Loan repayment by self-financing post-secondary institutions under Start-up Loan Scheme, non-profit-making international schools and student loan repayers to be deferred for two years

A spokesman for the Education Bureau (EDB) said today (April 20) that the Legislative Council Finance Committee has passed the funding application for the second round of the Anti-epidemic Fund and other relief measures, including a one-off interest-free deferral of loan repayment for two years to the self-financing post-secondary institutions under the Start-up Loan Scheme, non-profit-making international schools and student loan repayers.

He said, "The measure will benefit the non-profit-making institutions offering full-time locally-accredited self-financing post-secondary programmes with outstanding loan repayments, three non-profit making international schools with loans due to the Government and student loan repayers of the means-tested and non-means-tested student financial assistance (SFA) schemes for tertiary students, with a view to easing their cash flow concerns amidst the epidemic of COVID-19."

Currently, there are five SFA schemes for tertiary students, namely the Tertiary Student Finance Scheme – Publicly-funded Programmes, Financial Assistance Scheme for Post-secondary Students, Non-means-tested Loan Scheme for Full-time Tertiary Students, Non-means-tested Loan Scheme for Post-secondary Students and Extended Non-means-tested Loan Scheme. All borrowers, except those defaulters on whom legal recovery actions have been taken, will be offered an interest-free deferral of loan repayment from April 1, 2020 to March 31, 2022, including their loan installments and interests. No interest will be accrued during this period and their repayment period will be extended accordingly. In addition, the annual administrative fee of $180 charged on the non-means-tested loan repayers during the suspension period will be waived. The risk-adjusted-factor rate for setting the interest rate will also be maintained at zero.

The Working Family and Student Financial Assistance Agency (WFSFAA) will start issuing notification letters to around 200 000 loan repayers concerned next week to inform them of the deferral arrangement. If loan repayers choose to opt out from the deferral arrangement, they can reply to the WFSFAA within eight weeks, while repayers who accept the arrangement do not need to reply. The financial implications are estimated to be about $241 million.

Currently, a total of 13 self-financing post-secondary institutions (including five self-financing arms of the University Grants Committee-funded universities, the self-financing arm of the Vocational Training Council, and seven other independent self-financing institutions) still have outstanding loan repayments under the Start-up Loan Scheme, amounting to a total of about $3.3 billion.

The EDB will invite all borrowing institutions to indicate whether they wish to accept the deferral arrangement within this week. Assuming that all borrowing institutions accept the deferral arrangement, the financial implications are estimated to be about $204 million.

At present, three loans for international schools, namely Kellett School, Hong Kong Academy and Harrow International School (Hong Kong), have yet to be fully repaid. The EDB has invited the three schools to indicate whether they wish to accept the deferral of loan repayment. The financial implication for the proposed repayment holiday is estimated to be about $18 million.

The spokesman said that there are a number of education-related measures under the Anti-epidemic Fund, incurring an expenditure of about $540 million. The EDB will make an announcement as soon as the implementation details have been finalised.