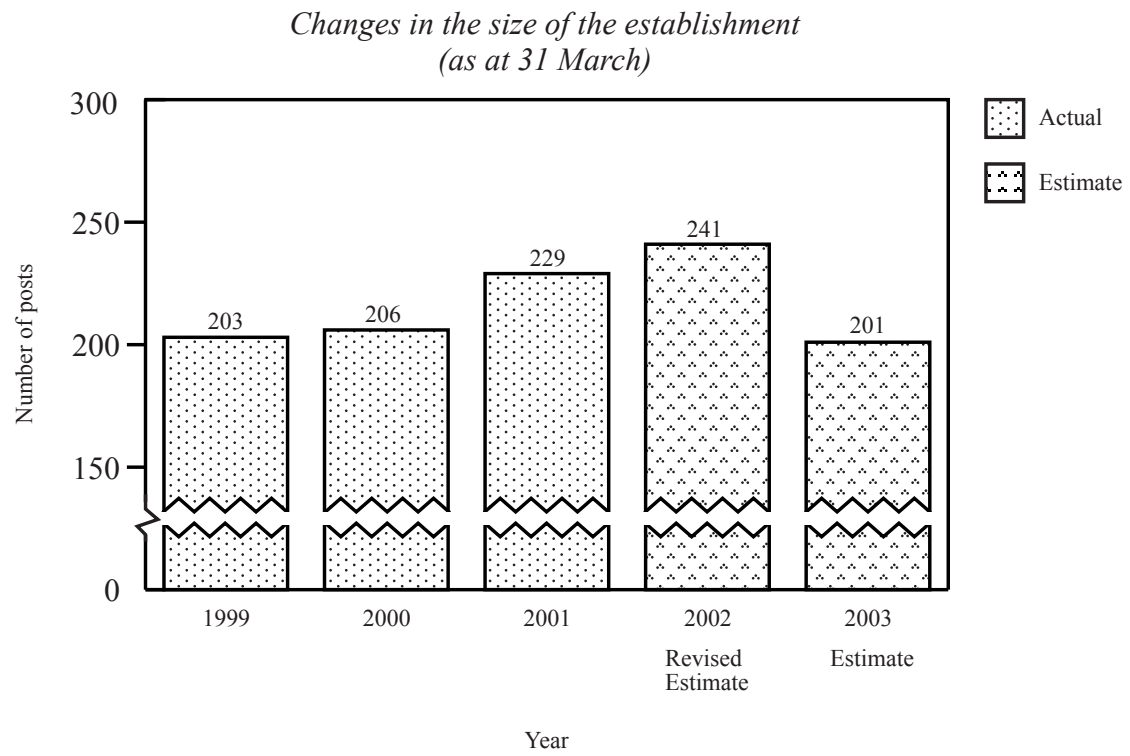
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ANALYSIS OF FINANCIAL PROVISION

| Programme | 2000-01 (Actual) (\$m) | 2001-02 (Approved) (\$m) | 2001-02 (Revised) (\$m) | 2002-03 (Estimate) (\$m) |
|--------------------------------|------------------------------|--------------------------------|-------------------------------|--------------------------------|
| Student Assistance Scheme..... | 2,074.7 | 2,308.5 (+11.3%) | 2,339.4 (+1.3%) | 2,737.0 (+17.0%) |

Analysis of Financial and Staffing Provision

Provision for 2002-03 is \$397.6 million (17.0%) higher than the revised estimate for 2001-02. This is mainly due to the enhancement of financial assistance upon the adoption of a standardised means test for assessing eligibility for and level of financial assistance under the various student financial assistance schemes and the introduction of a new 75% fee remission level under the Kindergarten Fee Remission Scheme, as well as an expected increase in the demand for financial assistance under the Financial Assistance Scheme for Post-secondary Students with the on-going expansion of post-secondary education opportunities.



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| Sub-head (Code) | | Actual expenditure 2000-01 | Approved estimate 2001-02 | Revised estimate 2001-02 | Estimate 2002-03 |
|-----------------------------|--|----------------------------------|---------------------------------|--------------------------------|---------------------|
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Recurrent Account | | | | | |
| I — Personal Emoluments | | | | | |
| 001 | Salaries | 68,526 | 70,461 | 72,677 | 78,162 |
| 002 | Allowances | 1,290 | 1,594 | 2,043 | 1,990 |
| | Total, Personal Emoluments | 69,816 | 72,055 | 74,720 | 80,152 |
| III — Departmental Expenses | | | | | |
| 149 | General departmental expenses | 24,131 | 30,325 | 30,146 | 44,557 |
| | Total, Departmental Expenses | 24,131 | 30,325 | 30,146 | 44,557 |
| IV — Other Charges | | | | | |
| 151 | Remission of examination fees | 11,215 | 9,568 | 12,807 | 16,302* |
| 152 | Scholarships, bursaries and maintenance grants | 13,086 | 14,540 | 10,926 | 10,306* |
| 153 | Textbooks and stationery grants | 426,224 | 458,021 | 486,021 | 606,662* |
| 155 | Travel subsidy for primary school pupils | 30,997 | 34,945 | 38,945 | 55,364* |
| 156 | Kindergartens-fee assistance | 366,578 | 422,959 | 394,671 | 535,227* |
| 213 | Means-tested grant for post-secondary students | — | — | 28,437 | 47,202* |
| 274 | Student finance-grants | 777,204 | 870,623 | 870,623 | 884,671* |
| 275 | Student travel scheme | 354,098 | 395,472 | 392,061 | 456,600* |
| | Total, Other Charges | 1,979,402 | 2,206,128 | 2,234,491 | 2,612,334 |
| | Total, Recurrent Account | 2,073,349 | 2,308,508 | 2,339,357 | 2,737,043 |
| Capital Account | | | | | |
| II — Other Non-Recurrent | | | | | |
| | General other non-recurrent | 1,332 | — | — | — |
| | Total, Other Non-Recurrent | 1,332 | — | — | — |
| | Total, Capital Account | 1,332 | — | — | — |
| | Total Expenditure | 2,074,681 | 2,308,508 | 2,339,357 | 2,737,043 |

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Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Student Financial Assistance Agency is \$2,737,043,000. This represents an increase of \$397,686,000 over the revised estimate for 2001–02 and of \$662,362,000 over actual expenditure in 2000–01.

Recurrent Account

Personal Emoluments

2 Provision of \$80,152,000 for personal emoluments represents an increase of \$5,432,000 over the revised estimate for 2001–02.

3 The establishment at 31 March 2002 will be 241 posts. It is expected that 40 posts will be deleted in 2002–03.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$69,035,000.

5 Provision of \$1,990,000 under *Subhead 002 Allowances* is for standard allowances.

Departmental Expenses

6 Provision of \$44,557,000 under *Subhead 149 General departmental expenses* represents an increase of \$14,411,000 (47.8%) over the revised estimates for 2001–02. This is mainly due to additional requirements for the hire of temporary staff and operating expenses arising from the Agency taking over from primary and secondary schools the responsibility for vetting applications for student financial assistance with effect from the 2002/03 school year, and hire of temporary staff following the redeployment of staff resources to step up authentication checks on applications.

Other Charges

7 Provision of \$16,302,000 under *Subhead 151 Remission of examination fees* is to provide financial assistance to full school fee remission recipients taking public examinations conducted by the Hong Kong Examinations Authority. The amount remitted varies with the type of examination and the number of subjects taken. The increase of \$3,495,000 (27.3%) over the revised estimate for 2001–02 is mainly due to a projected increase in the number of students eligible for examination fee remission following the adoption of an improved means test mechanism in the 2002/03 school year.

8 Provision of \$10,306,000 under *Subhead 152 Scholarships, bursaries and maintenance grants* is for the payment of inducement grants to mature students of the one-year full-time technical teachers' course in the Hong Kong Institute of Education, maintenance grants to students on Hong Kong Advanced Level courses, grants to students at Hong Kong Shue Yan College under the Student Finance Assistance Scheme, scholarships to pupils at the Sir Ellis Kadoorie School and merit awards to pupils in private schools. The decrease of \$620,000 (5.7%) against the revised estimate for 2001–02 is due to a lower requirement for grants under the Student Finance Assistance Scheme which is being phased out with the introduction of the Financial Assistance Scheme for Post-secondary Students.

9 Provision of \$606,662,000 under *Subhead 153 Textbooks and stationery grants* is for the payment of grants to eligible students in public sector primary and secondary schools, and local private schools under the Direct Subsidy Scheme to cover costs of essential textbooks and miscellaneous school-related expenses. The increase of \$120,641,000 (24.8%) over the revised estimate for 2001–02 is mainly due to an expected increase in the number of successful applications arising from the adoption of an improved means test mechanism in the 2002/03 school year.

10 Provision of \$55,364,000 under *Subhead 155 Travel subsidy for primary school pupils* is for the payment of travel allowance to needy public sector primary school pupils aged below 12 who attend schools outside their residing Primary One Admission Net and who live beyond ten minutes' walking distance from their schools. The increase of \$16,419,000 (42.2%) over the revised estimate for 2001–02 is mainly due to an expected increase in the number of successful applications arising from the adoption of an improved means test mechanism in the 2002/03 school year.

11 Provision of \$535,227,000 under *Subhead 156 Kindergartens-fee assistance* is for fee assistance to needy children attending kindergartens. The increase of \$140,556,000 (35.6%) over the revised estimate for 2001–02 is mainly due to expected higher levels of assistance for eligible applicants and a greater number of successful applications due to the introduction of a new 75% fee remission level and the adoption of an improved means test mechanism in the 2002/03 school year.

12 Provision of \$47,202,000 under *Subhead 213 Means-tested grant for post-secondary students* is for the payment of grants under the Financial Assistance Scheme for Post-secondary Students which provides financial assistance to eligible full-time students pursuing accredited, self-financing post-secondary education programmes. The increase of \$18,765,000 (66.0%) over the revised estimate for 2001–02 is mainly due to an expected increase in the number of successful applications arising from the on-going expansion in the number of student places in the 2002/03 academic year.

13 Provision of \$884,671,000 under *Subhead 274 Student finance-grants* is for the payment of means-tested grants under the Local Student Finance Scheme which provides financial assistance to eligible full-time students of the eight UGC-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 at the Prince Philip Dental Hospital.

14 Provision of \$456,600,000 under *Subhead 275 Student travel scheme* is for the payment of travel allowance to

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full-time students aged 12 or above who have not yet completed their first degree and who live beyond ten minutes' walking distance from their places of study. The increase of \$64,539,000 (16.5%) over the revised estimate for 2001–02 is mainly due to an expected increase in the number of successful applications arising from the adoption of an improved means test mechanism in the 2002/03 school year.