

## Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

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

**Estimate 2006–07** ..... **\$3,850.3m**

**Establishment ceiling 2006–07** (notional annual mid-point salary value) representing an estimated 197 non-directorate posts as at 31 March 2006 and as at 31 March 2007 ..... **\$62.0m**

In addition, there will be one directorate post at 31 March 2006 and at 31 March 2007.

**Commitment balance** ..... **\$4,181.9m**

### 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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	<b>2006–07 (Estimate)</b>
Financial provision $\Delta$ (\$m)	3,219.1	4,072.2	3,470.5 (–14.8%)	<b>3,850.3</b> (+10.9%)
				(or –5.4% on 2005–06 Original)

$\Delta$  In the 2005/06 academic year, the Agency has implemented the expansion of the former Kindergarten Fee Remission Scheme (which is renamed as Kindergarten and Child Care Centre Fee Remission Scheme) 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. For comparison purpose, provisions for the CCCFAS in 2004–05 and 2005–06 under Head 170—Social Welfare Department are also reflected here.

#### 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;
- 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 College and the Open University of Hong Kong, and continuing and professional education courses provided in Hong Kong by registered schools, non-local universities and professional 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;

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- 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 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;
- fee remission under the Kindergarten and Child Care Centre Fee Remission Scheme (renamed from the former Kindergarten 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 the Project Yi Jin; and
- tuition fee reimbursement under the Financial Assistance Scheme for Designated Evening Adult Education Courses for eligible students attending designated evening senior 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 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.

¶ 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 and Manpower Bureau *Subhead 700 General non-recurrent* Item 027 Project Yi Jin.

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 <sup>Ψ</sup>	<i>Academic Year</i>		
		2004/05 (Actual)	2005/06 (Revised Estimate)	<b>2006/07 (Estimate)</b>
Local Student Finance Scheme				
application for financial assistance ....	60 days	98%	98%	<b>98%</b>
application for review of financial assistance .....	70 days	100%	100%	<b>100%</b>
Financial Assistance Scheme for Post-secondary Students				
application for financial assistance ....	60 days	99%	99%	<b>99%</b>
application for review of financial assistance .....	70 days	100%	100%	<b>100%</b>
Non-means Tested Loan Scheme.....	21 days	92%	92%	<b>92%</b>
Kindergarten and Child Care Centre Fee Remission Scheme.....	2 months	99.9%	99.9%	<b>99.9%</b>
Continuing Education Fund .....	2 weeks	98%	98%	<b>98%</b>
Financial assistance for primary and secondary school students (eligibility assessment)φ.....	3 months	100%	99.5%	<b>100%</b>

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

φ Financial assistance for primary and secondary school students include 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.

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### Indicators

	<i>Academic Year</i>		
	2004/05 (Actual)	2005/06 (Revised Estimate)	2006/07 (Estimate)
Local Student Finance Scheme			
no. of applications .....	42 451	40 084	<b>39 181</b>
funds disbursed (\$m) (including grants and loans)#.....	1,406.7	1,376.9	<b>1,353.4</b>
no. of applications/post.....	274	267	<b>253</b>
Financial Assistance Scheme for Post-secondary Students			
no. of applications .....	12 661	17 207	<b>21 268</b>
funds disbursed (\$m) (including grants and loans)#.....	228.7	337.2	<b>441.8</b>
no. of applications/post.....	258	287	<b>287</b>
Non-means Tested Loan Scheme			
no. of applications .....	45 981	47 748	<b>52 490</b>
funds disbursed (\$m) (loans)#.....	1,186.9	1,483.9	<b>1,682.8</b>
no. of applications/post.....	554	513	<b>469</b>
Student Finance Assistance Scheme $\Omega$			
no. of applications .....	15	—	—
funds disbursed (\$m) (including grants and loans)#.....	0.3	—	—
no. of applications/post.....	15	—	—
Kindergarten and Child Care Centre Fee Remission Scheme $\alpha$			
no. of applications .....	58 367	65 545	<b>68 935</b>
funds disbursed (\$m) .....	484.9	617.7	<b>716.1</b>
no. of applications/post.....	1 621	1 821	<b>1 814</b>
Scholarships, Merit Awards and related Schemes			
no. of applications .....	15 386	18 261	<b>18 477</b>
no. of scholarships, grants and awards granted .....	7 863	13 276	<b>13 786</b>
amount of scholarships, grants and awards disbursed (\$m) $\Delta$ .....	31.4	33.9	<b>34.0</b>
no. of applications/post.....	962	1 217	<b>1 155</b>
Continuing Education Fund $\wedge$			
no. of applications .....	95 473	104 312	<b>115 741</b>
funds disbursed (\$m) .....	280.6	409.3	<b>490.2</b>
no. of applications/post.....	2 448	2 484	<b>2 463</b>
Financial assistance for primary and secondary school students			
no. of family-based applications.....	271 385	271 385	<b>271 385</b>
no. of eligibility certificates issued.....	422 404	421 949	<b>421 949</b>
no. of applications/post.....	2 402	2 104	<b>1 967</b>
Senior Secondary Fee Remission Scheme			
no. of eligible applications.....	97 308	99 240	<b>100 572</b>
fees remitted (\$m).....	389.0	423.8	<b>437.4</b>
Examination Fee Remission Scheme			
no. of eligible applications.....	14 511	14 800	<b>17 245</b>
funds disbursed (\$m) .....	14.5	15.6	<b>19.0</b>
School Textbook Assistance Scheme			
no. of eligible applications.....	362 561	356 230	<b>349 841</b>
funds disbursed (\$m) .....	486.7	496.1	<b>499.3</b>
Project Yi Jin $\phi$			
no. of applications .....	6 043	5 448	<b>5 448</b>
funds disbursed (\$m) .....	51.7	48.4	<b>48.4</b>
no. of applications/post.....	3 022	2 724	<b>2 724</b>
Financial Assistance Scheme for Designated Evening Adult Education Courses $\phi$ @			
no. of applications .....	—	3 600	<b>3 600</b>
funds disbursed (\$m) .....	—	12	<b>12</b>
no. of applications/post.....	—	1 200	<b>1 200</b>
Student Travel Subsidy Scheme			
no. of eligible applications.....	279 185	277 183	<b>279 813</b>
funds disbursed (\$m) .....	401.3	418.4	<b>426.8</b>

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

$\Omega$  The Student Finance Assistance Scheme (SFAS) was replaced by the Financial Assistance Scheme for Post-secondary Students and was no longer available to new students of HKSYP from the 2001/02 academic year onwards. There is no eligible applicant for SFAS in the 2005/06 academic year.

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- α In the 2005/06 academic year, the Agency has implemented the expansion of the former Kindergarten Fee Remission Scheme (which is renamed as Kindergarten and Child Care Centre Fee Remission Scheme) 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 will be processed by the Social Welfare Department.
- Δ 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.
- φ New indicators as from the 2006–07 Estimates.
- @ The Financial Assistance Scheme for Designated Evening Adult Education Courses was approved by the Legislative Council Finance Committee in May 2005 and introduced in the 2005/06 academic year. Since tuition fees are disbursed on a reimbursement basis, disbursement for courses attended in the 2005/06 academic year will be effected in 2006–07.

5 In the 2004/05 academic year, the overall number of applications registered a further increase over the previous academic year. Over 1 049 000 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 2006–07*

6 During 2006–07, the Agency will review the level of financial assistance for needy sub-degree students pursuing self-financing accredited post-secondary programmes.

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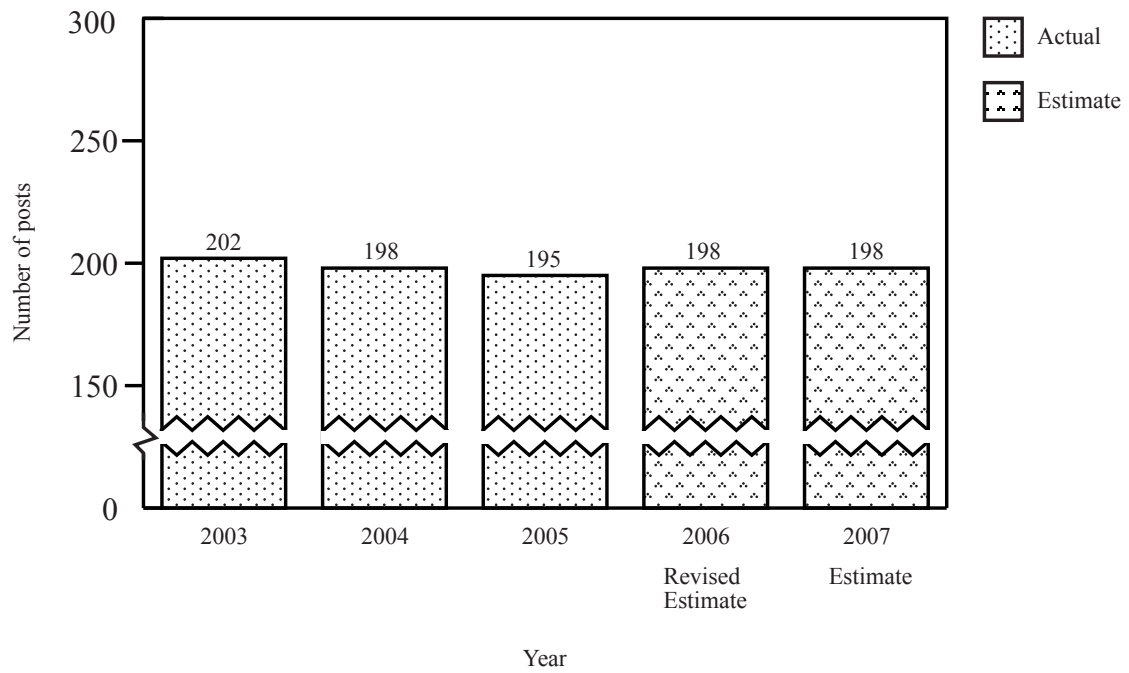
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	<b>2004–05 (Actual) (\$m)</b>	<b>2005–06 (Original) (\$m)</b>	<b>2005–06 (Revised) (\$m)</b>	<b>2006–07 (Estimate) (\$m)</b>
Student Assistance Scheme.....	3,219.1	4,072.2	3,470.5 (–14.8%)	<b>3,850.3</b> <b>(+10.9%)</b>
				<b>(or –5.4% on 2005–06 Original)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2006–07 is \$379.8 million (10.9%) higher than the revised estimate for 2005–06. 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 and an anticipated increase in payments for reimbursement of course fees under the Continuing Education Fund.

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



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Sub-head (Code)	Actual expenditure 2004-05	Approved estimate 2005-06	Revised estimate 2005-06	<b>Estimate 2006-07</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	124,316	138,802	135,722	<b>166,920</b>
228	Student financial assistance .....	2,466,966	2,794,366	2,601,193	<b>3,170,026</b>
	Total, Recurrent.....	<u>2,591,282</u>	<u>2,933,168</u>	<u>2,736,915</u>	<b><u>3,336,946</u></b>
Non-Recurrent					
700	General non-recurrent.....	289,687	789,612	421,535	<b>513,334</b>
	Total, Non-Recurrent.....	<u>289,687</u>	<u>789,612</u>	<u>421,535</u>	<b><u>513,334</u></b>
	Total, Operating Account .....	2,880,969	3,722,780	3,158,450	<b>3,850,280</b>
<hr/>					
	Total Expenditure .....	<u><u>2,880,969</u></u>	<u><u>3,722,780</u></u>	<u><u>3,158,450</u></u>	<b><u><u>3,850,280</u></u></b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 for the salaries and expenses of the Student Financial Assistance Agency is \$3,850,280,000. This represents an increase of \$691,830,000 over the revised estimate for 2005–06 and of \$969,311,000 over actual expenditure in 2004–05.

#### *Operating Account*

#### Recurrent

**2** Provision of \$166,920,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Student Financial Assistance Agency. The increase of \$31,198,000 (23.0%) over the revised estimate for 2005–06 is mainly due to increased provision for temporary staff and other departmental expenses to cater for the expansion of the former Kindergarten Fee Remission Scheme, an expected increase in the demand for student financial assistance under the Financial Assistance Scheme for Post-secondary Students and the Non-means Tested Loan Scheme, and the enhancement of control measures under various student financial assistance schemes.

**3** The establishment as at 31 March 2006 will be 198 permanent posts after the transfer of three permanent posts from the Social Welfare Department upon the harmonisation of pre-primary services. No change in establishment is expected by 31 March 2007. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2006–07, but the notional annual mid-point salary value of all such posts must not exceed \$61,996,000.

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

	2004–05 (Actual) (\$'000)	2005–06 (Original) (\$'000)	2005–06 (Revised) (\$'000)	<b>2006–07 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	67,103	68,537	67,270	<b>70,318</b>
- Allowances .....	1,037	1,564	895	<b>1,564</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	32	40	35	<b>40</b>
Departmental Expenses				
- General departmental expenses .....	56,144	68,661	67,522	<b>94,998</b>
	124,316	138,802	135,722	<b>166,920</b>

**5** Provision of \$3,170,026,000 under *Subhead 228 Student financial assistance* is for the payment of student 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 \$568,833,000 (21.9%) over the revised estimate for 2005–06 is mainly due to the expansion of the former Kindergarten Fee Remission Scheme (which is renamed as Kindergarten and Child Care Centre Fee Remission Scheme) to cover all eligible children receiving pre-primary services (including those originally covered by the Child Care Centre Fee Assistance Scheme of the Social Welfare Department) upon harmonisation of pre-primary services and 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.



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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005-06	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund.....	5,000,000	432,559	421,535	4,145,906
	920	Financial Assistance Scheme for Designated Evening Adult Education Courses.....	36,000	—	—	36,000
		Total .....	5,036,000	432,559	421,535	4,181,906