

For discussion on
11 June 2007

Panel on Education

Supply and Prices of Textbooks

Purpose

This paper sets out the measures taken to contain unnecessary textbook price increases, and examines the issue of government providing textbooks to students direct.

Background

The role of textbooks in the contemporary curriculum

2. In the curriculum reform process, schools are encouraged to use multiple strategies and resources (e.g. print, multi-media, internet, community resources, etc.) to assist learning and teaching. Textbooks should not be regarded as the only learning resources since learning also takes place outside the classroom and in the absence of textbooks, through a variety of learning experiences and with the assistance of different materials.

3. Although textbooks are only *one of the many* tools to assist students in learning, appropriate use of quality textbooks still plays an important role in supporting teachers and enhancing learning effectiveness. In order to ensure the supply of quality textbooks, the Education and Manpower Bureau (EMB) has

- adopted a multi-stage textbooks review process to ensure their alignment with the central curriculum developed by the Curriculum Development Council (CDC). Textbooks assessed to be of an acceptable standard are included in the Recommended Textbook List for schools' reference and

selection; and

- developed a wide range of learning resources to support classroom teaching, especially in new curriculum areas such as Liberal Studies, and to fill identified ‘gaps’ in the market.

Textbook Prices and the Market-oriented Environment

4. Textbook development in Hong Kong is a commercial, market-oriented activity. The government has left the *business decision* to the publishers and *the choice of textbooks* to professional teachers of individual schools. Nevertheless, EMB maintains its quality assurance function, complemented with a facilitating role in empowering teachers to select the most appropriate materials to support student learning both inside and outside the classroom.

5. A number of factors have affected the prices of textbooks. These include direct costs such as paper, labour and business accommodation, as well as indirect costs arising from content research and development, promotion and support services for teachers. Recently, publishers have also quoted the weakening currency exchange rate, schools’ demand for free references and support services, as well as the dwindling student population that undermines cost-recovery/ profit margin as justification for price increases.

6. In addition, some publishers have been engineering a variety of marketing strategies (e.g. ‘free’ after-sale services, ‘complimentary bundle’ that includes teachers’ guides, audio-visual aids, CD-ROMs, web-based resources, etc.) in enhancing their appeal to teachers and schools. These marketing costs would eventually add on to the overall textbook sale prices. Nevertheless, the keen competition among publishers also means that they have to maintain prices at a comparable level within the trade to avoid losing out to the less expensive providers.

7. A related concern of the parents as consumers stems from the perceived “frequent” revision of textbooks in the form of re-print editions, which tend to make “obsolete” the use of old editions and thus incur unnecessary expenditure. The need to purchase new textbooks in the

context of new curricula being introduced in the recent years also reinforced such an impression.

Existing measures to address concerns about textbook prices

8. EMB holds regular/ ad hoc meetings with publishers, school councils, the Consumers' Council, the Independent Commission Against Corruption (ICAC), and other interested members of the public to discuss textbook related issues, and textbook prices have been examined in depth. On the basis of consensus arrived at such meetings, EMB is implementing a number of measures to contain unnecessary textbook price increases. These include -

- discouraging publishers from revising textbooks within three years from their first publication (三年不改版). Where minor updating of information is necessary, publishers should only issue addenda / corrigenda to students using second-hand textbooks free of charge;
- adhering strictly to the three-year rule above and refuting publishers' application to issue new editions when there is no substantial justification or qualitative improvement to textbook content and design;
- advising publishers against providing free gifts, luxurious hospitality or donation, in whatever form during promotion. In addition to annual circulars to schools, seminars co-organised by ICAC and the Consumers' Council are regularly conducted to ensure that textbooks are selected in a fair and open manner, with due consideration to quality, price and weight;
- urging publishers to make use of printing methods with *low cost features to print* textbooks, in terms of the use of paper, colouring, finishing covers and binding; and
- issuing annual school circulars to advise schools on matters related to textbook selection, such as highlighting textbook price as one of the major selection criteria, prohibiting gift or donation acceptance, and encouraging the use of second-hand textbooks through organising school textbook fairs.

9. In a recent meeting with EMB on 16th May 2007, publishers said that they would make concerted efforts to cut down/ limit the number of complementary copies to teachers in the coming school years, hence lowering the indirect cost and helping to conserve the environment by printing less. It was also agreed that publicity should be stepped up to remind schools and parents of the vast web-based resources that are available from the publishers with the purchase of books, that old editions can still be used when re-print editions emerge and addenda / corrigenda will be provided free of charge to students using second-hand textbooks.

Existing measures to relieve the financial burden of ‘needy students’

10. At present, the Government offers financial assistance to students in need to help them purchase textbooks under the School Textbook Assistance Scheme (STAS). The STAS aims to assist needy students attending government, aided, per caput grant schools and local schools under the Direct Subsidy Scheme at primary and secondary levels. The textbook assistance comprises two components, namely a textbook grant and a flat-rate grant. The textbook grant is revised annually having regard to the result of a survey on the average costs of textbooks for various levels of studies. The flat-rate grant covers the miscellaneous school-related expenses such as the purchase of exercise books and is revised in accordance with the movement of the Composite Consumer Price Index as at end June of the year. Recipients of the textbook assistance have the discretion and flexibility to directly purchase the necessary items, including textbooks and exercise books.

11. To ensure that assistance is provided to students with genuine financial need, the STAS is means-tested. There are at present two levels of assistance for the STAS, i.e. “full grant” and “half grant”. For each school year during the period from 2003/04 to 2006/07, about 40% of the student population was able to benefit from the STAS. For the 2006 / 07 school year, the grant rates for STAS at various levels are as follows:

	Primary	S1 - S3	S4	S5	S6	S7
Full Grant	\$2,266	\$2,520	\$2,618	\$1,680	\$2,090	\$1,000

Half Grant	\$1,133	\$1,260	\$1,309	\$840	\$1,045	\$500
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For the 2006/07 school year, some 326 700 students benefited from the STAS, and the total assistance disbursed thereunder amounted to \$464.6 million as at mid May 2007.

12. Apart from the STAS, some 143 600 full-time students from needy families receiving the Comprehensive Social Security Assistance (CSSA) are paid a grant for selected items of school related expenses, including textbooks, each year for pursuing studies at primary or secondary levels or technical /commercial institutes. In total, about 56% of the student population receives financial assistance from the Government under the CSSA and STA schemes for the purchase of textbooks each year.

Provision of Textbooks by the Government

13. Members are concerned about the recent increases in the prices of school textbooks. As substantial resources are incurred in the provision of school textbook assistance to students with financial difficulties, it has been suggested that the Administration should consider providing textbooks for all students direct.

14. Relieving parents' financial burden on textbooks is always the concern of EMB. The measures outlined in paragraphs 8 to 12 all aimed at addressing this concern while maintaining the basic principles of a free market economy in Hong Kong.

15. It should be noted that if textbooks are provided directly by the Government, they will essentially be owned by schools, temporarily on loan to students, and have to be returned at the end of the school year. Such practice will hamper students' full use of textbooks as learning resources in the following ways:

- Parents and students in Hong Kong would not be able to do homework and revise lessons by marking directly on the textbooks they use.
- It has taken our schools a number of years to be free from a

textbook-bound culture and to treat textbooks as only one kind of resources or reference materials. The government provision will revive a sense of dependency on textbooks.

- The textbook market is actually very narrow in Hong Kong. Publishers might have more concern about a perceived drop of demand once selection of textbooks from specific publishers is made, and hence put up the price vigorously for the next edition to compensate for the loss.

16. It is expected that the natural law of supply and demand and fluctuations in the general consumer price index will continue to influence textbook prices. In the event of territory-wide government assistance on textbooks for *all* students, there would be little or no incentive for schools to bargain with the publishers as textbook price is no longer an important selection criteria. On the other hand, publishers still need to invest in their marketing strategies to secure/ expand their market share. Some might even seize the opportunity to further raise the price in view of a single payment party – the Government. Under this scenario, the Government would have very little control on pricing, even though a vast amount of money had been injected into the market. It will have the effect of continuously increasing the financial burden on taxpayers.

17. From the needs perspective, the proposal raises the question of whether those who are financially better off in society should receive the assistance and divert public money that could have been directed towards other priorities in education. Furthermore, the proposal would also discourage some existing good practices in optimizing the use of existing resources. For example, instead of making good use of second-hand textbooks from siblings, schools and parents would be attracted to buying new textbooks or new editions indiscriminately.

18. From the operational perspective, the suggestion is likely to bring additional work to teachers and schools. As schools are entrusted with the responsibility of selecting the most appropriate textbooks that suit their students and circumstances, the titles to be purchased would vary from school to school. The switch from individual to collective purchase, followed by school-based distribution, will undoubtedly strain the

administrative burden of schools and teachers. It would be even more inefficient and indirect if the task were to be undertaken by the Government.

19. Prices of textbooks are bound by market competition. The quality assurance and other measures in place influence the market without unreasonably distorting demand and supply. The pricing of textbooks has no direct relationship to *who is paying for the goods*. The proposal may arguably benefit the publishers more than other stakeholders. In the meantime, EMB will continue to work closely with the publishers, schools and other concerned parties to contain textbook prices and enhance their quality.

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