

## LCQ14: Student financial assistance schemes

Following is a question by Dr the Hon Chiang Lai-wan and a written reply by the Secretary for Education, Mr Kevin Yeung, in the Legislative Council today (June 16):

Question:

Regarding the publicly funded student financial assistance schemes administered by the Working Family and Student Financial Assistance Agency, will the Government inform this Council:

(1) of the following information in each of the past 10 years:

(i) the number of students who enrolled in publicly funded tertiary programmes, and

(ii) the respective numbers of students who enrolled in self-financing and locally accredited full-time (a) associate degree, (b) higher diploma and (c) degree programmes;

(2) in respect of the Tertiary Student Finance Scheme – Publicly Funded Programmes (TSFS) and the Financial Assistance Scheme for Post-secondary Student (FASP) in each of the past 10 years, of the respective numbers of applications (i) received, (ii) in respect of which the maximum amount of grant was approved, (iii) in respect of which an amount of grant equivalent to 50 per cent or more but less than 100 per cent of the maximum amount was approved, (iv) in respect of which the maximum amount of loan was approved, and (v) in respect of which an amount of loan equivalent to 50 per cent or more but less than 100 per cent of the maximum amount was approved (set out in a table);

(3) of the respective total amounts of loans approved under (i) TSFS, (ii) FASP, (iii) the Non-means-tested Loan Scheme for Full-time Tertiary Students, (iv) the Non-means-tested Loan Scheme for Post-secondary Students and (v) the Extended Non-means-tested Loan Scheme, as well as the number of default cases and the total amount of money in default in respect of each scheme, in each of the past 10 years;

(4) whether it has plans to increase the proportions of underprivileged students in the publicly funded tertiary programmes as well as self-financing and locally accredited full-time degree programmes; if so, of the details; and

(5) whether, in order to alleviate the financial burden of persons who have to repay students loans, the Government will introduce "a tax allowance for student debts" in respect of salaries tax?

Reply:

President,

The Government's policy on student finance is to ensure that no student is denied access to education due to a lack of means. The Student Finance Office of the Working Family and Student Financial Assistance Agency currently administers a number of student financial assistance schemes, including two means-tested assistance schemes (namely the Tertiary Student Finance Scheme – Publicly-funded Programmes (TSFS) and the Financial Assistance Scheme for Post-secondary Students (FASP)) and three non-means-tested loan schemes (namely the Non-means-tested Loan Scheme for Full-time Tertiary Students (NLSFT), the Non-means-tested Loan Scheme for Post-secondary Students (NLSPS) and the Extended Non-means-tested Loan Scheme (ENLS)) for tertiary students.

Our reply to the questions raised by Dr the Hon Chiang Lai-wan is as follows:

(1) In the 2011/12 to 2020/21 academic years, the respective numbers of students pursuing publicly-funded tertiary programmes are set out at Annex 1 while the respective numbers of students pursuing self-financing and locally-accredited full-time associate degree, higher diploma and degree programmes are set out at Annex 2.

(2) The statistics on applications and approved grants and loans under the TSFS and FASP in the 2011/12 to 2020/21 academic years are set out at Annex 3.

(3) The respective total amount of loans paid, number of default cases and total amount in default under the TSFS, FASP, NLSFT, NLSPS and ENLS in the 2011/12 to 2020/21 academic years are set out at Annex 4.

(4) and (5) The Government's policy on student finance is to ensure that no student is denied access to education due to a lack of means. To ensure that students are provided with appropriate support, the Government has implemented various improvement measures on the student financial assistance schemes in recent years, including the relaxation of the income ceiling for full level of assistance under the means test mechanism. Following the implementation of such improvement measures, the percentage of post-secondary students receiving full level of assistance has increased significantly from about 30 per cent of the beneficiaries in the past to higher than 70 per cent at present. The Government reviews from time to time the various student financial assistance schemes to enhance the support for needy families.

To alleviate the repayment burden of student loan borrowers, the Government has implemented a number of improvement measures in recent years. These improvement measures include lowering the interest rate of the means-tested loan schemes from 2.5 per cent to 1 per cent per annum, reducing the risk-adjusted-factor rate for determining the interest rate of the non-means-tested loan schemes from 1.5 per cent to 0 per cent, extending the standard loan repayment period to 15 years and revising the repayment arrangement from quarterly installments to monthly installments. Newly graduated students can choose to commence loan repayment one year after completion of their studies

to allow them more time to secure a stable job. Loan borrowers who have difficulties in repaying their loans on grounds of financial hardship, serious illnesses or further full-time studies may apply for a maximum two-year interest-free deferment of loan repayment, hence extending the repayment period to 17 years in total. Based on the loan information of the student loan borrowers who commenced loan repayment in the 2019/20 academic year, the average monthly repayment amounts for means-tested and non-means-tested loans are about \$440 and \$720 respectively.

Furthermore, the Government has implemented interest-free deferral of loan repayment from April 1, 2020 to March 31, 2022. Eligible student loan repayers do not need to repay their loan principal and interest during the period concerned, and the loan repayment period is extended correspondingly (i.e. the entire loan repayment period can be up to 19 years).

The above measures should be able to relieve the financial burden of the student loan repayers appropriately.