

Head 173 — WORKING FAMILY AND STUDENT FINANCIAL ASSISTANCE AGENCY

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

Estimate 2017–18 **\$8,197.9m**

Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 1 194 non-directorate posts as at 31 March 2017 rising by 90 posts to 1 284 posts as at 31 March 2018..... **\$468.4m**

In addition, there will be an estimated four directorate posts as at 31 March 2017 and as at 31 March 2018.

Commitment balance..... **\$2,048.2m**

Controlling Officer's Report

Programmes

Programme (1) 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).

Programme (2) Low-income Working Family Allowance This programme contributes to Policy Area 14: Social Welfare (Secretary for Labour and Welfare).

Detail

Programme (1): Student Assistance Scheme

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	4,759.7	5,089.9	4,692.1 (–7.8%)	4,764.1 (+1.5%)
				(or –6.4% on 2016–17 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, scholarships under the Education Scholarships Fund and Scholarship for Prospective English Teachers. Financial assistance disbursed by the Agency takes the form of:

- means-tested grants and loans# under the Tertiary Student Finance Scheme - Publicly-funded Programmes (TSFS) for eligible full-time students of publicly-funded institutions, i.e. University Grants Committee-funded institutions, the Hong Kong Institute of Vocational Education, Hong Kong Design Institute, Chinese Culinary Institute & International Culinary Institute and Maritime Services Training Institute 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 and loans# under the Financial Assistance Scheme for Post-secondary Students (FASP) for eligible full-time students aged 30 or below pursuing locally-accredited, self-financing post-secondary education programmes;
- non-means-tested loans# for eligible full-time students pursuing publicly-funded programmes or locally-accredited self-financing post-secondary programmes, and eligible students pursuing specific post-secondary and continuing and professional education courses provided in Hong Kong;
- means-tested allowances under the Student Travel Subsidy Scheme (STSS) for needy students who receive formal primary or secondary education or attend a full-time day course up to the degree level, provided that these students live beyond ten minutes' walking distance from their schools;

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- means-tested fee remission under the Examination Fee Remission Scheme (EFRS) for needy school candidates taking public examinations conducted or administered by the Hong Kong Examinations and Assessment Authority;
- means-tested grants under the School Textbook Assistance Scheme (STAS) for needy students in public sector schools and local schools under the Direct Subsidy Scheme;
- means-tested grants under the Subsidy Scheme for Internet Access Charges (SIA)§ for low-income families with children who are full-time students receiving education at primary or secondary level;
- means-tested fee remission under the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) for needy children attending kindergartens and child care centres;
- tuition fee reimbursement under the Continuing Education Fund (CEF) for eligible persons pursuing continuing education and training in specified sectors;
- tuition fee reimbursement under the Diploma Yi Jin (DYJ)¶ for eligible students taking modules under DYJ to gain a formal qualification for employment and continuing education; and
- tuition fee reimbursement under the Financial Assistance Scheme for Designated Evening Adult Education Courses (FAEAEC) for eligible students attending designated evening secondary courses.

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

§ Families with children who are full-time students receiving education at primary or secondary level and who are in receipt of the flat-rate grant for School-related Expenses under the Comprehensive Social Security Assistance Scheme are also eligible for subsidy under SIA, which is disbursed by the Social Welfare Department. The expenditure is funded under Head 173.

¶ The expenditure on fee reimbursement is funded under Head 156 — Government Secretariat: Education Bureau *Subhead 700 General non-recurrent Item 839 Yi Jin Diploma*. In compliance with the Award Titles Scheme under the Qualifications Framework, the English award title of the programme has been changed from “Yi Jin Diploma” to “DYJ” with effect from 1 January 2016, while the Chinese award title to remain unchanged.

4 The Agency is responsible for assessing the eligibility of applicants under the Pre-primary Education Voucher Scheme (PEVS). The actual redemption of pre-primary education vouchers is processed by the Education Bureau and the expenditure is funded under Head 156 — Government Secretariat: Education Bureau *Subhead 000 Operational expenses*.

5 The key performance measures are:

Targets

	Target Processing Time for Applications ^Ψ	Academic Year		
		2015/16 (Actual)	2016/17 (Revised Estimate)	2017/18 (Estimate)
TSFS				
application for financial assistance (%).....	60 days	99.6	99.0	99.0
application for review of financial assistance (%).....	70 days	100	100	100
FASP				
application for financial assistance (%).....	60 days	97.6	98.0	98.0
application for review of financial assistance (%).....	70 days	100	100	100
Non-means-tested Loan Schemes (NLS) (%).....				
KCFRS (%).....	21 days	100	99	99
KCFRS (%).....	2 months	99.9	98.7	99.9
CEF (%).....	2 weeks	100	100	100
financial assistance for primary and secondary school students (eligibility assessment) (%)[^].....				
PEVS (eligibility assessment) (%) ^Ω	3 months	100	100	100
	6-8 weeks	100	100	—

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

[^] Financial assistance for primary and secondary school students comprises STSS (also for full-time post-secondary students), EFRS, STAS, SIA, DYJ and FAEAEC.

^Ω The Free Quality Kindergarten Education Scheme (KG Scheme) will replace PEVS with effect from the 2017/18 school year. Only kindergartens joining PEVS in/before the 2016/17 school year but not applying to join the KG Scheme or not approved to join the KG Scheme will stay under PEVS.

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Indicators

	<i>Academic Year</i>		
	2015/16 (Actual)	2016/17 (Revised Estimate)	2017/18 (Estimate)
TSFS			
no. of applications	29 828	28 625	28 734
funds disbursed (\$m) (including grants and loans)	1,207.4	1,146.9	1,155.9
no. of applications/post	156	151	145
FASP			
no. of applications	26 817	24 942	22 561
funds disbursed (\$m) (including grants and loans)	1,286.2	1,221.3	1,128.7
no. of applications/post	141	134	119
NLS			
no. of applications	42 106	45 327	47 374
funds disbursed (\$m) (loans)	1,564.8	1,723.6	1,835.2
no. of applications/post	181	196	187
KCFRS			
no. of applications	48 619	51 444	33 963
funds disbursed (\$m)	542.5	614.5	366.4
no. of applications/post	900	1 029	606
Grant for School-related Expenses for Kindergarten Students◇			
no. of applications	—	—	50 000
funds disbursed (\$m)	—	—	158.2
no. of applications/post	—	—	2 083
Scholarships, Merit Awards and related Schemes			
no. of applications	4 794	4 910	4 566
no. of scholarships, grants and awards granted	3 618	3 745	3 723
amount of scholarships, grants and awards disbursed (\$m)	31.1	29.1	30.0
no. of applications/post	282	307	285
CEFA			
no. of applications	30 951	31 412	31 391
funds disbursed (\$m)	157.5	158.6	159.5
no. of applications/post	794	805	805
Financial assistance for primary and secondary school students			
no. of family-based applications	182 541	180 370	181 982
no. of applications/post	790	724	684
EFRS			
no. of applications	18 605	16 192	16 099
funds disbursed (\$m)	38.4	34.4	34.7
SIA			
no. of family-based applications	152 286	146 329	147 590
funds disbursed (\$m)	155.0	160.4	166.0
STAS			
no. of applications	223 238	214 527	216 482
funds disbursed (\$m)	812.7	806.6	830.6
STSSθ			
no. of applications	208 584	198 675	197 328
funds disbursed (\$m)	475.5	454.2	458.1
DYJ@			
no. of applications	6 659	6 276	5 573
funds disbursed (\$m)	73.1	74.1	65.6
no. of applications/post	1 665	1 569	1 393
FAEAECφ			
no. of applications	744	641	641
funds disbursed (\$m)	3.9	4.0	4.2
no. of applications/post	372	321	321
PEVSγ			
no. of applications	65 496	55 549	—
no. of Certificates of Eligibility for the PEVS issued	62 795	53 271	—
voucher value involved (\$m)	1,129.9	1,237.5	—
no. of applications/post	1 170	1 048	—

- ◇ Kindergarten students who pass the means test and meet the eligibility criteria under the KCFRS are eligible for an additional grant to defray school-related expenses incurred from the students' kindergarten education starting from the 2017/18 school year.
- △ The CEF is open to applications throughout the year. The figures shown here relate to financial rather than academic years.
- θ Number of applications includes applications of primary and secondary school students as well as post-secondary students.
- @ Financial assistance for DYJ is disbursed on a reimbursement basis. The number of applications received and funds disbursed for students of the 2015/16 academic year are provisional figures only as reimbursement applications are still being processed.
- φ Financial assistance for FAEAEC is disbursed on a reimbursement basis. The number of applications received and funds disbursed for students of the 2015/16 academic year are provisional figures only as reimbursement applications are still being processed.
- γ Holders of the Certificate of Eligibility for PEVS need not re-apply for PEVS within the specific validity period. The indicators above include the number of Certificates of Eligibility for PEVS issued and voucher value involved for first-time applicants. The voucher value involved for the 2015/16 academic year reflects the actual amount of subsidy redeemed, which is less than the maximum amount redeemable for the year because not all Certificates issued in the year were presented for voucher redemption. The KG Scheme will replace PEVS with effect from the 2017/18 school year. Only kindergartens joining PEVS in/before the 2016/17 school year but not applying to join the KG Scheme or not approved to join the KG Scheme will stay under PEVS.

6 In the 2015/16 academic year, around 859 000 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 2017–18

7 During 2017–18, the Agency will:

- continue to process applications for means-tested fee remission under KCFRS at 75th percentile of the school fees of kindergartens under the KG Scheme and to provide an additional grant for children of needy families to defray school-related expenses incurred from the students' kindergarten education starting from the 2017/18 school year;
- continue to provide efficient and quality services to students under various student financial assistance schemes;
- continue the concerted efforts to recover student loans in arrears;
- explore and implement enhancement measures of CEF; and
- continue to develop the Integrated Student Financial Assistance System to support the administration of all student financial assistance schemes as well as scholarships and merit award schemes, with a view to improving the operational efficiency and effectiveness of the Agency in the administration and delivery of these schemes.

Programme (2): Low-income Working Family Allowance^β

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	98.2	3,180.6	936.4 (–70.6%)	3,433.8 (+266.7%)
				(or +8.0% on 2016–17 Original)

β A new programme introduced in 2015 with applications received starting from May 2016 onwards.

Aim

8 The aim is to administer efficiently and cost-effectively the Low-income Working Family Allowance (LIFA) Scheme, which seeks to encourage self-reliance and ease inter-generational poverty.

Brief Description

9 The Agency implemented the LIFA Scheme in 2016–17 to provide a means-tested allowance to eligible low-income working families, in particular those with children and youth. The Scheme started receiving applications from May 2016 onwards.

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Matters Requiring Special Attention in 2017–18

10 During 2017–18, the Agency will continue to provide efficient and quality services in processing applications from low-income working families under the LIFA Scheme. A comprehensive policy review on the LIFA Scheme will be conducted in mid-2017, the outcome of which may contribute to a possible increase in the number of applications resulting in an increased amount of LIFA payment.

11 The Agency will provide a one-off extra payment to eligible LIFA families.

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ANALYSIS OF FINANCIAL PROVISION

	2015–16 (Actual) (\$m)	2016–17 (Original) (\$m)	2016–17 (Revised) (\$m)	2017–18 (Estimate) (\$m)
Programme				
(1) Student Assistance Scheme.....	4,759.7	5,089.9	4,692.1	4,764.1
(2) Low-income Working Family Allowance	98.2	3,180.6	936.4	3,433.8
	4,857.9	8,270.5	5,628.5 (–31.9%)	8,197.9 (+45.6%)
				(or –0.9% on 2016–17 Original)

Analysis of Financial and Staffing Provision

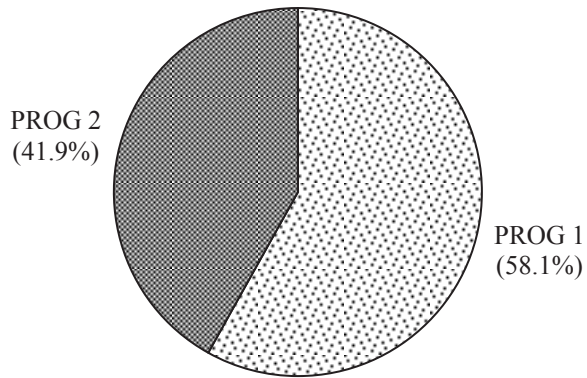
Programme (1)

Provision for 2017–18 is \$72.0 million (1.5%) higher than the revised estimate for 2016–17. This is mainly due to additional requirements for personal emoluments. There will be an increase of 93 posts in 2017–18.

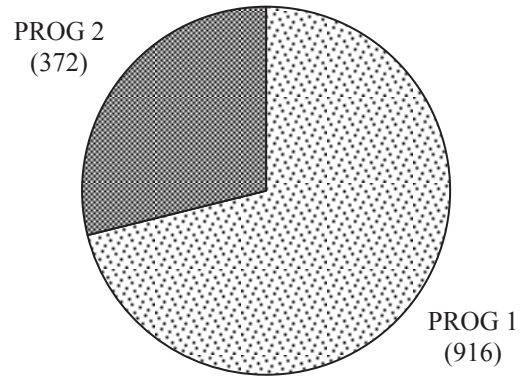
Programme (2)

Provision for 2017–18 is \$2,497.4 million (266.7%) higher than the revised estimate for 2016–17. This is mainly due to the increased provision for disbursement under the LIFA Scheme, including a one-off extra payment to eligible LIFA families. There will be a decrease of three posts in 2017–18.

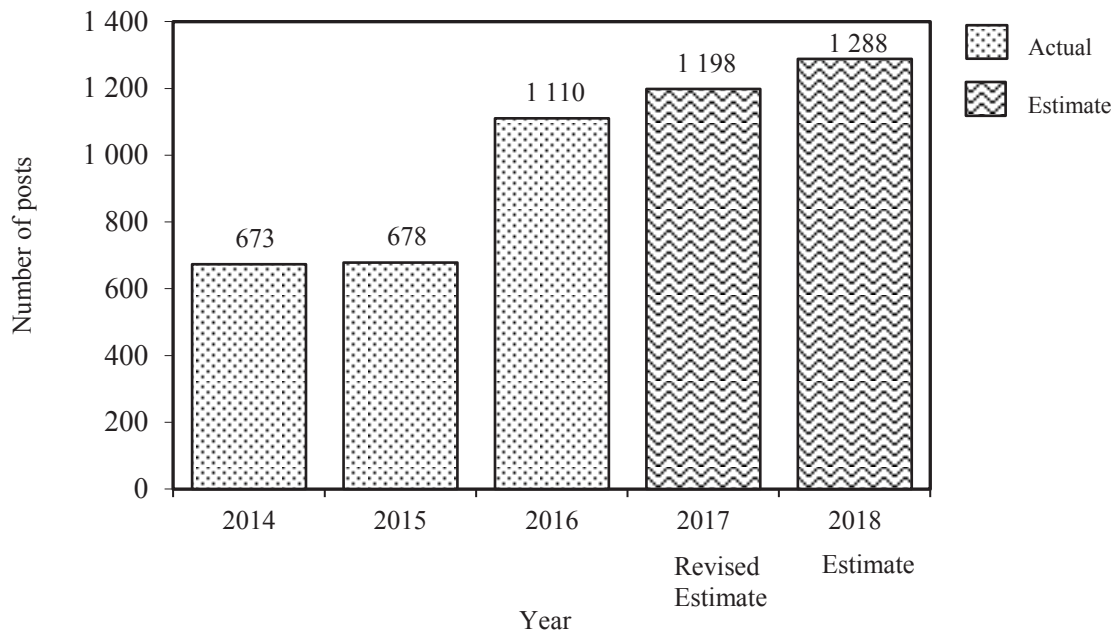
*Allocation of provision
to programmes
(2017-18)*



*Staff by programme
(as at 31 March 2018)*



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



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Sub-head (Code)	Actual expenditure 2015–16	Approved estimate 2016–17	Revised estimate 2016–17	Estimate 2017–18	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	479,392	687,074	620,638	722,951
199	Low-income working family allowance	—	2,934,000	727,200	3,126,500
228	Student financial assistance	4,210,245	4,472,997	4,110,462	4,104,320
	Total, Recurrent	<u>4,689,637</u>	<u>8,094,071</u>	<u>5,458,300</u>	<u>7,953,771</u>
Non-Recurrent					
700	General non-recurrent	168,271	176,401	170,169	244,170
	Total, Non-Recurrent	<u>168,271</u>	<u>176,401</u>	<u>170,169</u>	<u>244,170</u>
	Total, Operating Account	<u>4,857,908</u>	<u>8,270,472</u>	<u>5,628,469</u>	<u>8,197,941</u>
	Total Expenditure	<u><u>4,857,908</u></u>	<u><u>8,270,472</u></u>	<u><u>5,628,469</u></u>	<u><u>8,197,941</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the operating expenses of the Working Family and Student Financial Assistance Agency is \$8,197,941,000. This represents an increase of \$2,569,472,000 over the revised estimate for 2016–17 and \$3,340,033,000 over the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$722,951,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Working Family and Student Financial Assistance Agency. The increase of \$102,313,000 (16.5%) over the revised estimate for 2016–17 is mainly due to the increased salary provision for the manpower support in handling various student financial assistance schemes and the Low-income Working Family Allowance (LIFA) Scheme and the provision of on-going support service for the computer system for the LIFA Scheme.

3 The establishment as at 31 March 2017 will be 1 198 permanent posts. It is expected that there will be a net increase of 90 permanent posts in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$468,355,000.

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

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	289,334	393,702	359,319	432,963
- Allowances.....	4,114	5,313	6,094	6,176
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	2,553	4,658	3,350	4,564
- Civil Service Provident Fund contribution.....	6,601	18,021	10,576	17,289
Departmental Expenses				
- General departmental expenses	176,790	265,380	241,299	261,959
	<u>479,392</u>	<u>687,074</u>	<u>620,638</u>	<u>722,951</u>

5 Provision of \$3,126,500,000 under *Subhead 199 Low-income working family allowance* is for the disbursement of allowances under the LIFA Scheme, which provides a means-tested allowance to eligible low-income working families. There is an increase of \$2,399,300,000 (329.9%) over the revised estimate for 2016–17 due to a possible increase in the number of applications.

6 Provision of \$4,104,320,000 under *Subhead 228 Student financial assistance* is for the payment of student financial assistance under various schemes to students at all levels of study in meeting their education expenses, such as tuition and examination fees, textbooks, Internet access charges and other academic and travel expenses.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2016 \$'000	Revised estimated expenditure for 2016–17 \$'000	Balance \$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	508	Continuing Education Fund	6,200,000	4,054,292	170,169	1,975,539
	801	Additional provision for Low-income Working Family Allowance recipients [□]	72,686 [□]	—	—	72,686
		Total	<u>6,272,686</u>	<u>4,054,292</u>	<u>170,169</u>	<u>2,048,225</u>

□ This is a new item, funding for which is sought in the context of the Appropriation Bill 2017.