

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 2018–19 **\$19,223.8m**

Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 1 280 non-directorate posts as at 31 March 2018 reducing by two posts to 1 278 posts as at 31 March 2019..... **\$480.9m**

In addition, there will be an estimated four directorate posts as at 31 March 2018 and as at 31 March 2019.

Commitment balance..... **\$14,084.9m**

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

Detail

Programme (1): Student Assistance Scheme

| | 2016–17 (Actual) | 2017–18 (Original) | 2017–18 (Revised) | 2018–19 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 4,707.9 | 4,764.1 | 4,381.2 (–8.0%) | 5,105.7 (+16.5%) |
| | | | | (or +7.2% on 2017–18 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;
- tuition fee reimbursement under the Diploma Yi Jin (DYJ)¶ for eligible students taking subjects 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) up to the 2016/17 school year. 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 | | |
|---|--|------------------|----------------------------|--------------------|
| | | 2016/17 (Actual) | 2017/18 (Revised Estimate) | 2018/19 (Estimate) |
| TSFS | | | | |
| application for financial assistance (%)..... | 60 days | 99.5 | 99.0 | 99.0 |
| application for review of financial assistance (%)..... | 70 days | 100 | 100 | 100 |
| FASP | | | | |
| application for financial assistance (%)..... | 60 days | 98 | 98 | 98 |
| application for review of financial assistance (%)..... | 70 days | 100 | 100 | 100 |
| Non-means-tested Loan Schemes (NLS) (%)..... | | | | |
| KCFRS (%)..... | 21 days | 100 | 99 | 99 |
| CEFRS (%)..... | 2 months | 99.8 | 99.9 | 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 | — | — |

^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 new kindergarten education scheme (KG Scheme) has replaced 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> | | |
|---|----------------------|----------------------------------|-------------------------------|
| | 2016/17 (Actual) | 2017/18 (Revised Estimate) | 2018/19 (Estimate) |
| TSFS | | | |
| no. of applications | 27 991 | 25 862 | 26 598 |
| funds disbursed (\$m) (including grants and loans) | 1,149.6 | 1,057.2 | 1,080.4 |
| no. of applications/post | 144 | 126 | 146 |
| FASP | | | |
| no. of applications | 24 809 | 22 693 | 21 965 |
| funds disbursed (\$m) (including grants and loans) | 1,229.3 | 1,025.6 | 973.9 |
| no. of applications/post | 127 | 106 | 113 |
| NLS | | | |
| no. of applications | 43 241 | 44 516 | 45 538 |
| funds disbursed (\$m) (loans) | 1,641.1 | 1,715.2 | 1,794.6 |
| no. of applications/post | 179 | 164 | 172 |
| KCFRS | | | |
| no. of applications | 50 995 | 45 697 | 43 967 |
| funds disbursed (\$m) | 616.0 | 316.4 | 331.6 |
| no. of applications/post | 850 | 775 | 771 |
| Grant for School-related Expenses for Kindergarten Students◇ | | | |
| no. of applications | — | 46 353 | 44 127 |
| funds disbursed (\$m) | — | 128.8 | 125.6 |
| no. of applications/post | — | 909 | 865 |
| scholarships, merit awards and related schemes | | | |
| no. of applications | 4 884 | 4 743 | 4 451 |
| no. of scholarships, grants and awards granted | 3 760 | 3 882 | 3 680 |
| amount of scholarships, grants and awards disbursed (\$m) | 25.9 | 27.8 | 28.3 |
| no. of applications/post | 212 | 226 | 202 |
| CEFA | | | |
| no. of applications | 31 165 | 27 979 | 35 956 |
| funds disbursed (\$m) | 152.9 | 140.5 | 177.1 |
| no. of applications/post | 742 | 636 | 836 |
| financial assistance for primary and secondary school students | | | |
| no. of family-based applications | 175 620 | 176 807 | 178 790 |
| no. of applications/post | 726 | 793 | 809 |
| EFRS | | | |
| no. of applications | 16 035 | 15 232 | 14 191 |
| funds disbursed (\$m) | 34.1 | 33.6 | 32.3 |
| SIA | | | |
| no. of family-based applications | 137 608 | 131 449 | 132 810 |
| funds disbursed (\$m) | 152.0 | 145.2 | 150.4 |
| STAS | | | |
| no. of applications | 215 464 | 209 773 | 213 820 |
| funds disbursed (\$m) | 816.6 | 818.4 | 868.2 |
| STSSθ | | | |
| no. of applications | 211 315 | 205 058 | 204 717 |
| funds disbursed (\$m) | 477.0 | 462.9 | 470.7 |
| DYJ@ | | | |
| no. of applications | 6 287 | 6 441 | 6 089 |
| funds disbursed (\$m) | 72.1 | 75.6 | 70.9 |
| no. of applications/post | 1 572 | 1 610 | 1 522 |
| FAEAECφ | | | |
| no. of applications | 612 | 637 | 637 |
| funds disbursed (\$m) | 3.2 | 4.0 | 4.2 |
| no. of applications/post | 306 | 319 | 319 |
| PEVSγ | | | |
| no. of applications | 55 031 | — | — |
| no. of Certificates of Eligibility for the PEVS issued | 53 312 | — | — |
| voucher value involved (\$m) | 1,040.5 | — | — |
| no. of applications/post | 847 | — | — |

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- ◇ 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 2016/17 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 2016/17 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 2016/17 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 has replaced 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 2016/17 academic year, around 825 000 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 2018–19

7 During 2018–19, the Agency will:

- continue to process applications for means-tested fee remission under KCFRS and to provide an additional grant for children of needy families to defray school-related expenses incurred from the students' kindergarten education;
- 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;
- prepare enhancement measures of the CEF, including raising the subsidy ceiling, relaxing the upper age limit for applicants, expanding scope of courses, lifting the restrictions on validity period and maximum number of reimbursement claims, enhancing the quality assurance and safeguards, etc., with a proposed additional injection into the CEF;
- 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; and
- provide a one-off support grant for needy students who are eligible for receiving means-tested student financial assistance in the 2018/19 school year.

Programme (2): Working Family Allowance^β

| | 2016–17 (Actual) | 2017–18 (Original) | 2017–18 (Revised) | 2018–19 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|------------------------------------|
| Financial provision (\$m) | 809.9 | 3,433.8 | 949.6 (–72.3%) | 2,802.1 (+195.1%) |
| | | | | (or –18.4% on 2017–18 Original) |

β Applications under the Low-income Working Family Allowance (LIFA) Scheme were received starting from May 2016 onwards. The Scheme is to be renamed as the Working Family Allowance (WFA) Scheme with effect from 1 April 2018.

Aim

8 The aim is to administer efficiently and cost-effectively the LIFA Scheme (to be renamed as the WFA Scheme with effect from 1 April 2018), which seeks to encourage self-reliance and ease inter-generational poverty.

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Brief Description

9 The Agency implemented the LIFA Scheme (to be renamed as the WFA Scheme with effect from 1 April 2018) in May 2016 to provide a means-tested allowance to eligible low-income working families, in particular those with children and youth.

Matters Requiring Special Attention in 2018–19

10 Following a comprehensive policy review on the Scheme, a series of enhancements will be implemented with effect from 1 April 2018 which are anticipated to increase the number of applications and the amount of WFA payments.

11 The Agency will provide a one-off extra payment for eligible LIFA/WFA households.

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ANALYSIS OF FINANCIAL PROVISION

| Programme | 2016–17 (Actual) (\$m) | 2017–18 (Original) (\$m) | 2017–18 (Revised) (\$m) | 2018–19 (Estimate) (\$m) |
|------------------------------------|------------------------------|--------------------------------|-------------------------------|-----------------------------------|
| (1) Student Assistance Scheme..... | 4,707.9 | 4,764.1 | 4,381.2 | 5,105.7 |
| (2) Working Family Allowance..... | 809.9 | 3,433.8 | 949.6 | 2,802.1 |
| | 5,517.8 | 8,197.9 | 5,330.8 (–35.0%) | 7,907.8 ^λ (+48.3%) |
| | | | | (or –3.5% on 2017–18 Original) |

^λ The provisions exclude the cash flow requirements for implementing the Caring and Sharing Scheme, which does not fall under any of the above programmes.

Analysis of Financial and Staffing Provision

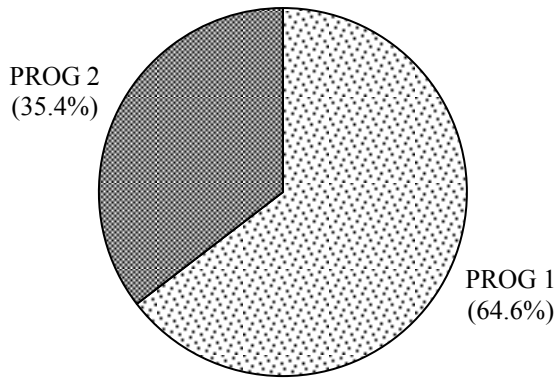
Programme (1)

Provision for 2018–19 is \$724.5 million (16.5%) higher than the revised estimate for 2017–18. This is mainly due to the additional cash flow requirement for the non-recurrent one-off support grant for needy students who are eligible for receiving means-tested student financial assistance in the 2018/19 school year. There will be a decrease of two posts in 2018–19.

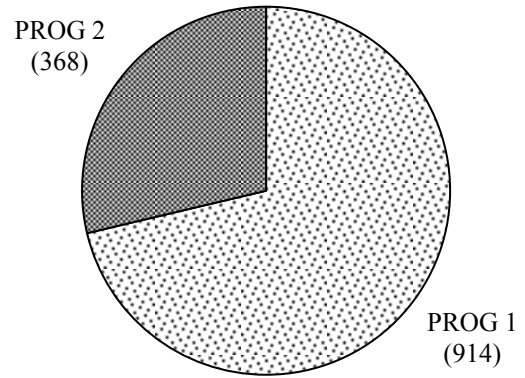
Programme (2)

Provision for 2018–19 is \$1,852.5 million (195.1%) higher than the revised estimate for 2017–18. This is mainly due to the increased provision for disbursement under the WFA Scheme arising from the enhancements to the Scheme with effect from 1 April 2018 and the provision of one-off extra payment to eligible LIFA/WFA households.

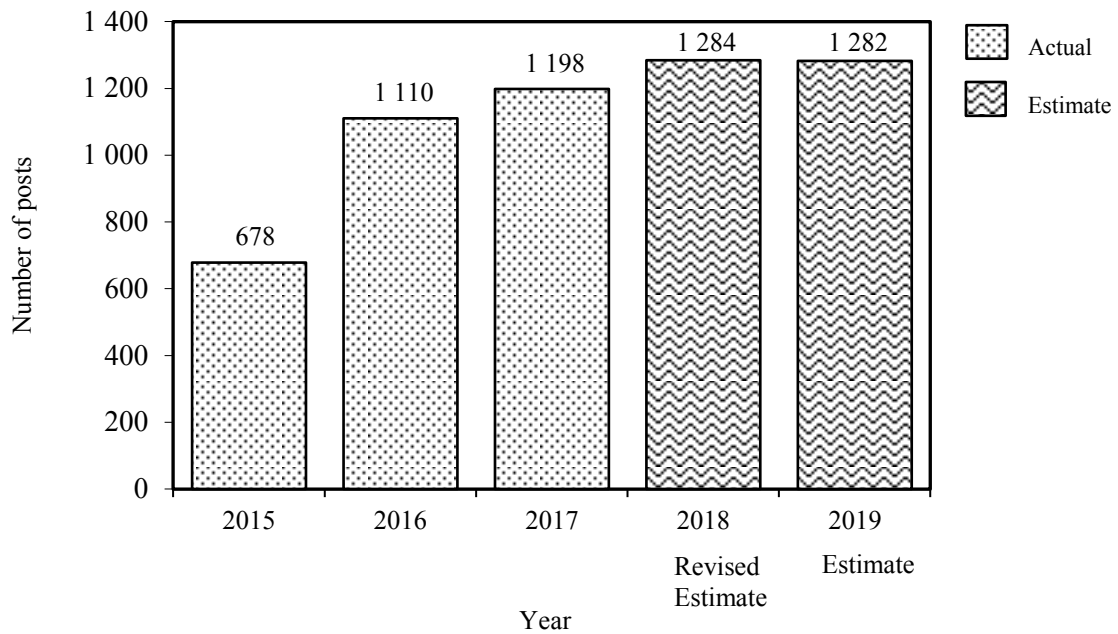
*Allocation of provision
to programmes
(2018-19)*



*Staff by programme
(as at 31 March 2019)*



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



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| Sub-head (Code) | Actual expenditure 2016-17 | Approved estimate 2017-18 | Revised estimate 2017-18 | Estimate 2018-19 | |
|--------------------------|------------------------------------|---------------------------------|--------------------------------|-----------------------------|---------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses | 619,136 | 722,951 | 680,912 | 801,998 |
| 199 | Working family allowance..... | 601,914 | 3,126,500 | 670,000 | 2,220,000 |
| 228 | Student financial assistance | 4,133,262 | 4,104,320 | 3,768,096 | 3,765,391 |
| | Total, Recurrent..... | <u>5,354,312</u> | <u>7,953,771</u> | <u>5,119,008</u> | <u>6,787,389</u> |
| Non-Recurrent | | | | | |
| 700 | General non-recurrent | 163,481 | 244,170 | 211,804 | 12,436,460 |
| | Total, Non-Recurrent..... | <u>163,481</u> | <u>244,170</u> | <u>211,804</u> | <u>12,436,460</u> |
| | Total, Operating Account | <u>5,517,793</u> | <u>8,197,941</u> | <u>5,330,812</u> | <u>19,223,849</u> |
| | Total Expenditure | <u><u>5,517,793</u></u> | <u><u>8,197,941</u></u> | <u><u>5,330,812</u></u> | <u><u>19,223,849</u></u> |

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Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the operating expenses of the Working Family and Student Financial Assistance Agency is \$19,223,849,000. This represents an increase of \$13,893,037,000 over the revised estimate for 2017–18 and \$13,706,056,000 over the actual expenditure in 2016–17. The fluctuation is mainly due to the increased cash flow requirement for implementing the Caring and Sharing Scheme.

Operating Account

Recurrent

2 Provision of \$801,998,000 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 \$121,086,000 (17.8%) over the revised estimate for 2017–18 is mainly due to the increased salary provision for filling vacant posts and the provision for information technology initiatives for student financial assistance schemes.

3 The establishment as at 31 March 2018 will be 1 284 permanent posts. It is expected that there will be a decrease of two permanent posts in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$480,855,000.

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

| | 2016–17 (Actual) (\$'000) | 2017–18 (Original) (\$'000) | 2017–18 (Revised) (\$'000) | 2018–19 (Estimate) (\$'000) |
|---|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Personal Emoluments | | | | |
| - Salaries..... | 357,500 | 432,963 | 402,753 | 466,579 |
| - Allowances..... | 5,887 | 6,176 | 6,174 | 6,502 |
| Personnel Related Expenses | | | | |
| - Mandatory Provident Fund contribution..... | 3,328 | 4,564 | 3,707 | 3,602 |
| - Civil Service Provident Fund contribution..... | 10,434 | 17,289 | 14,251 | 23,587 |
| Departmental Expenses | | | | |
| - General departmental expenses | 241,987 | 261,959 | 254,027 | 301,728 |
| | <u>619,136</u> | <u>722,951</u> | <u>680,912</u> | <u>801,998</u> |

5 Provision of \$2,220 million under *Subhead 199 Working family allowance* is for the disbursement of allowances under the Working Family Allowance Scheme, which provides a means-tested allowance to eligible low-income working families. There is an increase of \$1,550 million (231.3%) over the revised estimate for 2017–18 due to a possible increase in the number of applications.

6 Provision of \$3,765,391,000 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 31.3.2017 \$'000 | Revised estimated expenditure for 2017–18 \$'000 | Balance \$'000 |
|---------------------------------|----------------|---|----------------------------------|--|--|-------------------|
| <i>Operating Account</i> | | | | | | |
| 700 | | <i>General non-recurrent</i> | | | | |
| | 508 | Continuing Education Fund | 6,200,000 | 4,217,773 | 151,153 | 1,831,074 |
| | 801 | Additional provision for Low-income Working Family Allowance recipients 2017 ^μ | 72,686 | — | 60,651 | 12,035 |
| | 802 | Additional provision for Low-income Working Family Allowance/Working Family Allowance recipients 2018 [□] | 325,804 [□] | — | — | 325,804 |
| | 803 | One-off support grant for needy students in the 2018/19 School Year [□] | 600,000 [□] | — | — | 600,000 |
| | 804 | Caring and Sharing Scheme [□] | 11,316,000 [□] | — | — | 11,316,000 |
| | | Total | <u>18,514,490</u> | <u>4,217,773</u> | <u>211,804</u> | <u>14,084,913</u> |

^μ With effect from 1 April 2018, this item is retitled from *Additional provision for Low-income Working Family Allowance recipients*.

[□] This is a new item, funding for which is sought in the context of the Appropriation Bill 2018.