

ITEM FOR FINANCE COMMITTEE

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY Subhead 228 Student financial assistance

Members are invited to approve changes and improvements to the Examination Fee Remission Scheme with effect from the 2011/12 academic year.

PROBLEM

We need to change the ambit of the Examination Fee Remission Scheme (EFRS) to provide fee remission to needy students sitting for the Hong Kong Diploma of Secondary Education Examination (HKDSEE) which will be first held in the 2011/12 academic year. We also propose to improve the Scheme to enhance support for needy students.

PROPOSAL

2. The Controller of the Student Financial Assistance Agency (SFAA), with the support of the Secretary for Education, proposes to change the ambit of EFRS to provide fee remission to needy students sitting for HKDSEE, and to make the following improvements to EFRS so as to enhance support for needy students with effect from the 2011/12 academic year –

- (a) provide half fee remission to students means-tested by SFAA to be eligible for half grant;
- (b) provide remission to needy first-time repeaters of HKDSEE; and
- (c) provide remission to needy non-Chinese speaking (NCS) students sitting for General Certificate of Secondary Education (GCSE) (Chinese) Examination to enable them to meet the basic language requirement for local higher education.

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JUSTIFICATION

The Existing EFRS

3. At present, to be eligible for fee remission under EFRS, a student must –

- (a) sit for either the Hong Kong Certificate of Education Examination (HKCEE)¹ or the Hong Kong Advanced Level Examination (HKALE)² for the first time³;
- (b) be a full-time Secondary 5 or Secondary 7 student as confirmed by the attending school⁴; and
- (c) be means-tested to be eligible for full level of assistance by SFAA⁵.

4. Students have to apply to the Hong Kong Examinations and Assessment Authority (HKEAA) for EFRS through the attending school. Each September, HKEAA will issue circulars to schools inviting students sitting for HKCEE or HKALE to apply for EFRS. HKEAA will check with SFAA the eligibility of the applicants, so that eligible students would not need to pay the examination fees at the time of registration for HKCEE or HKALE. SFAA will arrange for payment of the examination fees to HKEAA direct on behalf of the students concerned.

Proposed Changes and Improvements to EFRS

5. Following the implementation of the New Academic Structure (NAS) for senior secondary education, HKDSEE will replace HKCEE and HKALE. It is necessary to revise the ambit of EFRS so that it can provide support for needy students sitting for HKDSEE. We also propose to introduce improvements to EFRS to enhance support for needy students.

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¹ The last HKCEE for school candidates was held in 2010.

² The last HKALE for school candidates will be held in 2012.

³ A student taking more than one of the examinations (HKCEE and HKALE) in the same year is only entitled to fee remission under EFRS for one of the examinations only.

⁴ A student sitting for HKCEE/HKALE as a private candidate is not eligible for fee remission under EFRS.

⁵ In exceptional cases, a student who has been recommended for full assistance under the School Textbook Assistance Scheme by the attending school may also be granted waiver of examination fees under the discretionary arrangement.

(i) Remission for needy students sitting for HKDSEE

6. The first HKDSEE will be held in the 2011/12 academic year, with a view to totally replacing HKCEE and HKALE from the 2012/13 academic year⁶. We propose that EFRS should provide fee remission to eligible school students sitting for HKDSEE⁷ from the 2011/12 academic year.

(ii) Extension of EFRS to needy students eligible for half level of assistance

7. Under the existing EFRS, only students means-tested to be eligible for full level of assistance by SFAA are eligible for exemption of examination fees. Students eligible for half level of assistance are not eligible for any fee remission. On the other hand, other financial assistance schemes for primary and secondary school students, i.e. the School Textbook Assistance Scheme, the Student Travel Subsidy Scheme and the Subsidy Scheme for Internet Access Charges, offer both full and half levels of assistance.

8. From the 2012/13 academic year, HKDSEE will be the only examination to be taken upon completion of senior secondary education under the local curriculum. A typical student under the NAS will take six or seven subjects for HKDSEE and the examination fees may be a financial concern for needy students from low-income families. To provide enhanced support for examination fee remission on a par with other financial assistance schemes for primary and secondary school students, we propose that the scope of EFRS be widened to provide examination fee remission to needy students at both full and half levels of assistance after the means test of SFAA from the 2011/12 academic year. We further propose that eligible school students who sit for HKALE⁸ in the 2011/12 academic year and are assessed to be eligible for full or half assistance after the means test of SFAA should be eligible for receiving full or half examination fee remission under EFRS respectively.

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⁶ HKALE will be last held in the 2012/13 academic year for private candidates.

⁷ Eligible school candidates include needy Senior Secondary 3 full-time day school students sitting for HKDSEE to be held from the 2011/12 academic year, and needy adult learners attending Secondary 6/ Senior Secondary 3 evening courses in designated centres that are quality-assured and commissioned by the Education Bureau (EDB) and sitting for HKDSEE as school candidates.

⁸ Eligible school candidates include needy Secondary 7 full-time day school students sitting for HKALE, and needy adult learners attending Secondary 7 evening courses in designated centres that are quality-assured and commissioned by EDB and sitting for HKALE as school candidates.

(iii) Remission of examination fee for the second examination entry

9. At present, candidates who have been granted examination fee remission under EFRS for an examination entry will not be eligible for examination fee remission under EFRS again if he or she sits for the same examination for the second time, i.e. the second examination entry. As HKDSEE will be the only examination to be taken upon completion of senior secondary education under the local curriculum from the 2012/13 academic year, we propose to extend EFRS to needy first-time repeaters of HKDSEE, provided that they are school candidates in the first examination entry⁹ (regardless of whether they have received examination fee remission in that entry) and sit for HKDSEE for the second time as school candidates in the immediate following examination year. Needy HKDSEE repeaters meeting the afore-mentioned criteria would be eligible for full or half examination fee remission under EFRS from the 2012/13 academic year onwards, depending on the outcome of SFAA's means test. We further propose that students sitting for HKALE for the second time as school candidates in the 2011/12 academic year should also be eligible for full or half examination fee remission under EFRS, provided that they meet the above criteria.

(iv) EFRS to be extended to cover needy NCS students sitting for GCSE (Chinese) Examination

10. The Government's prevailing policy is to facilitate the early integration of NCS students into the local education system. Starting from 2007, the Government has been providing an avenue for students who have had a late start in learning the Chinese Language or have not been given full opportunities to learn the local Chinese Language curriculum to attain an alternative qualification in Chinese Language through taking GCSE (Chinese) Examination so as to address the aspirations for higher education under the local curriculum¹⁰ and for career development of NCS students. As GCSE (Chinese) Examination is an overseas examination, it is not covered under EFRS. Given the relatively high examination fee and the significant increase in the number of NCS students sitting for it in recent years, EDB saw the need to alleviate the financial burden of NCS students. Since the 2010 sitting, EDB has been providing a subsidy to HKEAA to bridge the

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⁹ Under HKCEE or HKALE, students normally take all the subjects in one examination entry. Under HKDSEE, whilst the examinations of the 24 core and elective subjects will take place in March to May each year and the internal assessment of Applied Learning subjects will also be completed by then, the examinations of the six Other Language subjects will take place in June and/or November of the preceding year to tie in with the timetable of Cambridge International Examinations. Examinations taken in March to June and November of the preceding year under HKDSEE will be considered to be taken in the same examination year and therefore counted altogether as one examination entry for the purpose of examination fee remission under EFRS.

¹⁰ Starting from 2008, the University Grants Committee-funded institutions have provided flexibility for acceptance of alternative Chinese Language qualification(s) including the result of GCSE (Chinese) Examination for applications under specified circumstances under the Joint University Programmes Admissions System.

difference between the examination fees of GCSE (Chinese) Examination and HKCEE (Chinese) such that NCS students, irrespective of means but meeting the language requirements¹¹, only have to pay a subsidised examination fee on par with HKCEE (Chinese) to sit for GCSE (Chinese) Examination. EDB intends to continue this subsidy scheme for HKEAA with the introduction of HKDSEE (Chinese).

11. Although the above subsidy scheme has enabled NCS students to sit for GCSE (Chinese) Examination at a subsidised examination fee, at present, EFRS does not provide assistance to help needy NCS students pay for the subsidised fee. To ensure that needy NCS students would not be deprived of the opportunity to sit for GCSE (Chinese) Examination to obtain an alternative qualification in Chinese Language for pursuing higher education or employment, we propose that the ambit of EFRS be extended to cover GCSE (Chinese) Examination from the 2011/12 academic year. An NCS student will be eligible to receive full or half fee remission of the subsidised examination fee for taking GCSE (Chinese) Examination if he/she passes the means test of SFAA, and has been certified by the last attending school to have learned Chinese Language for either –

- (a) less than six years while receiving primary and secondary education; or
- (b) six years or more in schools, but has been taught an adapted and simpler curriculum not normally applicable to the majority of students in local schools.

We propose that with effect from the 2011/12 academic year, an eligible NCS student may receive examination fee remission in respect of GCSE (Chinese) Examination taken either in place of or in addition to HKDSEE (Chinese) in an academic year, and will be eligible for fee remission for a second examination entry of GCSE (Chinese) Examination to be taken in the immediate following year as a school candidate.

Number of Beneficiaries

12. We estimate that in the 2011/12 school year, there would be around 76 100 school candidates for HKDSEE and 32 200 school candidates (including around 600 eligible second-attempters) for HKALE. Subject to the approval of the

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¹¹ Specifically, these NCS students are those who -

- (a) have learned Chinese Language for less than six years while receiving primary and secondary education; or
- (b) have learned Chinese Language for six years or more in schools, but have been taught an adapted and simpler curriculum not normally applicable to the majority of students in local schools.

Finance Committee (FC) of the improvement measures discussed in paragraphs 6 to 11 above and taking into account the proposed relaxation of the means test mechanism of SFAA announced in the 2011-12 Budget, we estimate that around 21 600 candidates (14 700 for HKDSEE, 6 800 for HKALE and 100 for GCSE (Chinese) Examination) and around 18 500 candidates (12 700 for HKDSEE, 5 700 for HKALE and 100 for GCSE (Chinese) Examination) would be able to receive full or half examination fee remission in the 2011/12 academic year respectively.

FINANCIAL IMPLICATIONS

13. With the implementation of the improvement measures discussed in paragraphs 6 to 11 above and taking into account the proposed relaxation of the means test mechanism of SFAA announced in the 2011-12 Budget, we estimate that the disbursement of EFRS will increase from around \$15 million per annum in the past to around \$80 million in the double-cohort year of the 2011/12 academic year, when the last HKALE for school candidates and the first HKDSEE will be held. The disbursement under EFRS is expected to decline gradually in subsequent years after the double-cohort year and taking into account changes in projected student enrolment figures. The estimated additional recurrent expenditure on EFRS is set out as follows –

| Financial Year | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | (\$ million) | | |
| (i) EFRS to cover students eligible for full level of assistance sitting for HKDSEE | 39.6 | 42.0 | 40.2 | 38.0 | 34.9 |
| (ii) Extension of EFRS to needy students eligible for half level of assistance sitting for HKDSEE and 2011/12 HKALE | 23.7 (HKALE and HKDSEE) | 18.0 (HKDSEE only) | 17.1 (HKDSEE only) | 16.1 (HKDSEE only) | 14.8 (HKDSEE only) |
| (iii) Remission of examination fee for the second examination entry for HKDSEE and 2011/12 HKALE | 0.5 (HKALE only) | 6.5 (HKDSEE only) | 6.3 (HKDSEE only) | 5.9 (HKDSEE only) | 5.4 (HKDSEE only) |

| Financial Year | 2011-12 | 2012-13 | 2013-14 (\$ million) | 2014-15 | 2015-16 |
|---|----------------|----------------|---------------------------------------|----------------|----------------|
| (iv) EFRS to be extended to cover needy NCS students sitting for GCSE (Chinese) Examination | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Estimated total additional expenditure | 63.9 | 66.6 | 63.7 | 60.1 | 55.2 |

The actual amount of disbursement each year will depend on such factors as the size of student population, the number of applications, the actual result of the means test of the applicants and any change in the examination fee levels, etc. We have included sufficient provision in the 2011-12 Estimates for the proposals above. The financial implications for 2012-13 and beyond will be reflected in the Estimates of the relevant years.

IMPLEMENTATION PLAN

14. Subject to FC's approval, we plan to implement the above changes and improvements to EFRS from the 2011/12 academic year. Registration for the Other Language subjects of the 2011/12 HKDSEE to be held in November 2011 will start in late June 2011, and that for the 2011/12 HKALE and other subjects of the 2011/12 HKDSEE will start in September 2011. We will brief schools and candidates on the details of the improved EFRS.

PUBLIC CONSULTATION

15. We consulted the Education Panel of the Legislative Council on the proposals on 11 April 2011. Members were generally supportive of the proposed changes and improvements to the EFRS. In response to requests of Members, the Administration provided information relating to the local and international recognition of HKDSEE, how the Administration would monitor the level of fees set by HKEAA, and the eligibility criteria for full and half examination fee remission under EFRS to the Panel for information on 19 May 2011.

/BACKGROUND

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16. EFRS was introduced in the 1978/79 academic year following the establishment of the former Hong Kong Examinations Authority and approval of FC in 1978. At that time, under EFRS, students of public sector schools taking HKCEE and HKALE and who were in receipt of full fee remission under the Senior Secondary Fee Remission Scheme were eligible for full examination fee remission. Needy students of private sector schools were also eligible for remission of examination fees but the amount available for remission to students in private sector schools was restricted to 10% of the total examination fees payable by private sector schools. This 10% limit was subsequently removed from the 2000/01 academic year as approved by FC in 2000. In 2001, FC approved the adoption of the Adjusted Family Income (AFI) formula to replace the Points Scoring System for assessing the eligibility of kindergarten, primary and secondary students for means-tested financial assistance from the 2002/03 academic year onwards, and the AFI formula has been used since then to determine students' eligibility for assistance under EFRS.

17. EFRS has provided full waiver of examination fees to over 11 000 school candidates sitting for HKCEE and HKALE for the first time every year, accounting for around 11% of the total population of school candidates.

Education Bureau
May 2011