

## Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

<b>Controlling officer:</b> the Controller, Student Financial Assistance Agency will account for expenditure under this Head.	
<b>Estimate 2004–05</b> .....	<b>\$3,748.6m</b>
<b>Establishment ceiling 2004–05</b> (notional annual mid-point salary value) representing an estimated 197 non-directorate posts as at 31 March 2004 reducing by three posts to 194 posts as at 31 March 2005 .....	<b>\$64.2m</b>
In addition there will be one directorate post as at 31 March 2004 and as at 31 March 2005.	
<b>Commitment balance</b> .....	<b>\$4,820.1m</b>

### Controlling Officer's Report

#### Programme

##### Student Assistance Scheme

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

#### Detail

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	<b>2004–05 (Estimate)</b>
Financial provision (\$m)	2,499.9	3,810.7	2,828.9 (–25.8%)	<b>3,748.6</b> (+32.5%)
				(or –1.6% on 2003–04 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 Local Student Finance Scheme 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 Prince Philip Dental Hospital (as relates to the Dental Technology Course);
- 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 registered in the 2000/01 academic year or before at the Hong Kong Shue Yan College (HKSYC);
- non-means tested loans† for eligible students of publicly-funded institutions, the Open University of Hong Kong, the HKSYC, 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 needy 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 and meeting other criteria of the schemes;
- fee remission under the Senior Secondary Fee Remission Scheme§ for 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 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 Fee Remission Scheme for needy kindergarten pupils; and
- tuition fee reimbursement under the Continuing Education Fund for eligible persons pursuing continuing education and training in specified sectors.

† 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 and Manpower Bureau 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.

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

### *Targets*

	Target Processing Time for Applications (Months)	<i>Academic Year</i>		
		2002/03 (Actual)	2003/04 (Revised Estimate)	<b>2004/05 (Estimate)</b>
<b>Local Student Finance Scheme</b>				
current students.....	2	2	2	<b>2</b>
new students.....	2	2	2	<b>2</b>
review of financial assistance.....	2½	2½	2½	<b>2½</b>
<b>Financial Assistance Scheme for Post-secondary Students</b>				
current students.....	2	2	2	<b>2</b>
new students.....	2	2	2	<b>2</b>
review of financial assistance.....	2½	2½	2½	<b>2½</b>
Non-means Tested Loan Scheme.....	3@	3@	3@	<b>3@</b>
Student Finance Assistance Scheme.....	4	4	4	<b>4</b>
Kindergarten Fee Remission Scheme.....	2	2	2	<b>2</b>
Continuing Education Fund.....	2@	2@	2@	<b>2@</b>
Financial assistance for primary and secondary school studentsφ.....	3	3	3	<b>3</b>

@ Target processing time in weeks.

φ Financial assistance for primary and secondary school students include the Student Travel Subsidy Scheme, Travel Subsidy Scheme for Primary School Pupils, Senior Secondary Fee Remission Scheme and School Textbook Assistance Scheme.

### *Indicators*

	<i>Academic Year</i>		
	2002/03 (Actual)	2003/04 (Revised Estimate)	<b>2004/05 (Estimate)</b>
<b>Local Student Finance Scheme</b>			
no. of applications.....	41 213	44 906	<b>49 564</b>
funds disbursed (\$m) (including grants and loans†).....	1,405.2	1,574.0	<b>1,757.3</b>
no. of applications/post.....	277	299	<b>324</b>
<b>Financial Assistance Scheme for Post-secondary Students</b>			
no. of applications.....	6 194	8 144	<b>13 569</b>
funds disbursed (\$m) (including grants and loans†).....	102.3	166.3	<b>313.4</b>
no. of applications/post.....	206	226	<b>271</b>
<b>Non-means Tested Loan Scheme</b>			
no. of applications.....	31 702	39 500	<b>44 760</b>
funds disbursed (\$m) (loans†).....	800.2	1,064.7	<b>1,210.0</b>
no. of applications/post.....	473	541	<b>581</b>
<b>Student Finance Assistance SchemeΩ</b>			
no. of applications.....	602	357	<b>31</b>
funds disbursed (\$m) (including grants and loans†).....	10.2	6.1	<b>0.6</b>
no. of applications/post.....	602	357	<b>31</b>

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	<i>Academic Year</i>		
	2002/03 (Actual)	2003/04 (Revised Estimate)	<b>2004/05 (Estimate)</b>
<b>Kindergarten Fee Remission Scheme</b>			
no. of applications .....	66 916	63 088	<b>64 617</b>
funds disbursed (\$m) .....	512.1	490.5	<b>524.5</b>
no. of applications/post .....	2 159	2 253	<b>2 308</b>
<b>Scholarships, Merit Awards and related Schemes</b>			
no. of applications .....	19 758	17 111	<b>17 590</b>
no. of scholarships, grants and awards granted .....	9 968	9 698	<b>9 973</b>
amount of scholarships, grants and awards disbursed (\$m)# .....	45.7	47.9	<b>48.2</b>
no. of applications/post .....	1 162	1 222	<b>1 256</b>
<b>Continuing Education Fund (set up in June 2002)^</b>			
no. of applications .....	31 865	61 456	<b>81 912</b>
funds disbursed (\$m) .....	17.4	225.8	<b>715.0</b>
no. of applications/post .....	910	1 756	<b>1 820</b>
<b>Financial assistance for primary and secondary school students</b>			
total no. of family-based applications.....	294 276	299 404	<b>305 392</b>
total no. of eligibility certificates issued.....	475 672	436 964	<b>524 051</b>
total no. of applications/post .....	3 462	3 522	<b>3 593</b>
<b>Student Travel Subsidy Scheme</b>			
no. of eligible applications .....	212 766	221 739	<b>232 309</b>
funds disbursed (\$m) .....	396.7	354.3	<b>399.7</b>
<b>Travel Subsidy Scheme for Primary School Pupils</b>			
no. of eligible applications .....	31 315	34 310	<b>35 194</b>
funds disbursed (\$m) .....	42.1	37.0	<b>38.0</b>
<b>Senior Secondary Fee Remission Scheme</b>			
no. of eligible applications .....	97 115	102 661	<b>107 204</b>
fees remitted (\$m) .....	375.5	402.2	<b>426.1</b>
<b>Examination Fee Remission Scheme</b>			
no. of eligible applications .....	12 277	13 343	<b>15 062</b>
funds disbursed (\$m) .....	12.7	13.9	<b>15.6</b>
<b>School Textbook Assistance Scheme</b>			
no. of eligible applications .....	386 019	409 792	<b>432 102</b>
funds disbursed (\$m) .....	505.2	544.7	<b>591.3</b>

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

Ω The Student Finance Assistance Scheme is being phased out. Only a small number of 4th year students of HKSYP will remain eligible for assistance under the scheme in the 2004/05 academic year.

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

^ The Fund is open to applications throughout the year. For estimates purpose, end May is used as the cut-off date for the academic year.

**5** In the 2002/03 academic year, the overall number of applications registered a further increase over the previous academic year. Over 971 000 applications were received for processing under the various student financial assistance schemes. Despite the large volume of applications received, the Agency was generally able to process all applications with complete information within the time frame as pledged.

### ***Matters Requiring Special Attention in 2004–05***

**6** During 2004–05, the Agency will review the appropriate level of financial assistance for needy sub-degree students pursuing self-financing accredited post-secondary programmes.

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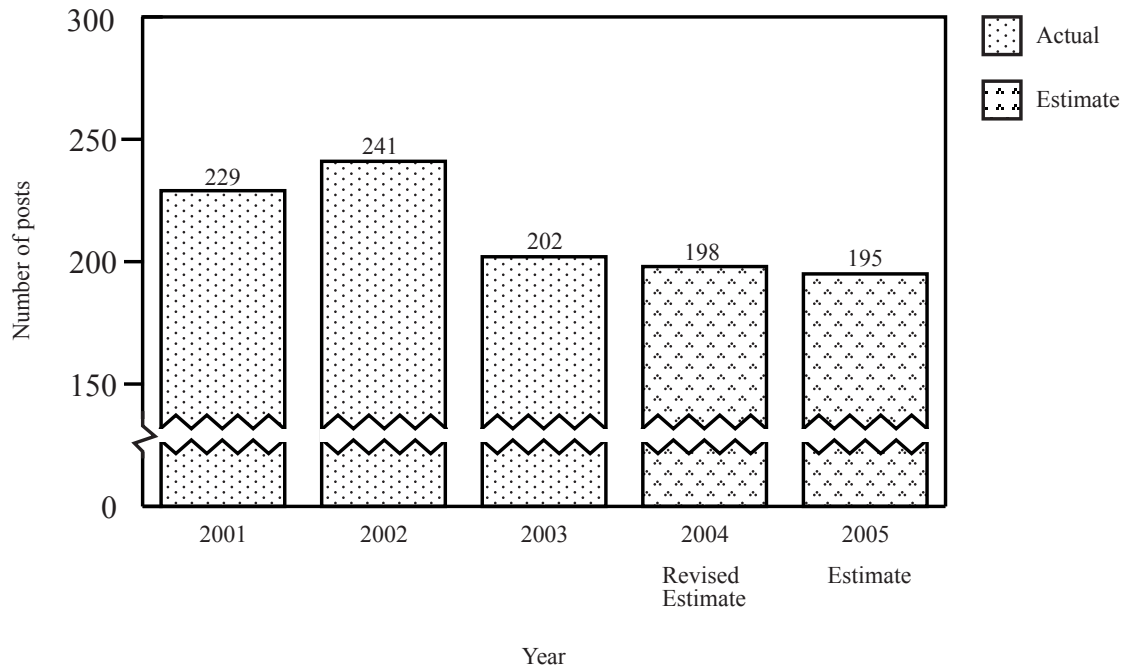
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2002-03 (Actual) (\$m)	2003-04 (Original) (\$m)	2003-04 (Revised) (\$m)	<b>2004-05 (Estimate) (\$m)</b>
Student Assistance Scheme.....	2,499.9	3,810.7	2,828.9 (-25.8%)	<b>3,748.6 (+32.5%)</b>
				<b>(or -1.6% on 2003-04 Original)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2004-05 is \$919.7 million (32.5%) higher than the revised estimate for 2003-04. This is mainly due to an expected increase in the demand for financial assistance under the Financial Assistance Scheme for Post-secondary Students arising from the on-going expansion of post-secondary education opportunities, an anticipated increase in payments for reimbursement of course fees under the Continuing Education Fund, and an expected increase in the number of successful applications and in the average levels of assistance under the various student financial assistance schemes.

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



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Sub-head (Code)	Actual expenditure 2002-03	Approved estimate 2003-04	Revised estimate 2003-04	<b>Estimate 2004-05</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	—	129,246	128,121	<b>132,663</b>
228	Student financial assistance .....	—	2,670,058	2,536,020	<b>2,889,201*</b>
	Salaries .....	73,837	—	—	—
	Allowances .....	1,339	—	—	—
	General departmental expenses .....	49,338	—	—	—
	Remission of examination fees .....	46	—	—	—
	Scholarships, bursaries and maintenance grants .....	9,533	—	—	—
	Textbooks and stationery grants .....	495,425	—	—	—
	Travel subsidy for primary school pupils .....	41,103	—	—	—
	Kindergartens - fee assistance .....	477,388	—	—	—
	Means-tested grant for post-secondary students .....	56,514	—	—	—
	Student finance - grants .....	889,874	—	—	—
	Student travel scheme.....	389,147	—	—	—
	Total, Recurrent .....	<u>2,483,544</u>	<u>2,799,304</u>	<u>2,664,141</u>	<u><b>3,021,864</b></u>
Non-Recurrent					
700	General non-recurrent.....	16,342	1,011,350	164,805	<b>726,722</b>
	Total, Non-Recurrent .....	<u>16,342</u>	<u>1,011,350</u>	<u>164,805</u>	<u><b>726,722</b></u>
	Total, Operating Account.....	<u>2,499,886</u>	<u>3,810,654</u>	<u>2,828,946</u>	<u><b>3,748,586</b></u>
Total Expenditure.....					
		<u><u>2,499,886</u></u>	<u><u>3,810,654</u></u>	<u><u>2,828,946</u></u>	<u><u><b>3,748,586</b></u></u>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the Student Financial Assistance Agency is \$3,748,586,000. This represents an increase of \$919,640,000 over the revised estimate for 2003–04 and of \$1,248,700,000 over actual expenditure in 2002–03.

#### *Operating Account*

#### Recurrent

**2** Provision of \$132,663,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Student Financial Assistance Agency.

**3** The establishment as at 31 March 2004 will be 198 permanent posts. It is expected that three posts will be deleted in 2004–05. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2004–05, but the notional annual mid-point salary value of all such posts must not exceed \$64,206,000.

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

	2002–03 (Actual) (\$'000)	2003–04 (Original) (\$'000)	2003–04 (Revised) (\$'000)	2004–05 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	73,837	73,290	71,038	<b>70,456</b>
- Allowances.....	1,339	2,082	1,564	<b>1,564</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	33	26	<b>35</b>
Departmental Expenses				
- General departmental expenses.....	49,338	53,841	55,493	<b>60,608</b>
	124,514	129,246	128,121	<b>132,663</b>

**5** Provision of \$2,889,201,000 under *Subhead 228 Student financial assistance* is for the payment of financial assistance under various schemes to students of 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 \$353,181,000 (13.9%) over the revised estimate for 2003–04 is mainly due to expected increase in the demand for financial assistance under the Financial Assistance Scheme for Post-secondary Students arising from the on-going expansion of post-secondary education opportunities and projected increases in the number of successful applicants and in the average levels of assistance under the various student financial assistance schemes.

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**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2003	Revised estimated expenditure for 2003-04	Balance
			<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund.....	5,000,000	15,982	164,265	4,819,753
	509	Survey on student travel patterns and expenditure .....	1,200	360	540	300
		Total.....	<u>5,001,200</u>	<u>16,342</u>	<u>164,805</u>	<u>4,820,053</u>