

ITEM FOR FINANCE COMMITTEE

HEAD 173 - STUDENT FINANCIAL ASSISTANCE AGENCY

Subhead 151 Remission of examination fees

Subhead 153 Textbooks and stationery grants

Subhead 275 Student travel scheme

Members are invited to approve -

- (a) revisions to various student financial assistance schemes with effect from the 2000/01 school year -
 - (i) in respect of the School Textbook Assistance Scheme, introduce a flat rate grant of \$400 per student per annum to replace the “stationery” element of the grant for all levels of study, and increase the rates of grant for the “textbook” element for eligible secondary school students from 80% to 100% of the average cost of textbooks for the respective levels of study;
 - (ii) in respect of the School Textbook Assistance Scheme, the Senior Secondary Fee Remission Scheme and the Examination Fee Remission Scheme, remove the limits placed on the total amount of grants that can be provided under the Schemes;

/(iii)

- (iii) in respect of the Student Travel Subsidy Scheme, increase the rate of grant to 100% of the average fare payable by students and introduce a two-tier system of full-rate and half-rate grants;
- (b) supplementary provision of \$100 million and \$40 million respectively to Head 173 Student Financial Assistance Agency Subhead 153 Textbooks and stationery grants and Subhead 275 Student travel scheme in 2000-01; and
- (c) delegation of authority to the Secretary for the Treasury to revise annually the new flat rate grant of the School Textbook Assistance Scheme according to the movement of the Composite Consumer Price Index.

PROBLEM

The existing rates of grants under the School Textbook Assistance Scheme (STAS) and the level of subsidy under the Student Travel Subsidy Scheme (STSS) cannot fully meet the requirements of needy students. The limits placed on the number of grants that may be provided under the STAS and on fee remissions under the Senior Secondary Fee Remission Scheme (SSFRS) and Examination Fee Remission Scheme (EFRS) may deny needy students the assistance that they require, even if they meet the means test and other criteria.

PROPOSAL

2. With the support of the Secretary for Education and Manpower, the Controller, Student Financial Assistance Agency proposes -

- (a) to introduce a flat rate grant of \$400 per student per annum under the STAS to replace the “stationery” element of the grant for all levels of study;
- (b) to increase the “textbook” element of the grant under the STAS for eligible secondary school students from 80% to 100% of the average cost of textbooks for the respective levels of study;
- (c) to provide 100% of the average travel fare to the most needy students under the STSS;

/(d)

- (d) to remove the limits placed under the STAS, the SSFRS and the EFRS in respect of the total amount of grants that can be provided; and
- (e) to delegate to the Secretary for the Treasury the authority to revise the flat rate grant of the STAS annually according to the movement of the Composite Consumer Price Index (CPI).

JUSTIFICATION

School Textbook Assistance Scheme

(a) Flat rate grant to replace the “stationery” element

3. The existing rates of grants under the STAS are determined annually with reference to the average costs of textbooks and stationery at various levels of study, based on an annual survey conducted before the start of a school year. In respect of stationery, only the cost of specific items such as exercise-books, hand-books, notes handed out by schools and paper stationery are taken into account. In the 1999/2000 school year, the grant rates as determined on this basis for stationery range from only \$51 to \$108, depending on the level of study.

4. Determination of the stationery requirements based on specific selected items is administratively cumbersome and does not take into account the wide range of school-related expenses that may be incurred by students from time to time, including school uniforms, study aids and other non-tuition fees. To help needy students pay for these other miscellaneous school-related expenses and for this added financial assistance to be administered in a more flexible manner, we propose to replace the “stationery” element of the grant by a flat rate grant of \$400 per student per annum for all levels of study. Admittedly, the needs of students vary and there cannot be a precise formula to determine the rate of the grant for students at various levels of study. The proposed grant of \$400 per student per annum, however, is a significant improvement over the current rate for “stationery” at \$51 to \$108 in meeting a student’s stationery requirements and related miscellaneous school-related expenses that may be required from time to time, including any non-tuition fees in schools. The existing arrangement of providing half-rate grants to less needy students will remain unchanged.

5. To maintain the real value of the proposed flat rate grant, we also propose that the Secretary for the Treasury be delegated the authority to approve annual revisions to the flat rate grant according to the movement of the Composite CPI.

6. All existing students eligible for the STAS, estimated to be around 334 000, will benefit from the new flat rate grant. Based on the latest round of applications, about 67 000 students or 20% of the successful applicants will receive a full-rate grant of \$400.

(b) 100% textbook grants for secondary school students

7. The existing rate of the “textbook” element under the STAS for primary students is set at 100% of the average costs of textbooks. The rates for secondary students are set at 80% of the average costs on the assumption that secondary school books are longer lasting and students may inherit and sell them at the end of the school year. As this assumption may not necessarily happen in practice, we propose that the 20% discount factor be removed. All existing eligible secondary school students under the STAS, estimated to be about 195 000, will benefit from this proposal.

Grant Ceilings under the STAS, SSFRS and EFRS

8. For the purpose of controlling expenditure, various student financial assistance schemes were originally introduced with a limit on the amount of grants that can be provided, namely -

- (a) under the STAS, the total grants for eligible students are limited to the equivalent of making the full grant available to 25% of the enrolment of the public sector places and 12.5% for schools for the blind;
- (b) under the SSFRS, the total amount of fee remission is limited to the equivalent of granting full fee remission to 45% of the approved enrolments for Secondary 4 to 5 and 50% for Secondary 6 to 7; and
- (c) under the EFRS, students of public sector schools taking the Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination and who are in receipt of full fee remission under the SSFRS will be eligible for full examination fee remission. Needy students of private schools are also eligible for remission of their examination fees but the amount available for remission to students in private sector schools is restricted to 10% of the total examination fees payable by private sector schools.

9. It is Government’s policy that no students should be deprived of education because of lack of means. Thus, although the above limitations

/hitherto

hitherto have not been applied in practice resulting in some needy students being denied of support, we consider them no longer justified. To ensure that, as a matter of principle, students who meet the eligibility criteria for the above schemes will receive the necessary financial assistance, we propose to remove the limits mentioned in paragraph 8 above.

Student Travel Subsidy

10. Under the STSS, the amount of subsidy provided to eligible needy students aged 12 or above in full time studies is equivalent to 50% of the average adult fare from their residence to the place of study, and in the case of travels with the Mass Transit Railway (MTR), the subsidy is set at 50% of the concessionary fares. There is no distinction in terms of the level of assistance between the most needy students and the less needy ones. This means that even the most needy students will still have to bear half of the fares payable for travelling to and from school.

11. To ensure that the travelling expenses of the most needy students are adequately provided for, we propose to raise the maximum level of travel subsidy to a level equivalent to 100% of the average adult fare, and in the case of travels with the MTR, 100% of the concessionary fare. We also propose to adopt for the improved STSS a two-tier assistance system along the lines of the STAS and SSFRS, whereby subsidy will be available to individual students in full-rate or half-rate, depending on their means.

12. Based on the latest round of applications, we estimate the number of students who will benefit from this proposal, i.e. those who will be eligible for full-rate subsidy equivalent to 100% of the travel fare, to be about 28 000. The level of financial assistance to some 163 500 other eligible students who are likely to receive half-rate grants will remain unchanged. The present average travel subsidy per student per annum is about \$1,440 and will double under the proposal for those eligible for full-rate subsidy.

FINANCIAL IMPLICATIONS

13. Based on information available from the latest round of applications on the number of eligible students and their means profile and the proposed level of grants, we estimate that implementation of the proposals to improve the basis for calculating the level of grants under the STAS and the STSS with effect from the 2000/01 school year will lead to an additional recurrent expenditure of \$140 million per annum, comprising \$100 million under the STAS and \$40 million under the STSS.

/14.

14. As regards the proposal to remove the limits of assistance currently placed under the STAS, SSFRS and EFRS, the financial implications will be in terms of requirements over and above the existing limits. Up to 1999/2000, the total amount of grants necessary to meet the requirements of eligible applicants has not exceeded the stipulated limits, and is not expected to exceed those limits in 2000/01. The proposal therefore does not have any immediate additional financial implications.

BACKGROUND INFORMATION

15. STAS provides cash grants to eligible Primary 1 to Secondary 7 students in government, aided, per caput grant school, bought place private secondary school and local school under the Direct Subsidy Scheme for purchasing essential textbooks and stationery. A successful applicant receives a full grant or a half grant depending on the size and income of his family. We revise the rates of grants annually having regard to the average cost of essential textbooks and stationery required by the students.

16. STSS provides travel subsidy to full-time students aged 12 or above who have not yet completed their first degree, who pass a means test and who live beyond ten minutes' walking distance from their school. A successful applicant will receive a subsidy for home-school travel during term time at the rate of half the average fares on public transport between his residence and the location of his school.

17. EFRS assists Secondary 5 and Secondary 7 students to meet their examination fees for the Hong Kong Certificate of Education Examination and Hong Kong Advanced Level Examination. Students who are eligible for full tuition fee remission in public sector schools are eligible for full examination fee remission. For private sector students, the amount available for remission is restricted to 10% of the total examination fees payable by the private sector schools.

18. The Financial Secretary announced in the 2000 Budget that an additional \$140 million a year will be provided to improve the textbook assistance and travel subsidy schemes beginning from the new school year in September to relieve low-income families of the cost of schooling for their children. We have briefed the Legislative Council Panel on Education on the budget proposals on education, amongst which are the proposed improvements to the student financial assistance schemes.