

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

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

Estimate 2007–08	\$3,758.7m
Establishment ceiling 2007–08 (notional annual mid-point salary value) representing an estimated 197 non-directorate posts as at 31 March 2007 rising by 81 posts to 278 posts as at 31 March 2008 ...	\$81.0m

In addition, there will be one directorate post at 31 March 2007 and at 31 March 2008.

Commitment balance	\$3,684.5m
---------------------------------	-------------------

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	3,398.4Δ	3,850.3	3,717.7 (–3.4%)	3,758.7 (+1.1%)

(or –2.4% on
2006–07 Original)

Δ Upon harmonisation of pre-primary services with effect from 1 September 2005, 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 of the Social Welfare Department). For comparison purpose, relevant provision in 2005–06 under Head 170—Social Welfare Department is 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 Dental Technology Course of the Prince Philip Dental Hospital. The Local Student Finance Scheme will be renamed as Tertiary Student Finance Scheme – Publicly-funded Programmes with effect from the 2007/08 academic year;
- means-tested grants or loans# covering tuition fees under the Financial Assistance Scheme for Post-secondary Students prior to the 2006/07 academic year, and means-tested grants covering tuition fees and academic expenses under the scheme starting from the 2006/07 academic year 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 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 professional and recognised training bodies;

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

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

4 The Agency will be responsible for assessing the eligibility of applicants under the Pre-primary Education Voucher Scheme to be introduced 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 and Manpower Bureau *Subhead 000 Operational expenses*.

5 The key performance measures promulgated in the Agency's performance pledge are:

Targets

	Target Processing Time for Applications ^Ψ	<i>Academic Year</i>		
		2005/06 (Actual)	2006/07 (Revised Estimate)	2007/08 (Estimate)
Tertiary Student Finance Scheme – Publicly-funded Programmes				
application for financial assistance (%).....	60 days	98	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	99	99
application for review of financial assistance (%).....	70 days	100	100	100
Non-means-tested Loan Schemes (%).....	21 days	92	92	92
Kindergarten and Child Care Centre Fee Remission Scheme (%).....				
Continuing Education Fund (%).....	2 months	99.9	99.9	99.9
Continuing Education Fund (%).....	2 weeks	99	99	99
Financial assistance for primary and secondary school students (eligibility assessment) (%) [^]				
	3 months	99.5	100	100

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

	Target Processing Time for Applications ^Ψ	<i>Academic Year</i>		
		2005/06 (Actual)	2006/07 (Revised Estimate)	2007/08 (Estimate)
Pre-primary Education Voucher Scheme (eligibility assessment) (%) ^φ	6–8 weeks	—	—	95

^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.

^φ New target as from the 2007–08 Estimates.

Indicators

	<i>Academic Year</i>		
	2005/06 (Actual)	2006/07 (Revised Estimate)	2007/08 (Estimate)
Tertiary Student Finance Scheme – Publicly-funded Programmes			
no. of applications	38 933	36 476	36 240
funds disbursed (\$m) (including grants and loans)#.....	1,338.9	1,288.5	1,278.8
no. of applications/post	246	208	194
Financial Assistance Scheme for Post-secondary Students			
no. of applications	16 149	20 625	23 903
funds disbursed (\$m) (including grants and loans)#\$.....	307.7	535.5	620.6
no. of applications/post	256	215	194
Non-means-tested Loan Schemes			
no. of applications	34 462	38 797	42 157
funds disbursed (\$m) (loans)#.....	1,040.6	1,257.3	1,415.6
no. of applications/post	383	294	251
Kindergarten and Child Care Centre Fee Remission Scheme^α			
no. of applications	61 974	70 873	46 684
funds disbursed (\$m)	544.2	670.6	303.1
no. of applications/post	1 675	1 575	1 506
Scholarships, Merit Awards and related Schemes			
no. of applications	17 038	17 382	17 426
no. of scholarships, grants and awards granted	11 082	11 657	11 664
amount of scholarships, grants and awards disbursed (\$m) ^Ω	32.4	35.4	35.3
no. of applications/post	1 065	1 022	968
Continuing Education Fund[^]			
no. of applications	89 774	93 910	96 626
funds disbursed (\$m)	449.0	448.1	471.3
no. of applications/post	2 137	2 087	2 056
Financial assistance for primary and secondary school students			
no. of family-based applications.....	261 366	254 525	247 907
no. of eligibility certificates issued.....	397 187	381 788	371 861
no. of applications/post	2 058	1 653	1 569
Senior Secondary Fee Remission Scheme			
no. of applications	94 370	95 987	96 902
fees remitted (\$m)	388.2	417.0	442.8
Examination Fee Remission Scheme			
no. of applications	12 905	13 204	13 359
funds disbursed (\$m)	13.6	14.9	16.0
School Textbook Assistance Scheme			
no. of applications	341 188	336 668	329 650
funds disbursed (\$m)	461.3	481.1	488.4

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

	<i>Academic Year</i>		
	2005/06 (Actual)	2006/07 (Revised Estimate)	2007/08 (Estimate)
Project Yi Jin@			
no. of applications	5 276	7 175	6 137
funds disbursed (\$m)	47.7	67.1	57.9
no. of applications/post	2 638	3 588	3 069
Financial Assistance Scheme for Designated Evening Adult Education Courses@			
no. of applications	608	607	607
funds disbursed (\$m)	2.1	2.1	2.1
no. of applications/post	203	202	202
Student Travel Subsidy Scheme			
no. of applications	270 731	269 687	267 724
funds disbursed (\$m)	386.2	395.8	396.7
Pre-primary Education Voucher Schemeβ			
no. of applications	—	—	151 800
voucher value involved (\$m)	—	—	1,973.0
no. of applications/post	—	—	1 898

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

§ Prior to the 2006/07 academic year, the Financial Assistance Scheme for Post-secondary Students (FASP) provided financial assistance in the form of grant or loan to assist needy students in paying tuition fees. Starting from the 2006/07 academic year, the FASP was improved to provide grants to students who would only be eligible for loans under the old scheme, and to extend the scope of grant assistance to cover both tuition fees and academic 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) will be introduced to provide direct subsidy to parents in the form of vouchers to meet towards school fees for their children attending eligible kindergartens. The KCFRS will be realigned after the introduction of the PEVS, subject to suitable transitional arrangements.

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.

@ Tuition fees for Project Yi Jin and the Financial Assistance Scheme for Designated Evening Adult Education Courses are disbursed on a reimbursement basis.

β New indicator as from the 2007–08 Estimates. It is assumed that 90% of the children in the relevant age cohorts for attending kindergarten classes will apply for the Pre-primary Education Voucher Scheme. Face value of the voucher in the 2007/08 academic year is \$13,000 per student per annum.

6 In the 2005/06 academic year, around 983 000 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 time frame as pledged.

Matters Requiring Special Attention in 2007–08

7 The Agency will process applications from parents under the Pre-primary Education Voucher Scheme for their children attending eligible kindergartens.

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

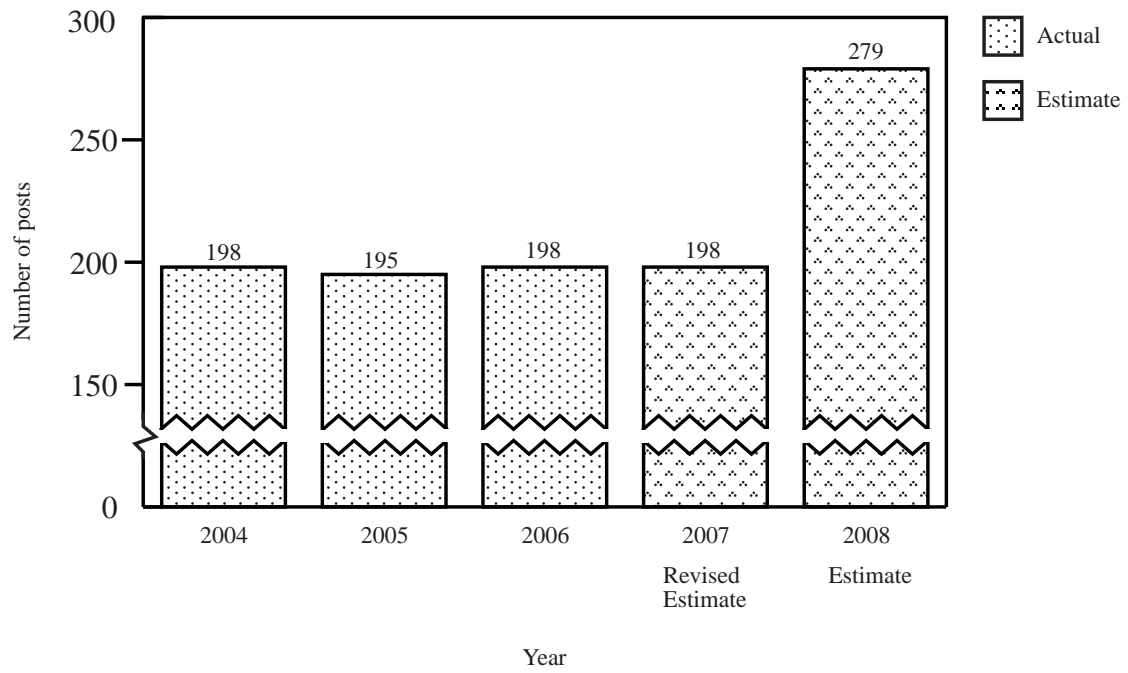
ANALYSIS OF FINANCIAL PROVISION

Programme	2005-06 (Actual) (\$m)	2006-07 (Original) (\$m)	2006-07 (Revised) (\$m)	2007-08 (Estimate) (\$m)
Student Assistance Scheme.....	3,398.4	3,850.3	3,717.7 (-3.4%)	3,758.7 (+1.1%)
				(or -2.4% on 2006-07 Original)

Analysis of Financial and Staffing Provision

Provision for 2007-08 is \$41.0 million (1.1%) higher than the revised estimate for 2006-07. This is mainly due to increased provision for additional civil service posts and temporary staff positions to meet operational needs, an expected increase in the demand for financial assistance under the Financial Assistance Scheme for Post-secondary Students arising from ongoing expansion of post-secondary education opportunities and an anticipated increase in payments for reimbursement of course fees under the Continuing Education Fund, partly offset by the reduction in payments under the Kindergarten and Child Care Centre Fee Remission Scheme with the introduction of the Pre-primary Education Voucher Scheme.

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



Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	Estimate 2007-08	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	129,474	166,920	152,810	200,952
228	Student financial assistance	2,503,570	3,170,026	3,103,570	3,071,051
	Total, Recurrent	<u>2,633,044</u>	<u>3,336,946</u>	<u>3,256,380</u>	<u>3,272,003</u>
Non-Recurrent					
700	General non-recurrent.....	457,624	513,334	461,272	486,678
	Total, Non-Recurrent	<u>457,624</u>	<u>513,334</u>	<u>461,272</u>	<u>486,678</u>
	Total, Operating Account.....	3,090,668	3,850,280	3,717,652	3,758,681
<hr/>					
	Total Expenditure.....	<u><u>3,090,668</u></u>	<u><u>3,850,280</u></u>	<u><u>3,717,652</u></u>	<u><u>3,758,681</u></u>

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the Student Financial Assistance Agency is \$3,758,681,000. This represents an increase of \$41,029,000 over the revised estimate for 2006–07 and of \$668,013,000 over actual expenditure in 2005–06.

Operating Account

Recurrent

2 Provision of \$200,952,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Student Financial Assistance Agency. The increase of \$48,142,000 (31.5%) over the revised estimate for 2006–07 is mainly due to the creation of additional civil service posts and the provision of temporary staff for assessing the eligibility of applicants under the Pre-primary Education Voucher Scheme, the provision of temporary staff to cater for 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 Schemes, and the enhancement of control measures under various student financial assistance schemes.

3 The establishment as at 31 March 2007 will be 198 permanent posts. It is expected that there will be a net creation of 81 permanent posts in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$81,000,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	66,488	70,318	68,943	89,631
- Allowances.....	606	1,564	1,222	1,564
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	35	40	40	50
Departmental Expenses				
- General departmental expenses.....	62,345	94,998	82,605	109,707
	129,474	166,920	152,810	200,952

5 Provision of \$3,071,051,000 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.

Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund.....	5,000,000	890,184	459,172	3,650,644
	920	Financial Assistance Scheme for Designated Evening Adult Education Courses	36,000	—	2,100	33,900
		Total.....	<u>5,036,000</u>	<u>890,184</u>	<u>461,272</u>	<u>3,684,544</u>