For discussion **FCR(2010-11)4**
on 23 April 2010

ITEM FOR FINANCE COMMITTEE

CAPITAL WORKS RESERVE FUND
HEAD 710 – COMPUTERISATION
Student Financial Assistance Agency
New Subhead "Implementation of the Integrated Student Financial Assistance System"

Members are invited to approve a new commitment of $65.371 million for implementing the Integrated Student Financial Assistance System.

PROBLEM

The existing six computer systems which support 13 financial assistance schemes and 28 scholarship and related schemes administered by the Student Financial Assistance Agency (SFAA) are becoming obsolete and inadequate for increasing service needs in an efficient and effective manner. SFAA needs to develop an Integrated Student Financial Assistance System (ISFAST) to replace the existing computer systems to improve its services.

PROPOSAL

2. The Controller of SFAA, with the support of the Secretary for Education and the Government Chief Information Officer (GCIO), proposes to create a new commitment of $65.371 million for implementing ISFAST.

JUSTIFICATION

Current Situation

3. At present, SFAA processes applications received under 13 means-tested and non-means-tested financial assistance schemes for students

/from …..

from pre-primary to tertiary levels and under 28 scholarship, merit award and related schemes. In the 2008/09 academic year, SFAA received around 821 000 applications under the above financial assistance and scholarship schemes, and provided financial assistance amounting to about $5.1 billion, including about $3.6 billion in the form of cash grants, fee waivers or scholarships and about $1.5 billion in the form of loans. It is also now handling about 145 000 student loan repayment accounts involving $5.3 billion of outstanding loans.

4. SFAA is currently using six separate major computer systems, which were developed and launched at different times from 1998 to 2008 to support the implementation of the financial assistance schemes. The systems now provide support for SFAA staff to capture application details, vet applications, arrange payment, authenticate successful cases, and administer loan repayment and recovery. Details of the financial assistance schemes and scholarship schemes currently administered by SFAA, and the six computer systems that support the financial assistance schemes are at Enclosure 1 and Enclosure 2 respectively.

Encls. 1 & 2

5. The six computer systems are becoming obsolete and inadequate for increasing service needs of SFAA in an efficient and effective manner. We need to update the systems.

Scheme-based administration of financial assistance schemes

6. New financial assistance schemes have been introduced to provide assistance to students from time to time. It has been SFAA's established practice that whenever a new financial assistance scheme was to be implemented, a new computer system and a new business section would be set up for administration of the scheme rather than upgrading and modifying the existing systems, which was usually more complicated and time-consuming and might interrupt the operation of the existing schemes. As a result, the technology and design of the existing systems do not support flexible upgrading/modification. For example, when the Financial Assistance Scheme for Post-secondary Students was introduced in the 2001/02 academic year, a new computer system was developed by "cloning" an existing system which served a scheme that adopted the same means test (i.e. the Tertiary Student Finance Scheme – Publicly-funded Programmes), rather than upgrading and modifying that system.

7. Over time, SFAA has developed six computer systems, each of them designed and developed with functions and specifications to cater for the operation of individual scheme(s). The systems are separately managed by different sections

/of …..

of SFAA responsible for different financial assistance schemes. This scheme-based mode of administering financial assistance schemes, in terms of both staff and system, does not allow some more streamlined procedures. For example, a family applying for assistance under more than one assistance scheme in respect of the same student or more than one student in the family would need to make applications for each student and may need to make applications under different schemes, thereby duplicating application efforts. As the details of applications made under different schemes by a family may be stored in different systems and handled by different staff, the family may need to direct enquiries concerning its applications to different sections. To SFAA, applications submitted by the same family under different schemes may need to be processed by different systems managed by different sections. This may duplicate vetting efforts by SFAA staff, and give rise to inconsistencies in the vetting processes amongst sections. There is a need to streamline the application and vetting procedures, and improve the public enquiry services.

Technical limitations of existing systems

Limited data-sharing amongst systems

8. Most of the existing core computer systems adopted the proven technology at the time of implementation - aged more than ten years for some of them. By contrast, current technology allows design and system features that would support data-sharing amongst systems/sections within SFAA, as well as between SFAA and other stakeholders such as other government departments, schools and institutions. Sections could cross-check information provided by the same applicant electronically so as to ensure consistency in the vetting of applications and accuracy of assessments, and efficiently detect double subsidy problem as some courses are eligible for subsidy under more than one scheme. Besides, the present computer systems of SFAA do not support interfaces with those of other government departments, e.g. the Department of Justice (DoJ) and hence do not facilitate SFAA to expedite referral of loan default cases through electronic means to DoJ for taking legal recovery action, as recommended in Report No. 53 of the Director of Audit published in November 2009. In addition, due to system constraints, SFAA cannot establish an electronic communication channel with the schools and institutions to verify the application data and release the application results of students, etc. Much staff efforts of the schools and institutions are required to handle applications manually, which is time-consuming and error-prone.

Limited processing capability

9. The existing mode of operation and technical capabilities of the existing systems (the existing operation) will become inadequate to cope with the increasing workload arising from the various financial assistance schemes. With the huge number of applications processed by SFAA, the existing operation has already reached or exceeded its limits and fallen short of meeting the present day and future service requirements. The burden on the existing operation would become heavier as SFAA is required to cope with an increasing demand for financial assistance for post-secondary education arising from both the continued increase in the number of students receiving senior secondary and post-secondary education with the implementation of the 334 academic structure from the 2009/10 academic year and the ongoing development of the self-financing post-secondary sector.

No support for new advanced processing functions

10. As far as means-tested financial assistance schemes are concerned, the existing computer systems only assist staff in capturing application details and conducting basic data checking of applications, but are not equipped with any advanced functions to help process applications, e.g., to identify applications with a higher risk of providing inaccurate information or omission of information for conducting the means test. There have been concerns from the stakeholders, as mentioned in the recent Audit Report No. 53, about the increasing number of overpayment cases of means-tested grants and loans, and that SFAA should consider strengthening its gate-keeping function such as by doing risk-profiling of applications. However, the design of the existing systems does not enable the incorporation of advanced functions to help SFAA identify "high-risk" applications amongst the large number of applications received for more targeted vetting. Major structural changes to the existing systems are required to build in such functions.

No support for new public services

11. SFAA has been facing rising expectations from the public for more efficient, readily accessible and user-friendly online services such as online submission of applications, online enquiry of application progress and online management of their loan accounts. There is a strong need for SFAA to better manage its service channels. The technical configurations of the existing computer systems however do not support provision of these new electronic services to the public, despite that it is promulgated in the latest Digital 21 Strategy announced by the Government in 2008 that the availability of convenient and secure electronic services will enhance public's quality of life and hence public services should be made accessible by electronic means as far as practicable.

/*Increasing …..*

Increasing costs and difficulties of maintaining the existing systems

12. SFAA has considered the feasibility of upgrading and modifying the existing systems to allow their interfacing, expand their processing capabilities and incorporate new advanced functions etc. However, the vendors of the existing systems are phasing out support in terms of both hardware and software. Other system fixes, upgrade solutions and technicians with the know-how for these obsolete facilities are very limited and expensive in the market. This means that maintenance of the existing systems would become more difficult, giving rise to higher potential instabilities and security risks of the systems, and the cost of maintenance would increase. In addition, the risk of modifying the existing systems is high, given the technical complexity of the modification works and that any problem arisen may undesirably affect the operation of the financial assistance schemes and the integrity of the data of the clients. Any further investment to modify and upgrade the existing obsolete systems is therefore not justified from the technical, financial and data security angles.

The Proposed System

13. Having undertaken a Business Process Review (BPR) and a study on the feasibility of the BPR recommendations, we propose, with the support of the GCIO, to enhance the efficiency and effectiveness of SFAA by –

(a) developing a new integrated function-based computer system, i.e. ISFAST, replacing the existing six scheme-based computer systems in phases; and

(b) carrying out organisation restructuring of SFAA to build up a new function-based service delivery mode in tandem with the implementation of ISFAST, conduct relevant training and promotion among SFAA staff and stakeholders including applicants, schools and institutions on the new system and service delivery mode to facilitate smooth migration.

14. ISFAST would be a powerful and comprehensive computer system that would incorporate all the existing functions of the six computer systems with improvements, and new advanced functions to enhance SFAA's management of the financial assistance schemes and to support provision of new services to the public. It would cover the operation of all the 13 student financial assistance schemes as well as 28 publicly-funded and privately-donated scholarship, merit award and related schemes currently administered by SFAA, and would be equipped with sufficient capacity and capability for supporting new schemes and enhancements to the existing schemes that may be introduced in the future.

15. Under ISFAST, all applications received under different financial assistance schemes would be centrally processed by a single system, which SFAA would use to capture the application details, perform initial vetting and risk-profiling of applications, process applications under relevant established criteria (for example, conducting income and/or asset assessment for applications submitted under means-tested financial assistance schemes) and generate assessment results, issue notifications and arrange payment, manage loan accounts and refer loan default cases to DoJ for legal action, etc.

16. The organisation of SFAA would be re-structured into functional units to support the various business processes. Specifically, instead of arranging staff to handle the business processes under each scheme, staff responsible for the same business process such as initial vetting or arranging payment under each scheme would be pooled together and trained to handle applications/cases across schemes. The organisation structure and computer support of SFAA would be changed from the previous scheme-based mode to a function-based mode. The organisation structures of SFAA before and after the implementation of ISFAST are shown at Enclosure 3.

Encl. 3

Expected Benefits

Streamlining procedures of making and processing applications

17. With the implementation of ISFAST and the associated organisation restructuring, applications would be processed on a household basis instead of on a scheme basis. A family that wishes to apply for assistance under more than one scheme or has more than one family member applying for assistance in an academic year would only need to fill in and submit one application form, instead of multiple application forms in respect of each family member and for each financial assistance scheme as at present. Vetting and processing applications submitted on a household basis by a single function unit would eliminate duplicated efforts and ensure consistency in the assessment results of the same applicant across schemes and amongst family members. Processing applications of a household using a single system would obviate the need to cross-check data between different computer systems within SFAA. Notification of results and payment of assistance can be released to eligible recipients much earlier.

/Enhancing …..

Enhancing risk management

18. ISFAST would incorporate functions to enable risk-profiling of applications submitted under means-tested financial assistance schemes to detect any provision of inaccurate information and omission of information so that the means test assessment can be more accurate. Risk management may include conducting data-matching with relevant departments, such as Companies Registry, Land Registry, Social Welfare Department, etc., to detect whether an applicant holds valuable assets or receives similar subsidies from other departments. A risk profile would be built up for each application and high-risk applications would be identified for targeted vetting. The risk profiling function could be optimised by fine-tuning parameters of risk factors. This risk-profiling function of ISFAST would enhance risk management by SFAA staff, who could focus efforts in processing applications assessed to have higher than average level of risk so that irregularities can be more readily identified, assessment can be more accurate and the possibility of overpayment of assistance to applicants can be minimised. Apart from improving the application vetting process, the function can also assist SFAA staff in identifying high-risk cases for subsequent authentication. The risk management function should also be able to deter applicants from providing inaccurate or incomplete information.

Supporting new and more convenient public services

19. ISFAST would store comprehensive data relating to applications under all financial assistance and scholarship schemes and thus support SFAA to provide convenient one-stop counter/hotline enquiry services to the public. It would also support new e-services for the convenience of the public. In future, the applicants can submit applications, enquire about the status of their applications submitted, access their loan accounts and repay their loans online, etc. These online service channels would be suitably integrated into the education and training cluster of GovHK, youth.gov.hk, etc. to provide citizen-centric public services. SFAA would also follow the Government's strategy of service channel management and formulate plan to enhance the quality and attractiveness of e-services so as to boost their utilisation.

/Enhancing …..

Enhancing operational efficiency and management of work progress

20. Information and Communication Technology (ICT) is an indispensible tool for SFAA to transform its business with a view to providing much improved services to the public. ISFAST would adopt modern ICT such as document management system and workflow and case management software. Documents would be digitised and stored in ISFAST to facilitate efficient data-sharing between different functional sections of SFAA. The complete work process can be monitored online and various reports can be readily generated to facilitate timely review by the management. With business analytics facilities incorporated into ISFAST, trend and impact analyses can be conducted to enhance management. ISFAST would also communicate with systems of schools and institutions to facilitate efficient exchange of information, as well as with those of DoJ so that SFAA can expedite referral of default cases for legal recovery action.

Achieving higher system flexibility and stability

21. A rule-based engine will be installed in ISFAST so that it can be more easily and quickly adapted to cater for the implementation of new financial assistance/scholarship schemes and enhancements to the existing schemes without affecting existing services to the public. Collaboration with other government departments to provide joined-up services can also be more easily achieved. Major changes to ISFAST would therefore not be necessary, which would otherwise be costly and time-consuming.

22. Considering that ISFAST supports all financial assistance schemes and scholarship schemes of SFAA, high availability and load balancing technical solutions conforming to the prevailing industry standards and best practices will be incorporated into ISFAST to ensure its high performance and stability. As the core components of ISFAST would be proven commercial off-the-shelf software which is readily available in the market, future upgrading and modification of ISFAST would be easier and more cost effective than a totally tailor-made system like the existing ones. A flexible and stable system would ensure effective and efficient services to the public.

/**Cost** …..

Cost Savings/Avoidance

23. We estimate that the implementation of ISFAST will generate annual savings of $25.307 million from 2016-17 onwards, comprising –

(a) realisable savings of $15.667 million per annum, including –

(i) $3.388 million arising from the reduction in the cost of engaging service contractors for batch input of data from paper application forms to electronic format and reduction in the postage fees due to availability of electronic channels to submit applications and to notify application results;

(ii) $5.775 million of maintenance costs of the existing systems, including hardware, software, and system maintenance services provided by contractors; and

(iii) $6.504 million of contract staff costs, arising from the deletion of 38 posts of various ranks and internal re-deployment of some fragmented contract staff resources. The savings are efficiency gains after process re-engineering, e.g. elimination of duplicated processing efforts under the new household-based mode of submitting and processing applications.

(b) notional savings of $9.64 million per annum, including –

(i) $1.852 million arising from avoidance of overpayment made possible by efficient and effective system-to-system data-matching with other relevant government departments; and

(ii) $7.788 million of fragmented staff cost savings, which could not be realised by deletion of posts or deployment of the staff concerned to provide other services.

Cost and Benefit Analysis

24. The annual savings of $25.307 million after deducting the annual recurrent expenditure of running and maintaining ISFAST of $13.78 million as detailed in paragraph 34 below will result in net annual savings of $11.527 million as from 2016-17. We would be able to recover the initial investment, i.e. the non-recurrent capital expenditure of $65.371 million for ISFAST and $21.607 million for non-recurrent staff required for the implementation of

ISFAST and the associated organisation restructuring as detailed in paragraph 33 below, in about 10 years after full system production. The calculation of the cost recovery period is based on the net present value of benefits and costs both discounted to the same base year, i.e. 2010-11. This is considered reasonable for a project of this scale. The life span of ISFAST is estimated to be at least 10 years. The detailed cost and benefit analysis is at Enclosure 4.

Encl. 4

FINANCIAL IMPLICATIONS

Non-Recurrent Expenditure

25. We estimate that the proposed implementation of ISFAST will require a total of non-recurrent expenditure of $65.371 million over a period of seven years from 2010-11 to 2016-17, with breakdown as follows –

	2010-11	2011-12	2012-13	2013-14	2014-15 and beyond	Total
	$'000	$'000	$'000	$'000	$'000	$'000
(a) Hardware	-	5,468	-	3,083	295	8,846
(b) Software	-	11,894	-	156	207	12,257
(c) Implementation services	-	2,610	5,377	6,287	9,637	23,911
(d) Contract staff	410	1,756	2,863	2,271	4,255	11,555
(e) Site preparation	-	152	1,298	283	639	2,372
(f) Consumables and miscellaneous	-	-	37	150	300	487
(g) Contingency	-	-	-	-	5,943	5,943
Total	**410**	**21,880**	**9,575**	**12,230**	**21,276**	**65,371**

26. As regards paragraph 25(a), the estimate of $8.846 million is for the acquisition of computer servers, data storage devices and network equipment.

/27. …..

27. As regards paragraph 25(b), the estimate of $12.257 million is for the acquisition of computer software, including system operating software, database management system, workflow and document management system packages.

28. As regards paragraph 25(c), the estimate of $23.911 million is for the acquisition of services from external service providers to implement ISFAST. Main implementation activities include system analysis and design, programming, data conversion, system setup, user acceptance test and system nursing.

29. As regards paragraph 25(d), the estimate of $11.555 million is for hiring of contract staff to assist in the system development and change management. The tasks include provision of user requirements, user acceptance test, data conversion test, monitoring the implementation of ISFAST and activities pertaining to organisation restructuring.

30. As regards paragraph 25(e), the estimate of $2.372 million is for the site preparation works at the data centres and SFAA offices, including conversion of one of the existing data centres into a disaster recovery data centre, installation of network nodes and power points, as well as the associated trunking and cabling works.

31. As regards paragraph 25(f), the estimate of $487,000 is for acquisition of start-up consumables and consultancy services to perform security and privacy impact assessments.

32. As regards paragraph 25(g), the estimate of $5.943 million represents a 10% contingency on the cost items as set out in paragraphs 25(a) to 25(f) above.

Non-recurrent Staff

33. Implementation of ISFAST would necessitate a major revamp of the organisation of SFAA and re-engineering of its existing business processes involving all the operational divisions of SFAA. To oversee and co-ordinate the complex development of ISFAST as well as the multi-faceted organisation restructuring and business process re-engineering, there is a need for SFAA to set up a dedicated change management team comprising the existing senior management of SFAA, i.e. the Controller of SFAA, the five Deputy Controllers and one Senior Systems Manager, and two supernumerary posts to be created for five years. The proposed two supernumerary posts are one Chief Executive Officer (CEO) as the dedicated change manager responsible for overall management and

/co-ordination …..

co-ordination of the development of the system and associated organisation restructuring; and one Senior Executive Officer to support the CEO, particularly on human resource matters pertaining to organisation restructuring. The supernumerary posts will be created through established procedures. The structure of the change management team is shown at Enclosure 5. The required staff resources amount to $21.607 million with breakdown as follows –

Encl. 5

	2010-11	2011-12	2012-13	2013-14	2014-15 and beyond	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Staff cost (supernumerary posts)	-	1,473	2,526	2,703	5,717	12,419
Staff cost (notional) (existing SFAA staff)	20	882	1,505	1,852	4,929	9,188
Total	**20**	**2,355**	**4,031**	**4,555**	**10,646**	**21,607**

Recurrent Expenditure

34. We estimate that the recurrent expenditure of running and maintaining the new system, including new recurrent expenditure required for functions such as document digitisation, will be $13.78 million per annum as from 2016-17, which will be fully met by annual realisable savings of $15.667 million as mentioned in paragraph 23(a) above. The breakdown of the recurrent expenditure is set out as follows –

		2012-13	2013-14	2014-15	2015-16	2016-17 and onwards
		$'000	$'000	$'000	$'000	$'000
(a)	Hardware and software maintenance	45	545	676	1,113	3,066
(b)	On-going system support services	-	1,469	1,926	3,734	3,916
(c)	Contract staff	134	1,602	1,758	2,303	2,728
(d)	Data preparation and document scanning	200	2,409	2,628	3,486	4,070
	Total	**379**	**6,025**	**6,988**	**10,636**	**13,780**

/35. …..

35. As regards paragraph 34(a), the estimated annual expenditure of $3.066 million is for the provision of hardware and software maintenance, and for software license fees to support the new system.

36. As regards paragraph 34(b), the estimated annual expenditure of $3.916 million is for contract services for the on-going maintenance of the system applications.

37. As regards paragraph 34(c), the estimated annual expenditure of $2.728 million is for hiring of contract staff to provide on-going support for system administration, business support, operation support and overseeing the contractor in performing system applications maintenance of ISFAST.

38. As regards paragraph 34(d), the estimated annual expenditure of $4.07 million is for contract services for data preparation of application forms and digitisation of documents.

IMPLEMENTATION PLAN

39. Having regard to the large number of schemes and stakeholders involved as well as the complexity of the project, ISFAST will be implemented and start operation in three phases. The first phase will cover the setting up of the infrastructure and computer functions to support the operation of those financial assistance schemes involving income test only (i.e. means-tested financial assistance schemes for pre-primary, primary and secondary school students). The second phase will cover the setting up of the computer functions for the remaining schemes, i.e. the schemes involving both income and asset tests (i.e. means-tested financial assistance schemes for post-secondary students) and non-means-tested loan schemes for students pursuing post-secondary and continuing education. The third phase will mainly focus on the provision of new e-services for the public such as online submission of applications, online enquiry of application status and online management of loan accounts.

40. ISFAST will be implemented in three phases. The tentative implementation timeframe of ISFAST and the organisation restructuring plan and migration schedule of schemes to ISFAST are shown at Enclosure 6. Assuming that the tender for the implementation of ISFAST can be awarded in 2010-11, the implementation of ISFAST can start in 2011-12 and be completed in 2015-16. The planned implementation timetable of ISFAST is as follows –

Encl. 6

Activity	Target Completion date
(a) Tendering for the implementation of ISFAST	March 2011
(b) Development of ISFAST – Phase 1	January 2013
(c) Development of ISFAST – Phase 2	October 2014
(d) Development of ISFAST – Phase 3	January 2016

41. In carrying out the migration plan, SFAA will ensure that all data stored in the existing computer systems will be removed by de-magnetisation and the hard disks will be physically destroyed before they are disposed of. We will ensure that these physically destroyed hard disks and other unserviceable microcomputers and accessories will be disposed of in accordance with the relevant government procedures. To ensure protection of personal data, SFAA will hire an independent consultant to conduct a Privacy Impact Analysis and Audit exercise, as recommended in the BPR and feasibility study. We will also consult DoJ on the proper use of information collected via the household-based application forms in processing applications concerning more than one scheme and more than one family member and in conducting subsequent authentication of relevant households. We will also seek the advice of the Privacy Commissioner for Personal Data on the proper conduct of matching of data provided by applicants to SFAA with other relevant government departments.

PUBLIC CONSULTATION

42. We consulted the Education Panel of the Legislative Council on the proposal on 18 March 2010. Members were generally supportive of the proposal and raised no objection to submission of the proposal to the Finance Committee for funding approval. Members remarked that SFAA should put in place proper measures to ensure protection of personal data in implementing the proposal.

/BACKGROUND …..

BACKGROUND

43. It is the Government's policy to ensure that no student is denied access to education due to lack of means. To meet this objective, SFAA provides publicly-funded financial assistance in the form of grants and/or loans to students of different levels and administers publicly-funded and privately-donated scholarship schemes. A modern ICT system with sufficient capacity is needed to enable SFAA to discharge its functions efficiently and effectively.

Education Bureau
April 2010

Enclosure 1 to FCR(2010-11)4

Financial Assistance Schemes and Scholarship Schemes administered by SFAA

Scheme		Scope of Beneficiaries	2008/09 Academic Year		
			No. of applications	Grants disbursed ($ million)	Loans disbursed ($ million)
Financial Assistance Schemes					
1.	Tertiary Student Finance Scheme - Publicly-funded Programmes (TSFS)	A means-tested (income and asset tests) financial assistance scheme providing grants and loans to needy full-time students pursuing publicly-funded post-secondary programmes of University Grants Committee - funded institutions, Hong Kong Institute of Vocational Education of the Vocational Training Council, Hong Kong Academy for Performing Arts and Prince Philip Dental Hospital, to meet tuition fees, academic expenses, compulsory student union fees and living expenses.	30 946	782.9	289.0

2.	Financial Assistance Scheme for Post-secondary Students (FASP)	A means-tested (income and asset tests) financial assistance scheme providing grants and loans to needy full-time students aged 25 or below pursuing self-financing locally-accredited post-secondary programmes, to meet tuition fees, academic expenses and living expenses.	21 943	588.7	180.9
3.	Non-means-tested Loan Scheme for full-time tertiary students who are covered under TSFS (NLSFT)	A non-means-tested scheme to provide loans to students eligible for applying for assistance under TSFS to meet tuition fees.	6 471	-	211.0
4.	Non-means-tested Loan Scheme for Post-Secondary Students (NLSPS)	A non-means-tested scheme to provide loans to students eligible for applying for assistance under FASP to meet tuition fees, academic expenses and living expenses.	11 405	-	395.0
5.	Extended Non-means-tested Loan Scheme (ENLS)	A non-means-tested scheme to provide loans to students not covered by TSFS or FASP, and pursuing eligible post-secondary and continuing education courses to meet tuition fees.	11 129	-	388.7

6.	School Textbook Assistance Scheme (STAS)	A means-tested (income test) financial assistance scheme providing assistance to needy primary and secondary students in public sector schools and local private schools under the Direct Subsidy Scheme to purchase textbooks and to meet other school-related expenses.	294 763	470.6	-
7.	Student Travel Subsidy Scheme (STSS)	A means-tested (income test) financial assistance scheme providing travel subsidies to needy students who receive formal primary or secondary education or attend a full-time day course up to the first degree level, provided that these students are living beyond ten minutes' walking distance from their school.	244 144	337.9	-
8.	Examination Fee Remission Scheme (EFRS)	A means-tested (income test) financial assistance scheme providing fee waivers to needy Secondary 5 and Secondary 7 students taking public examinations conducted by the Hong Kong Examinations and Assessment Authority.	11 355	15.2 (fee waivers)	-

9.	Project Yi Jin (PYJ)	A scheme providing partial tuition fee reimbursement to students who have completed modules under PYJ and full fee reimbursement to those needy students who have passed the means (income) test.	13 466	108.4 (tuition fee reimbursement)	-
10.	Financial Assistance Scheme for Designated Evening Adult Education Courses (FAEAEC)	A scheme providing partial school fee reimbursement to all students of designated evening secondary courses who can meet the attendance requirement, and full or 50% fee reimbursement to those needy students who have passed the means (income) test.	786	3.1 (school fee reimbursement)	-
11.	Pre-primary Education Voucher Scheme (PEVS)	A non-means-tested scheme to provide fee subsidies for parents of children attending nursery, lower and upper classes in eligible local non-profit-making kindergartens in the form of pre-primary education vouchers.	45 344 (43 283 certificates of eligibility issued)	544.5 (face value of vouchers)	-

12.	Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS)	A means-tested (income test) financial assistance scheme providing assistance to needy parents in the form of fee remission for their children receiving whole-day child care services in child care centres and receiving pre-primary education in kindergartens (on top of the fee subsidy from PEVS).	51 039	309.7	-
13.	Continuing Education Fund (CEF)	A scheme providing tuition fee reimbursement to eligible persons pursuing continuing education and training in specified sectors.	68 147	394.4 (tuition fee reimbursement)	-
Scholarship, Merit Award and Related Schemes					
	Scholarship, Merit Award and Related Schemes	Awards are primarily made on academic merit by scholarship schemes including government-funded ones and privately-donated ones, such as the Sir Edward Youde Memorial Fund Scholarships and some 170 scholarships under the Education Scholarships Fund.	10 385	27.3 (of which 22.5 are privately donated)	-
		Total :	**821 323**	**3,582.7**	**1,464.6**

Enclosure 2 to FCR(2010-11)4

Existing Major Computer Systems in SFAA

	Computer System	Year of Production	Schemes Supported
1.	Student Financial Assistance Management System	1998	• TSFS • NLSFT • STAS • STSS • EFRS • PYJ • FAEAEC
2.	Kindergarten and Child Care Centre Fee Remission System	1999	• KCFRS • PEVS
3.	Computer System for FASP	2003	• FASP • NLSPS
4.	Computer System for CEF	2003	• CEF
5.	Extended Non-means-tested Loan Scheme System	2006	• ENLS
6.	New Student Loan System	2008	• TSFS (loan repayment function)

Enclosure 3 to FCR(2010-11)4

Organisation Structure of SFAA before Implementation of ISFAST

(each scheme has a team of staff to support the various business processes)

<table>
<tr><th>Scheme</th><th>Receive Applications</th><th>Vet/Process Applications</th><th>Arrange Payment</th><th>Authenticate Cases</th><th>Administer Loan</th><th></th></tr>
<tr><td>PEVS</td><td colspan="2" rowspan="2">D2 – KC</td><td colspan="4" rowspan="2"></td></tr>
<tr><td>KCFRS</td></tr>
<tr><td>STSS</td><td colspan="2" rowspan="5">D2 - TT</td><td colspan="2" rowspan="4">D2 - SA</td><td colspan="2" rowspan="4"></td></tr>
<tr><td>STAS</td></tr>
<tr><td>EFRS</td></tr>
<tr><td>PYJ</td><td rowspan="2">D1 - PS</td></tr>
<tr><td>FAEAEC</td><td></td><td></td><td></td></tr>
<tr><td>TSFS</td><td colspan="2">D1 - FS</td><td>D3 - PY</td><td>D1 - FS</td><td>D3 - PY</td><td>D4</td></tr>
<tr><td>FASP</td><td colspan="6">D1 - PS</td></tr>
<tr><td>NLSFT</td><td>D1 - FS</td><td rowspan="3">D3 - NL</td><td>D3 - PY</td><td rowspan="3"></td><td rowspan="3">D3 - PY</td><td rowspan="3">D4</td></tr>
<tr><td>NLSPS</td><td>D1 - PS</td><td>D1 - PS</td></tr>
<tr><td>ENLS</td><td colspan="3"></td></tr>
<tr><td>CEF</td><td colspan="3">OCEF</td><td colspan="3"></td></tr>
</table>

Legend:

Division		Section	
D1	Division 1	PS FS	Post-secondary Students Section Funded Programmes Students Section
D2	Division 2	KC TT SA	Kindergarten and Child Care Centre Fee Remission Section Textbook Assistance / Student Travel Subsidy Section Scholarships, Grants & Loans & Authentication Section
D3	Division 3	PY NL	Payment Section Non-means-tested Loan Scheme Section
D4	Division 4		Default Section
OCEF	Office of the Continuing Education Fund		

Organisation Structure of SFAA after Implementation of ISFAST
(each staff member in each division would be responsible for applications/cases across schemes)

Scheme	Receive Applications	Vet/Process Applications	Arrange Payment	Authenticate Cases	Administer Loan
PEVS	Customer Relation Division	Vetting Division	Payment Control Division	Payment Control Division	Debt Management Division
KCFRS					
STSS					
STAS					
EFRS					
PYJ					
FAEAEC					
TSFS					
FASP					
NLSFT					
NLSPS					
ENLS	ENLS, OCEF & Administration Division[Note]				
CEF					

Note Applications under ENLS and CEF would continue to be made on an individual basis rather than on a family basis as they do not interrelate with other financial assistance schemes. In other words, operation of these two schemes would remain scheme-based. The new ISFAST would nevertheless cater for the requirements of ENLS and CEF.

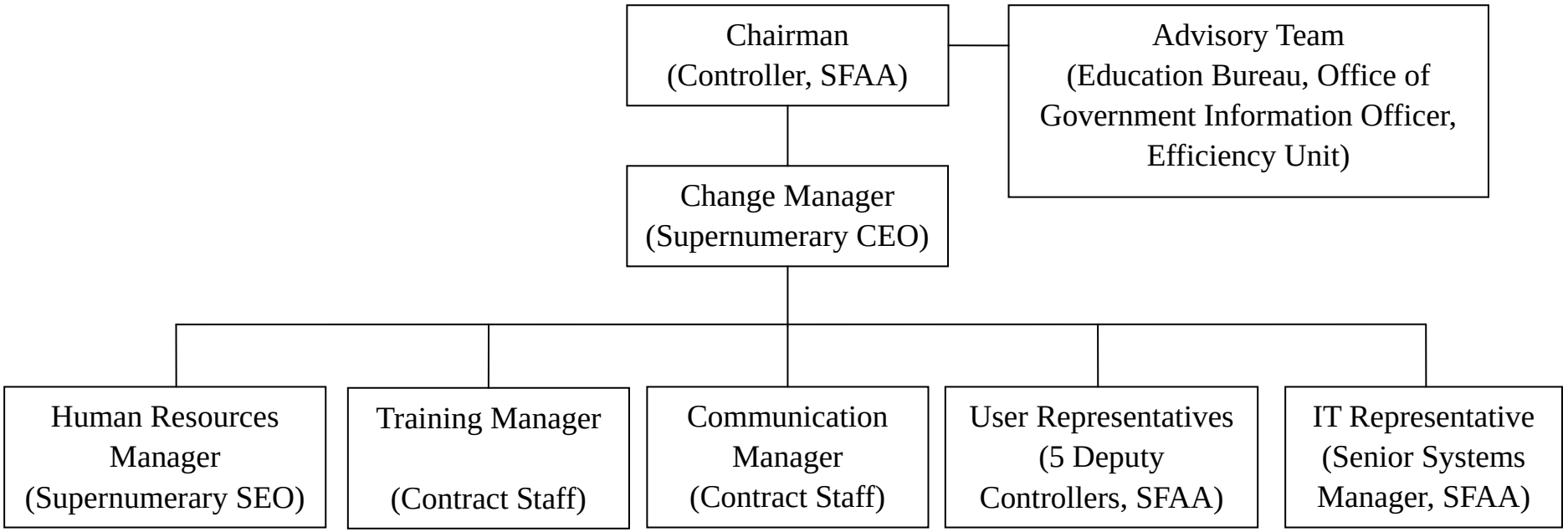
Enclosure 4 to FCR(2010-11)4

Cost and Benefit Analysis of ISFAST

	Cashflow ($'000)												
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**Total**
Cost													
Non-Recurrent													
- Capital Expenditure	410	21,880	9,575	12,230	12,234	2,619	6,423	-	-	-	-	-	65,371
- Staff Cost	20	2,355	4,031	4,555	7,547	3,059	40	-	-	-	-	-	21,607
Sub-total	430	24,235	13,606	16,785	19,781	5,678	6,463	-	-	-	-	-	86,978
Recurrent													
- Expenditure	-	-	379	6,025	6,988	10,636	13,780	13,780	13,780	13,780	13,780	13,780	106,708
Sub-total	-	-	379	6,025	6,988	10,636	13,780	13,780	13,780	13,780	13,780	13,780	106,708
Total cost	**430**	**24,235**	**13,985**	**22,810**	**26,769**	**16,314**	**20,243**	**13,780**	**13,780**	**13,780**	**13,780**	**13,780**	**193,686**
Savings													
Realisable savings	-	-	318	3,819	5,261	11,279	15,667	15,667	15,667	15,667	15,667	15,667	114,679
Notional savings	-	-	207	2,482	3,482	7,216	9,640	9,640	9,640	9,640	9,640	9,640	71,227
Total savings	-	-	**525**	**6,301**	**8,743**	**18,495**	**25,307**	**25,307**	**25,307**	**25,307**	**25,307**	**25,307**	**185,906**
Net Shortfall (Savings)	**430**	**24,235**	**13,460**	**16,509**	**18,026**	**(2,181)**	**(5,064)**	**(11,527)**	**(11,527)**	**(11,527)**	**(11,527)**	**(11,527)**	**7,780**
Net Present Value of Net Shortfall (Savings)	**430**	**23,303**	**12,445**	**14,676**	**15,409**	**(1,793)**	**(4,002)**	**(8,760)**	**(8,423)**	**(8,099)**	**(7,787)**	**(7,488)**	**19,911**
Net Present Value of Cumulative Shortfall (Savings)	**430**	**23,733**	**36,178**	**50,854**	**66,263**	**64,470**	**60,468**	**51,708**	**43,285**	**35,186**	**27,399**	**19,911**	

Enclosure 5 to FCR(2010-11)4

Structure of Change Management Team for Implementation of ISFAST



Enclosure 6 to FCR(2010-11)4

ISFAST Tentative Implementation Schedule

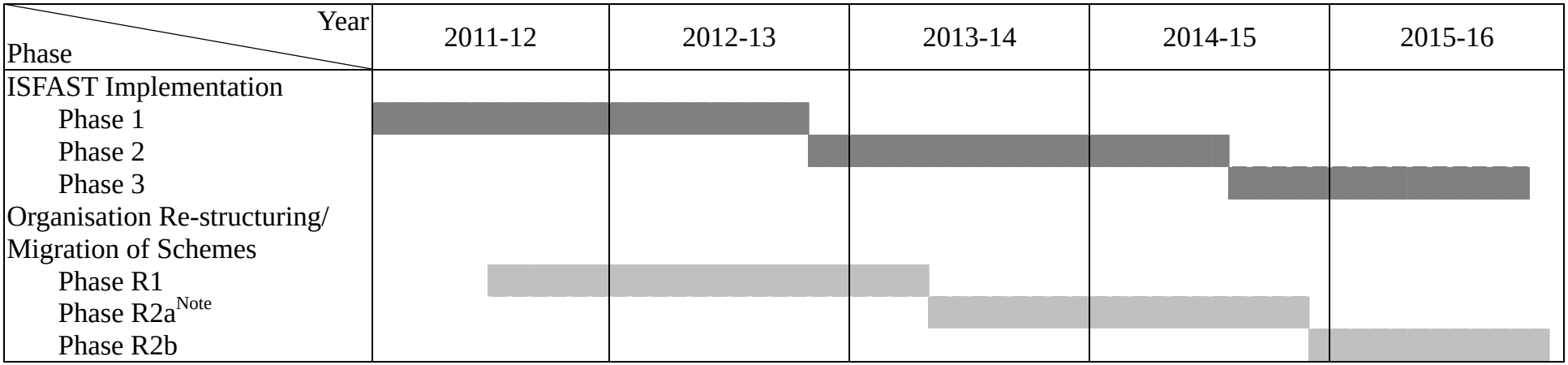
	Tentative schedule	Schemes covered	Applicants concerned
Tendering	April 2010 – March 2011	NA	NA
Phase 1	April 2011 – January 2013	Means-tested financial assistance schemes involving income test only - • KCFRS • PEVS[Note] • STAS • STSS • EFRS • PYJ • FAEAEC Scholarship schemes	• Pre-primary pupils • Primary and secondary students • Adult learners
Phase 2	February 2013 – October 2014	(i) Means-tested financial assistance schemes involving both income test and asset test - • TSFS • FASP (ii) Non-means-tested schemes - • NLSFT • NLSPS • ENLS (iii) CEF	• Tertiary and post-secondary students • Persons pursuing continuing education
Phase 3	November 2014 – January 2016	• e-Services for all schemes	• All applicants

Note PEVS, albeit non-means-tested in nature, is included in Phase 1 for its relation with KCFRS.

Legend:

KCFRS -	Kindergarten and Child Care Centre Fee Remission Scheme
PEVS -	Pre-primary Education Voucher Scheme
STAS -	School Textbook Assistance Scheme
STSS -	Student Travel Subsidy Scheme
EFRS -	Examination Fee Remission Scheme
PYJ -	Project Yi Jin
FAEAEC -	Financial Assistance Scheme for Designated Evening Adult Education Courses
TSFS -	Tertiary Student Finance Scheme - Publicly-funded Programmes
FASP -	Financial Assistance Scheme for Post-secondary Students
NLSFT -	Non-means-tested Loan Scheme for full-time tertiary students who are covered under TSFS
NLSPS -	Non-means-tested Loan Scheme for Post-Secondary Students
ENLS -	Extended Non-means-tested Loan Scheme
CEF -	Continuing Education Fund

Organisation Re-structuring Plan and Scheme Migration Schedule with respect to ISFAST Implementation Plan



Note To reduce project risk, migration of schemes with respect to Phase 2 would comprise two batches, with Phase R2a covering TSFS and NLSFT and Phase R2b covering FASP, NLSPS, ENLS and CEF.