

LegCo Panel on Education

Review of Student Travel Subsidy Schemes

Problem

The two means-tested student travel subsidy schemes administered by the Student Financial Assistance Agency (SFAA), i.e. the Student Travel Subsidy Scheme (STSS) and the Cross-net Travel Subsidy Scheme (CTSS) provide different treatment in the provision of travel subsidies to needy students. In particular, needy primary students attending schools located within their residing Primary One Admission (POA) Net are not eligible for any travel subsidy under the CTSS even if they live beyond ten minutes' walking distance from their school. There is a case to rationalise the two schemes to ensure that financial assistance is provided to genuinely needy students.

Recommendations

2. We recommend that with effect from the 2004/05 school year –
 - (a) the cross-net requirement under the CTSS be removed; and
 - (b) the CTSS and the STSS be merged adopting the existing eligibility criteria and subsidy arrangement under the STSS to encompass all local full-time primary to undergraduate students, including primary students attending private schools and schools under the Direct Subsidy Scheme (DSS).

Student Travel Subsidy

3. It is Government's policy to ensure that students are not deprived of education for lack of financial means. Among other student financial assistance schemes, needy students pursuing full-time studies from primary education up to first degree are provided with financial subsidies, on a means-tested basis, to meet the cost of their home-school travel under the STSS and the CTSS.

Student Travel Subsidy Scheme

4. The STSS was introduced, as a means tested scheme, in 1991. Under the Scheme, needy students aged 12 and above who have not completed their first degree and who live beyond ten minutes' walking distance from their school and travel to school by public transport may receive, depending on their family financial situation, a full rate or half rate subsidy for home-school travel during term time. The full rate subsidy is set at a level equivalent to the full average fare on public transport and, in the case of the Mass Transit Railway, the concessionary student fare.

Cross-net Travel Subsidy Scheme

5. The CTSS was introduced in 1998 to provide needy primary students aged below 12 with a travel subsidy if they attend public sector schools located outside their residing POA Net, live beyond ten minutes' walking distance from their school and travel to school by public transport. There is only one-level of subsidy equivalent to the full average fare on public transport payable by the applicants (public transport operators generally charge children under 12 half of the adult fares). Unlike the STSS, students attending private primary schools and DSS schools are not eligible for CTSS.

Alignment of the Schemes

(a) Eligibility Criteria

6. Having reviewed the eligibility criteria for the STSS and the CTSS, we propose that with effect from the 2004/05 school year the cross-net requirement under the CTSS be removed and that the two schemes be merged into one with common eligibility criteria based on those of the existing STSS. Our major considerations are set out in the ensuing paragraphs.

7. When the CTSS was first introduced, its primary objective was to assist needy primary students aged below 12 who attended public sector schools outside their residing POA Net and thus had to travel a relatively long distance to school.

8. Progressive development of whole-day primary schooling has resulted in students being relocated to new school premises which are farther away from home, even within the same school net. Furthermore, POA Nets are reviewed annually and redrawn, where necessary, primarily to meet the demand for school places and to provide parents with more choices in selection of schools. The number of POA Nets has been reduced from 59 in the 1998/99 school year to 55 in the 2003/04 school year, and is further reduced to 47 in the 2004/05 school year. These developments have resulted in some students having to incur travel expenses but are not eligible for subsidy under the CTSS.

9. In addition, the proposal to merge the STSS and CTSS will benefit needy students who have not reached their 12th birthday but are in the first year of secondary school. Currently, such students are not eligible for the CTSS since they do not attend primary school, nor the STSS until they reach the age of 12. We also propose to extend the student travel subsidy to needy primary students attending DSS or private primary schools in line with the eligibility criteria under the STSS.

(b) Subsidy Arrangement

10. As a corollary to the alignment of eligibility criteria, it is also necessary to standardize the subsidy arrangement of the two schemes.

11. A two-tier subsidy structure was introduced in the 2000/01 school year whereby more needy students would receive a full rate grant. Prior to the 2000/01 school year, all qualified students, regardless of their means, had to bear half of their travel expenses. A two-tier arrangement also applies to other primary and secondary student financial schemes such as the School Textbook Assistance Scheme.

12. Under the existing CTSS, only one level of subsidy equivalent to the full average fare on public transport payable is provided to all successful students irrespective of their means. This is inconsistent with the subsidy arrangement for other student financial schemes.

13. To uphold the principle of providing subsidy according to means and ensure consistency between student financial assistance schemes, we recommend that a two-tier subsidy system be applied to students aged below 12 under the 'expanded' STSS. The proposal would mean that students aged below 12 who pass the means test for a full rate grant will receive a subsidy equivalent to the average fare on public transport payable. Those who pass the means test for a half rate grant would be provided with half of the average fare payable on public transport.

14. In cases involving exceptional and unforeseen financial hardship, school principals may continue to recommend for approval by the SFAA a full or half rate subsidy under all SFAA administered student financial assistance schemes for primary and secondary students having regard to their particular circumstances. These discretionary awards will continue to be granted in genuinely deserving cases.

Impact and Implementation

15. Subject to Members' endorsement, we propose to implement the new arrangements in the 2004/05 school year so as to benefit the needy student as early as possible. We estimate that about 60 000 students would benefit from the proposal to expand the scope of eligibility. About 22 000 CTSS applicants would have the travel subsidy reduced by half with the introduction of the two-tier subsidy arrangement.

16. As transitional arrangements, we further propose that -
- (a) for students who are not eligible for assistance under the existing CTSS, but who would become eligible by virtue of the present proposals, their applications submitted in the 2004/05 school year would be processed in accordance with the revised set of eligibility criteria and subsidy arrangement; and
 - (b) for students who are eligible for assistance under the existing CTSS for travel subsidy in the 2004/05 school year, and pass the means test for a half rate grant, we would continue to grant travel subsidy equivalent to a full grant rate in the 2004/05 school year. The level of subsidy would be adjusted only with effect from the 2005/06 school year.

Financial Implications

17. The net additional recurrent cost is about \$24 million per annum based on the estimated number of successful applications and average subsidy for the 2004/05 school year. The transitional arrangements would cost an additional \$12 million for the 2004/05 school year. To implement the recommendations, SFAA will also have to incur one-off capital expenditure of about \$0.9 million to enhance its existing computer system.

Consultation

18. The Primary One Admission Committee was consulted at its meeting on 27 September. Members fully supported our recommendations.

Advice Sought

19. Subject to any views which Members may have, we plan to seek the Finance Committee's approval to implement the recommendations in paragraph 2 and the transitional arrangements in paragraph 16 on 19 November 2004.