

ITEM FOR FINANCE COMMITTEE

HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE Subhead 013 Personal allowances

Members are invited to approve –

- (a) the expansion of the ambit of Head 46 General Expenses of the Civil Service Subhead 013 Personal allowances to cover the provision of education allowances for eligible officers in respect of their children's primary and secondary education in the Mainland; and
- (b) a supplementary provision of \$15 million under Subhead 013 in 2021-22.

PROBLEM

We need to expand the scope of Local Education Allowance (LEA) so that eligible civil servants can apply for education allowances in respect of their children's primary and secondary education in the Mainland.

PROPOSAL

2. The Secretary for Civil Service proposes to –

- (a) amend the ambit of Head 46 General Expenses of the Civil Service Subhead 013 Personal allowances to cover the payment of education allowances to eligible civil servants in respect of their children's primary and secondary education in the Mainland; and

/ (b)

- (b) approve a supplementary provision of \$15 million under Subhead 013 Personal allowances in 2021-22 for timely implementation of (a).

JUSTIFICATION

3. The Government has all along been supporting the youths to integrate into the overall national development, and has been implementing measures to facilitate Hong Kong students to study in the Mainland as well as to encourage them to participate in various internship programmes and exchange activities in the Mainland. National policies stress the importance of fully utilising major co-operation platforms among Guangdong, Hong Kong and Macao to attract more young people from Hong Kong and Macao to study, work and live in the Mainland, so as to facilitate wider exchanges and foster deeper integration among the youths in these regions, thereby strengthening their sense of belonging to the motherland. In this connection, the Government has been stepping up its effort in launching different projects to facilitate youth exchange between the two places, enhance our youths' understanding of our country, so as to better prepare them to actively integrate into the overall national development.

4. The quality of education in the Mainland has been continuously improving. Studying in the Mainland also allows Hong Kong students gain first-hand experience of the development of our country in aspects such as culture, economy, education, science and technology, etc. At the same time, it enriches students' learning experience, and helps them understand the opportunities and challenges brought about by the country's development to Hong Kong. The experience will benefit them greatly when they join the workforce in the future. In view of the above, some Hong Kong students have chosen to study in the Mainland in recent years, including children of civil servants.

5. Taking into account the above, on the premise that the eligibility criteria and ceiling rates for the existing LEA will remain intact, we propose to expand the scope of LEA to cover primary and secondary education in the Mainland, and rename it as "Mainland and Local Education Allowance" (MLEA), so that civil servants who are eligible for LEA can apply for education allowances in respect of their children's primary and secondary education in Hong Kong or in the Mainland, hence providing them with another option when considering their children's place of study.

/IMPLEMENTATION

IMPLEMENTATION DETAILS

6. The eligibility criteria for MLEA will follow the existing arrangement for LEA, that is, all civil servants currently eligible to claim LEA (i.e. those who were offered appointment before 1 June 2000 and joined the civil service) will be eligible to claim MLEA to pay part of the fees for their children's primary and secondary education in Hong Kong or in the Mainland. The rates of the allowance will remain at the existing level of LEA, i.e. up to 75% of the school fee¹ subject to the specified maximum rates as follows, with no further adjustments in the future.

	Maximum rates per academic year per child (HK\$)
Primary schools	29,925
Secondary schools (Form I to III)	49,650
Secondary schools (Form IV and above)	46,313

Encl.

7. The remaining arrangements under the current LEA scheme will continue to apply. Details of the prevailing general rules for claiming LEA are set out at the Enclosure. The schools attended by the applicants' children must be those which are recognised by the Ministry of Education or relevant authorities in the Mainland.

8. Subject to Members' approval, we plan to implement the proposed arrangements on MLEA within this year. In line with the existing LEA arrangement, eligible civil servants must submit the application/claim for MLEA within six months after the end of the month in which the academic year ends. If the proposal is approved by Members within the 2020-21 legislative session, eligible civil servants should have ample time to claim allowances in respect of the school fees incurred for the 2020/21 academic year.

/FINANCIAL

¹ For LEA, "school fee" means the particulars of the inclusive fee printed on a certificate in the specified form issued by the Permanent Secretary for Education to the management authority of a school. If the inclusive fee includes money charged for providing housing or lodging accommodation in respect of a pupil at a boarding school, the money so charged shall be separately set out in the particulars printed on the certificate issued. MLEA will adopt similar arrangements.

FINANCIAL IMPLICATIONS

9. The actual expenditure for MLEA in respect of studies in the Mainland will be subject to, amongst others, the actual number of applicants, whether the applicants have been claiming LEA for their children, relevant education expenses, etc. Hence, it is difficult to estimate precisely at this stage the financial implications concerned. Based on the initial response of the staff sides to the proposal, the rough estimation is that there may be about 200 related applications each year. On the basis of the above estimation and the assumption that such applicants are not existing recipients of LEA, we propose to provide a supplementary provision of \$15 million under Subhead 013 Personal allowances to ensure that there are sufficient resources for implementing the proposal on MLEA in the 2021-22 financial year. As for the expenditure in the subsequent financial years, we shall include sufficient provision in future Estimates.

PUBLIC CONSULTATION

10. We have consulted the staff sides of four Central Consultative Councils² as well as three advisory bodies on civil service salaries and conditions of service³ on the proposal and they were generally in support of the proposal. Other views from the staff sides include (a) conducting a review on the ceiling rates for LEA; (b) extending the eligibility for MLEA to cover civil servants offered appointment on or after 1 June 2000 or allow them to apply for a separate “Mainland Education Allowance”; and (c) putting in place other suitable ancillary measures such as provision of medical benefits or subsidies on travelling between Hong Kong and the Mainland for those studying in the Mainland, etc. Given the substantial policy changes and long-term financial commitments involved in these suggestions, we have no plan to accede to them at present.

11. We consulted the Legislative Council Panel on Public Service on 19 April 2021. The Panel supported the above proposal. A Member was of the view that the MLEA should also cover post-secondary education in the Mainland until the eligible child reaches the age of 19. Given the MLEA proposal is premised on the eligibility criteria and ceiling rates for the existing LEA remaining intact and

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² They are the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Police Force Council and the Disciplined Services Consultative Council.

³ They are the Standing Commission on Civil Service Salaries and Conditions of Service, the Standing Committee on Disciplined Services Salaries and Conditions of Service, as well as the Standing Committee on Directorate Salaries and Conditions of Service.

the fact that the existing LEA does not cover post-secondary education in Hong Kong, we consider it inappropriate to further expand the scope of LEA to cover post-secondary education in the Mainland. In fact, the Education Bureau has introduced the “Mainland University Study Subsidy Scheme” (MUSSS) since 2014 to provide financial assistance to eligible Hong Kong students pursuing undergraduate programmes in the Mainland⁴.

BACKGROUND

12. On 2 August 1972, the Finance Committee (FC) approved the introduction of LEA to pay part of the fees for the primary and secondary education of eligible civil servants’ children in Hong Kong.

13. The Government has kept allowances payable to civil servants under periodic review to ensure that they are in line with prevailing circumstances. For eligible civil servants who were offered appointment before 1 June 2000, LEA was offered under their terms of appointment, thus the Government has to abide by the contractual obligations. The Government has no longer included LEA in the package of fringe benefits available to officers offered appointment from 1 June 2000 onwards. As at 31 December 2020, around 66 000 civil servants were eligible for LEA.

14. Following a comprehensive review conducted on the fringe benefit type of allowances for the civil service, the FC approved in 2006 the freezing of the ceiling rates for LEA with no further adjustment. This arrangement has been adopted since then. Other rules for applying for the allowance (including the rates, duration of subsidy, age and number of eligible dependants) have remained unchanged.

Civil Service Bureau
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⁴ The MUSSS aims to support Hong Kong students in pursuing undergraduate studies in the Mainland and ensure that no students will be deprived of post-secondary education opportunity due to a lack of means. The MUSSS comprises two components: “means-tested subsidy” (eligible students who have passed a means test will receive either a full-rate subsidy or a half-rate subsidy, depending on their needs) and “non-means-tested subsidy”. For the 2020/21 academic year, the full-rate subsidy and half-rate subsidy under the “means-tested subsidy” component are HK\$16,800 and HK\$8,400 per annum respectively. The “non-means-tested subsidy” offers a flat rate subsidy of HK\$5,600 per annum.

**The Prevailing General Rules for Claiming
Local Education Allowance**

Eligibility	Civil servants who joined the civil service in response to an appointment offer dated before 1 June 2000 and are not in receipt of similar benefits under their spouses' terms of employment.								
Rates	<p>Up to 75% of the school fee, subject to the following specified ceiling rates –</p> <table border="1"> <thead> <tr> <th></th><th>Maximum rates per academic year per child (HK\$)</th></tr> </thead> <tbody> <tr> <td>Primary schools</td><td>29,925</td></tr> <tr> <td>Secondary schools (Form I to III)</td><td>49,650</td></tr> <tr> <td>Secondary schools (Form IV and above)</td><td>46,313</td></tr> </tbody> </table>		Maximum rates per academic year per child (HK\$)	Primary schools	29,925	Secondary schools (Form I to III)	49,650	Secondary schools (Form IV and above)	46,313
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School List	Eligible children should attend schools included in the Approved Schools List issued by the Permanent Secretary for Education. Where a school is not included in the abovementioned list, it should be subject to certification by the Permanent Secretary for Education that the school is of an acceptable educational standard.								
Period of Claim	The duration of primary and secondary education of his/her children in an approved school up to the end of the accounting period during which the eligible child reaches the age of 19, or until the officer leaves the service, whichever is earlier.								
Number of Eligible Dependants	Eligible civil servants may claim the allowance at any one time for up to four children.								
Deadline for Submitting Claims	An application/claim has to be submitted within six months after the end of the month in which the academic year ends.								
