

## Head 173 — STUDENT FINANCIAL ASSISTANCE AGENCY

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

**Estimate 2008–09** ..... **\$3,649.2m**

**Establishment ceiling 2008–09** (notional annual mid-point salary value) representing an estimated 278 non-directorate posts as at 31 March 2008 and as at 31 March 2009 ..... **\$86.0m**

In addition, there will be one directorate post as at 31 March 2008 and as at 31 March 2009.

**Commitment balance** ..... **\$3,092.2m**

### 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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	2008–09 (Estimate)
Financial provision (\$m)	3,587.5	3,758.7	3,463.3 (-7.9%)	3,649.2 (+5.4%)
				(or -2.9% on 2007–08 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 Tertiary Student Finance Scheme – Publicly-funded Programmes (formerly named as 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;
- means-tested grants covering tuition fees and academic expenses 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 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 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;
- 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;

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- 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 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 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. Starting from the 2008/09 academic year, all students in public sector schools will be provided with free senior secondary education and the Senior Secondary Fee Remission Scheme is no longer required.

¶ 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 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 promulgated in the Agency's performance pledge are:

### *Targets*

	Target Processing Time for Applications <sup>Ψ</sup>	<i>Academic Year</i>		
		2006/07 (Actual)	2007/08 (Revised Estimate)	2008/09 (Estimate)
Tertiary Student Finance Scheme –				
Publicly-funded Programmes				
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 Schemes (%).....	21 days	99.9	99	<b>99</b>
Kindergarten and Child Care Centre				
Fee Remission Scheme (%) .....	2 months	99.9	99.9	<b>99.9</b>
Continuing Education Fund (%).....	2 weeks	95	98	<b>98</b>
Financial assistance for primary and secondary school students (eligibility assessment) (%) <sup>^</sup> .....	3 months	100	100	<b>100</b>
Pre-primary Education Voucher Scheme (eligibility assessment) (%) <sup>φ</sup> .....	6-8 weeks	—	99	<b>99</b>

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

<sup>^</sup> 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. The Senior Secondary Fee Remission Scheme will cease in the 2008/09 academic year when all students in public sector schools will be provided with free senior secondary education.

<sup>φ</sup> New target as from the 2007–08 Estimates.

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### Indicators

	<i>Academic Year</i>		
	2006/07 (Actual)	2007/08 (Revised Estimate)	<b>2008/09 (Estimate)</b>
<b>Tertiary Student Finance Scheme - Publicly-funded Programmes</b>			
no. of applications.....	35 831	33 870	<b>33 928</b>
funds disbursed (\$m) (including grants and loans)λ .....	1,238.1	1,254.8	<b>1,264.8</b>
no. of applications/post.....	210	207	<b>206</b>
<b>Financial Assistance Scheme for Post-secondary Students</b>			
no. of applications.....	17 826	22 643	<b>24 434</b>
funds disbursed (\$m) (grants) .....	433.5	561.1	<b>611.6</b>
no. of applications/post.....	196	206	<b>207</b>
<b>Non-means-tested Loan Schemes</b>			
no. of applications.....	28 172	37 259	<b>41 599</b>
funds disbursed (\$m) (loans)λ .....	906.9	1,257.9	<b>1,440.1</b>
no. of applications/post.....	263	298	<b>297</b>
<b>Kindergarten and Child Care Centre Fee Remission Schemeα</b>			
no. of applications.....	62 549	46 154	<b>48 555</b>
funds disbursed (\$m) .....	630.3	313.2	<b>282.7</b>
no. of applications/post.....	1 526	1 538	<b>1 517</b>
<b>Scholarships, Merit Awards and related Schemes</b>			
no. of applications.....	16 566	12 705	<b>11 646</b>
no. of scholarships, grants and awards granted.....	10 750	8 534	<b>7 651</b>
amount of scholarships, grants and awards disbursed (\$m)Ω.....	32.5	33.7	<b>33.3</b>
no. of applications/post.....	974	907	<b>896</b>
<b>Continuing Education Fund^</b>			
no. of applications.....	83 670	83 598	<b>84 893</b>
funds disbursed (\$m) .....	507.1	519.9	<b>555.9</b>
no. of applications/post.....	1 992	1 990	<b>1 974</b>
<b>Financial assistance for primary and secondary school students</b>			
no. of family-based applications .....	253 486	239 169	<b>230 679</b>
no. of eligibility certificates issued .....	387 820	358 754	<b>346 019</b>
no. of applications/post.....	1 625	1 543	<b>1 518</b>
<b>Senior Secondary Fee Remission SchemeΔ</b>			
no. of applications.....	91 532	91 524	—
fees remitted (\$m).....	393.9	415.5	—
<b>Examination Fee Remission Scheme</b>			
no. of applications.....	12 438	12 412	<b>12 404</b>
funds disbursed (\$m) .....	14.7	15.7	<b>15.6</b>
<b>School Textbook Assistance Scheme</b>			
no. of applications.....	328 669	321 246	<b>311 554</b>
funds disbursed (\$m) .....	465.7	457.0	<b>464.9</b>
<b>Student Travel Subsidy Scheme</b>			
no. of applications.....	262 774	261 829	<b>257 890</b>
funds disbursed (\$m) .....	370.1	396.7	<b>407.1</b>
<b>Project Yi Jin@</b>			
no. of applications.....	8 742	11 945	<b>11 781</b>
funds disbursed (\$m) .....	77.0	95.0	<b>93.9</b>
no. of applications/post.....	4 371	5 973	<b>5 891</b>
<b>Financial Assistance Scheme for Designated Evening Adult Education Courses@</b>			
no. of applications.....	572	610	<b>610</b>
funds disbursed (\$m) .....	2.1	2.3	<b>2.3</b>
no. of applications/post.....	191	203	<b>203</b>

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	<i>Academic Year</i>		
	2006/07 (Actual)	2007/08 (Revised Estimate)	2008/09 (Estimate)
Pre-primary Education Voucher Scheme <sup>β</sup>			
no. of applications <sup>∇</sup> .....	—	115 000	<b>41 310</b>
voucher value involved (\$m) <sup>∇</sup> .....	—	1,495.0	<b>578.3</b>
no. of applications/post.....	—	2 614	<b>2 174</b>

<sup>λ</sup> Loans disbursed under these schemes are provided under the Loan Fund. Details are provided in Volume II.

<sup>α</sup> In the 2005/2006 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) has been 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 has been realigned after the introduction of the PEVS such that fee remission will only be granted to needy children after deduction of the voucher value dedicated towards fee subsidy under the PEVS. This transitional arrangement will cease in the 2011/12 academic year when the voucher value dedicated towards fee subsidy will be increased to the fee remission ceiling of the KCFRS for half-day classes. Eligibility of the KCFRS will then be confined to needy children attending whole-day kindergarten classes, day crèches or day nurseries with established social needs.

<sup>Ω</sup> Most of the funds disbursed are under the control of the donors or their trustees.

<sup>^</sup> The Continuing Education Fund is open to applications throughout the year. The figures shown here relate to financial rather than academic years.

<sup>Δ</sup> Starting from the 2008/09 academic year, all students in public sector schools will be provided with free senior secondary education and the Senior Secondary Fee Remission Scheme is no longer required.

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

<sup>β</sup> New indicator as from the 2007–08 Estimates. It is assumed that 90 per cent of the children in the relevant age cohorts for attending kindergarten classes will apply for the PEVS. Face value of the voucher in the 2007/08 academic year is \$13,000 per student per annum, which will increase to \$14,000 per student per annum in the 2008/09 academic year.

<sup>∇</sup> Holders of the Certificate of Eligibility of the PEVS need not re-apply for the PEVS within the specific validity period. Only first-time applicants are required to submit applications for the PEVS. The indicators above have only included the number of applications and voucher value involved for first-time applicants.

**6** In the 2006/07 academic year, around 949 000 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 2008–09***

**7** The PEVS was extended to cover children on the Comprehensive Social Security Assistance (CSSA) Scheme attending eligible kindergartens by phases starting from the 2007/08 academic year. The Agency will continue to process the relevant applications in the 2008/09 academic year. Where the fee subsidy under the PEVS is not adequate to cover the tuition fee of the kindergarten, additional assistance will be provided under the KCFRS.

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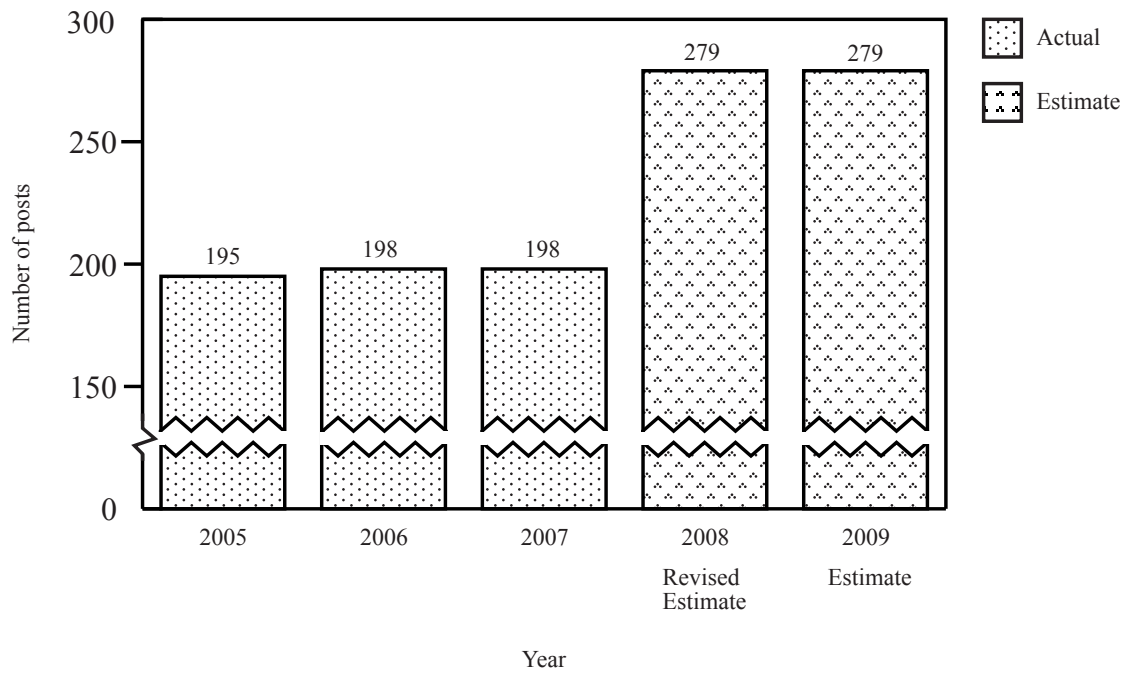
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	<b>2006-07 (Actual) (\$m)</b>	<b>2007-08 (Original) (\$m)</b>	<b>2007-08 (Revised) (\$m)</b>	<b>2008-09 (Estimate) (\$m)</b>
Student Assistance Scheme .....	3,587.5	3,758.7	3,463.3 (-7.9%)	<b>3,649.2</b> <b>(+5.4%)</b>
				<b>(or -2.9% on 2007-08 Original)</b>

#### Analysis of Financial and Staffing Provision

Provision for 2008-09 is \$185.9 million (5.4%) higher than the revised estimate for 2007-08. 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 ongoing expansion of post-secondary education opportunities, an anticipated increase in payments for reimbursement of course fees under the Continuing Education Fund arising from the extension of the validity period for each successful applicant from two years to four years, and increased provision for temporary staff to meet operational needs, 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)*



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Sub-head (Code)		Actual expenditure 2006-07	Approved estimate 2007-08	Revised estimate 2007-08	<b>Estimate 2008-09</b>
		\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	150,018	200,952	178,226	<b>238,744</b>
228	Student financial assistance .....	2,918,404	3,071,051	2,750,600	<b>2,840,621</b>
	Total, Recurrent .....	3,068,422	3,272,003	2,928,826	<b>3,079,365</b>
Non-Recurrent					
700	General non-recurrent .....	519,116	486,678	534,487	<b>569,857</b>
	Total, Non-Recurrent .....	519,116	486,678	534,487	<b>569,857</b>
	Total, Operating Account .....	3,587,538	3,758,681	3,463,313	<b>3,649,222</b>
Total Expenditure .....					
		3,587,538	3,758,681	3,463,313	<b>3,649,222</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2008–09 for the salaries and expenses of the Student Financial Assistance Agency is \$3,649,222,000. This represents an increase of \$185,909,000 over the revised estimate for 2007–08 and of \$61,684,000 over actual expenditure in 2006–07.

#### *Operating Account*

#### Recurrent

**2** Provision of \$238,744,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Student Financial Assistance Agency. The increase of \$60,518,000 (34.0%) over the revised estimate for 2007–08 is mainly due to the full-year effect of salaries for the civil service posts created in 2007–08, the provision of temporary staff to implement the extension of the PEVS to cover children on the CSSA Scheme, and to cater for an expected increase in the demand for student financial assistance under the Financial Assistance Scheme for Post-secondary Students, and the enhancement of control measures under various student financial assistance schemes.

**3** The establishment as at 31 March 2008 will be 279 permanent posts. No net change in establishment is expected in 2008–09. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2008–09, but the notional annual mid-point salary value of all such posts must not exceed \$85,950,000.

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

	2006–07 (Actual) (\$'000)	2007–08 (Original) (\$'000)	2007–08 (Revised) (\$'000)	<b>2008–09 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	67,593	89,631	74,396	<b>94,564</b>
- Allowances .....	679	1,564	1,195	<b>1,564</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	36	50	135	<b>209</b>
Departmental Expenses				
- General departmental expenses .....	81,710	109,707	102,500	<b>142,407</b>
	150,018	200,952	178,226	<b>238,744</b>

**5** Provision of \$2,840,621,000 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.



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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2007	Revised estimated expenditure for 2007-08	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund .....	5,000,000	1,407,212	532,387	3,060,401
	920	Financial Assistance Scheme for Designated Evening Adult Education Courses.....	36,000	2,087	2,100	31,813
		Total .....	<u>5,036,000</u>	<u>1,409,299</u>	<u>534,487</u>	<u>3,092,214</u>