

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 40 - EDUCATION DEPARTMENT**

**Subhead 185 Subject and curriculum block grant for government schools**

**Subhead 305 Code of Aid for secondary schools**

**Subhead 320 Code of Aid for special schools**

**Subhead 325 Direct Subsidy Scheme**

**Subhead 330 Assistance to private secondary schools and bought places**

Members are invited to approve –

- (a) an enhancement of the rates of the Capacity Enhancement Grant for government and subvented secondary schools<sup>1</sup> by 50% with effect from the 2001/02 school year; and
- (b) a supplementary provision of \$54 million to Head 40 Education Department Subhead 305 Code of Aid for secondary schools in 2001-02 to meet the cost of the enhancement.

### **PROBLEM**

We need to provide additional support to secondary school teachers so as to enhance their capacity for implementing the education reform.

**/PROPOSAL .....**

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<sup>1</sup> For the purpose of disbursement of the Capacity Enhancement Grant, “subvented secondary schools” means aided secondary schools and caput schools. The impact on schools under the Direct Subsidy Scheme is set out in paragraph 2.

**PROPOSAL**

2. The Director of Education, with the support of the Secretary for Education and Manpower, proposes to enhance the annual rates of the Capacity Enhancement Grant (CEG) for government and subvented secondary schools by 50% from the 2001/02 school year onwards, as follows -

<b>Number of classes</b>	<b>Existing rate per school per annum \$</b>	<b>Amount of increase by 50% \$</b>	<b>New rate per school per annum \$</b>
Less than 19	247,250	123,625	370,875
19 or more	296,700	148,350	445,050

The additional provision to aided schools as a result of the proposed enhancement will be reflected as increased subsidies to schools under the Direct Subsidy Scheme according to the approved formula.

**JUSTIFICATION**

3. Since the introduction of the CEG in the 2000/01 school year, we have received very positive feedback from schools and teachers. The majority of them considered that the CEG helped to relieve teachers' workload and enhance their capacity for improving the effectiveness of teaching and learning. For the last school year, the schools used the CEG to employ a total of 2 225 full-time staff and 2 806 part-time staff, and to hire outside services.

4. When we determined the CEG rates for schools last year, we made a conscious decision to provide a higher rate for primary schools, as we believed that, by enhancing the effectiveness of teaching and learning in primary schools, the foundation of students' secondary education and life-long learning could be strengthened. Indeed, we have continued to take various measures to improve primary education including the injection of additional resources for various initiatives, e.g. enhancing student counselling services and providing curriculum leaders and Native English-speaking teachers/ English Language Teaching Assistants. Nevertheless, we are also keenly aware of the need to strengthen support for secondary school teachers in order to help relieve them from heavy workload and enable them to focus more on coping with the challenges arising from the changes in the education system.

5. Different schools may have different circumstances and priorities. We believe that the enhancement of the CEG is one of the best approaches to provide additional support to schools. The greatest merits of the CEG are flexibility and respect for schools' discretion. Schools may, in accordance with their own needs, use the grant to acquire different types of personnel or services. With these considerations in mind, the Chief Executive announced in his 2001 Policy Address the proposal for enhancing the CEG for secondary schools by 50% starting from the 2002/03 school year.

6. Since the announcement of the initiative, we have received a lot of positive feedback. There are calls for implementing the initiative as early as possible. We have carefully considered the request. Given that the CEG is not a new measure and that schools already have the experience to plan and make use of the grant, we see merit in advancing the initiative so that secondary schools may take early measures to further relieve teachers' workload and enhance teachers' capacity. We accordingly recommend that the initiative be implemented from the 2001/02 school year.

7. We envisage that the 50% increase will allow a secondary school to employ additional staff, for example, a teaching assistant, or hire additional services to provide further relief to teachers in teaching-related and non-teaching duties. The existing mechanism under which the grant is operated and monitored will remain unchanged upon the enhancement.

## **FINANCIAL IMPLICATIONS**

8. Based on the number of classes operated by existing secondary schools (including schools under the Direct Subsidy Scheme), we estimate that the enhancement of the CEG rates for secondary schools will incur an additional recurrent expenditure of about \$66 million in the 2001/02 school year, broken down as follows –

/(a) .....

	<b>Number of schools</b>	<b>Proposed increase in grant rates \$ per school per annum</b>	<b>Estimated cost \$ million</b>
(a) Secondary schools with less than 19 classes	55	123,625	7
(b) Secondary schools with 19 or more classes	400	148,350	59
		<b>Total</b>	<hr/> <b>66</b> <hr/>

9. According to the disbursement schedules for the various types of schools, the financial implications in the 2001-02 financial year will be around \$64 million. Based on the funding position of the relevant subheads of expenditure under Head 40 Education Department, supplementary provision will be required under the following expenditure subheads in 2001-02 in order to meet the additional expenditure –

	<b>Subhead</b>	<b>Supplementary Provision required \$ million</b>
305	Code of Aid for secondary schools	54
320	Code of Aid for special schools	2

10. If Members approve the proposal to increase the grant rates, we shall offset the supplementary provision required in 2001-02 by reserving an equivalent amount under Head 106 Miscellaneous Services Subhead 251 Additional Commitments. We shall grant the supplementary provision required for Subhead 320 Code of Aid for special schools under delegated authority. The additional provision required for 2002/03 school year and thereafter will be included in the annual draft Estimates.

**BACKGROUND INFORMATION**

11. With the approval of this Committee, the CEG was introduced to government and subvented schools in the 2000/01 school year. It aims to reduce teachers' workload so that teachers can concentrate better on curriculum development, enhancing students' language proficiency and coping with the diverse and special learning needs of students. The CEG can also be deployed for the enhancement of the effectiveness of teaching and learning in other areas. Schools may use the grant to hire additional teaching or non-teaching staff, or procure outside services according to their own circumstances and priorities. Government and subvented schools are required to submit to ED annual plans on how to make use of the grant. As approved by this Committee, the rates are adjusted annually in accordance with the movement of the Composite Consumer Price Index. The CEG rates for the 2001/02 school year are up to \$543,950 per primary school, and up to \$296,700 (before the enhancement proposed in this paper) per secondary school per year<sup>2</sup>.

12. On 19 November 2001, the Legislative Council Panel on Education discussed and supported our proposal to enhance the CEG for secondary schools by 50% from the 2001/02 school year.

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Education and Manpower Bureau  
November 2001

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<sup>2</sup> The rates quoted are rates for primary and secondary schools with 19 classes or more. For schools with less than 19 classes, the rates are \$445,050 (primary) and \$247,250 (secondary).