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Panel on Education

Background brief prepared by the Legislative Council Secretariat for the meeting on 11 April 2011

Debundling of textbooks and teaching and learning resources for pricing

Purpose

This paper summarizes the deliberations of the Panel on Education ("the Panel") on issues relating to the debundling of textbooks and teaching and learning resources for pricing.

Background

2. According to the Administration, in the spirit of free market economy, it adheres to the principle of not interfering with the textbook trade and leaves the pricing and selection of textbooks to publishers and schools respectively. Nevertheless, the Administration has implemented a number of measures to reduce textbook costs and curb increases of textbook prices with a view to alleviating parents' financial burden. These include advising textbook publishers not to provide schools with any forms of advantages, donations, free gifts or luxurious hospitality during textbook promotion to avoid including the related costs when pricing the textbooks; issuing the "Guidelines for Printing of Textbooks" to publishers for reference and requesting them to adopt the "functional and cost-effective approach" by making use of appropriate printing methods, paper and design with low-cost features to reduce the production costs of textbooks; issuing to schools a circular memorandum on "Notes on Selection of Textbooks and Learning Materials for Use in Schools" every year; and providing guidelines on how to select suitable textbooks and help students minimize textbooks through teacher seminars.

3. In response to public concern about the ever-increasing textbook prices, the Education Bureau ("EDB") set up the Working Group on Textbooks and e-Learning Resources Development ("the Working Group") in October 2008 to study the development of textbooks and e-Learning resources. In its report submitted to the Secretary for Education in October 2009, the Working Group recommended, among others, implementation of the "five-year no revision rule" for textbooks and the policy of debundling textbooks and teaching and learning materials for pricing ("the debundling policy") from the 2010-2011 school year to achieve reduction of textbook prices in the long term.

4. Textbook prices cover textbook costs and publishers' costs, which include the cost of providing complimentary teaching materials to schools. The Working Group considered the current practice of bundled sale and purchase of textbooks and teaching and learning materials undesirable. In the view of the Working Group, schools and parents should be able to choose and pay only for the resources that fit their needs. Through the implementation of the debundling policy based on the user-pays principle, textbook publishers would be encouraged to produce the appropriate amount of teaching materials as required by schools. This will help reduce cost and avoid wastage, thereby lowering the textbook prices.

Deliberations of the Panel

5. The Panel deliberated issues relating to the debundling of textbooks from teaching and learning resources at a number of meetings in the context of prices of school textbooks and e-Learning. It also received views from deputations at two of the meetings. The views and concerns raised by members are summarized below.

Textbook prices and the debundling policy

6. Prices of school textbooks has been a long standing concern of the Panel. Members noted with concern that although the Administration had put in place a number of measures to reduce textbook costs, the prices of textbooks had been increasing. According to the Consumer Council, textbook prices of the primary and secondary school sectors had increased by 103.8% and 23.7% respectively in the 12-year period from the 1997-1998 school year to the 2009-2010 school year. Members expressed concern that the increases, which far exceeded the average rise of gross domestic product and inflation of the same period, had posed serious financial hardships for low-income families.

7. Members noted that one of the reasons for the increasing textbook prices was excessive bundling of textbooks with various teaching and learning

resources. Members were given to understand that only a very small part of these teaching and learning resources were used by teachers and students. For the purpose of reducing textbook prices, members considered it necessary to require publishers to debundle textbooks from teaching and learning materials and provide the prices for individual items.

8. At the Panel meeting on 14 December 2009, the Administration briefed members on the report of the Working Group and the proposed measures to take forward the Working Group's recommendations. The Administration advised that it would adopt the Working Group's recommendation on the implementation of the debundling policy and would liaise with the textbook publishers via the Textbook Committee on the means to implement the policy. Members generally welcomed the proposed implementation of the debundling policy and stressed the importance of balancing the interests of various stakeholders, i.e. parents, schools and textbook publishers, in implementing it.

9. When the subject was further discussed at the Panel meeting on 8 February 2010, members noted the request of textbook publishers for a transitional period for implementing the debundling policy. Some members considered that it would not be feasible to implement the policy in the 2010-2011 school year as proposed by the Administration as textbook publishers were normally required to make known the prices of textbooks in April or May each year, and suggested that the Administration should consider allowing a transitional period of one to two years. During the transitional period, textbook publishers would no longer offer free teaching materials to schools since schools already had excessive stocks of such materials, and this would reduce textbook prices to the immediate benefit of parents. When the debundling policy was fully implemented, textbook prices should be further reduced.

Grants for schools for purchasing teaching materials

10. While welcoming the Administration's decision to implement the debundling policy, members were concerned about the provision of adequate funds for schools to purchase the required teaching materials. Members pointed out that teaching materials had all along been provided by textbook publishers to schools free of charge. After the implementation of the debundling policy, schools would need to purchase the teaching materials. As textbook prices were expected to decrease following the implementation of the policy, the annual expenditure on textbook subsidies for needy students under the School Textbook Assistance Scheme would be reduced. Members were of the view that the money thus saved should be deployed to schools for purchasing teaching materials.

11. The Administration advised that the existing Operating Expenses Block Grants ("OEBG") and Expanded Operating Expenses Block Grants ("EOEBG") could be deployed by schools for the purchase of teaching materials. The Working Group had cautioned against the conveyance of a wrong message to the public that the Administration would compensate textbook publishers by public funds for their reduced profits as a result of the implementation of the debundling policy. The Administration would closely monitor the situation, and if schools had genuine financial difficulties in purchasing teaching materials, the Administration would provide appropriate funding. The Administration was of the view that in the long run, schools should use more e-Learning resources instead of printed teaching materials. In support of the development of e-learning resources in schools, the EDB provided all subsidized schools with a one-off grant in the 2010-2011 school year, amounting to some \$30,000 to \$70,000 per school, for the purchase of teaching materials as required over a three-year period.

12. Members pointed out that OEBG and EOEBG were not purported for the purchase of teaching materials. While accepting that schools should not be provided with unlimited grants for the purchase of teaching materials, members stressed the need for the provision of additional resources to schools for the purpose.

13. To allay members' concern, the Administration also advised that teaching materials that came with textbooks were not the only source of teaching resources. The EDB had all along been providing a wide range of teaching resources to schools. In addition to textbooks and their related teaching materials, schools should also make flexible use of other learning resources, including teaching materials developed by the EDB and educational organizations, as well as e-Learning resources. The EDB had expedited the development of the existing Depository of Curriculum-based Learning and Teaching Resources and expanded the coverage of the Depository in terms of Key Learning Areas. The developed materials had been uploaded to the HKedCity website for use by primary and secondary teachers.

Market of teaching materials

14. On the concern of textbook publishers about the small market of teaching materials, the Administration advised that the market of teaching materials would be activated following the implementation of the debundling policy. Schools could purchase teaching materials that suited their specific needs and were no longer required to use the teaching materials produced by the same publishers. Moreover, following the approval of the \$140 million funding proposal for the promotion of e-Learning in the school sector at the Finance Committee meeting on 5 February 2010, the publishing and the information

technology sectors could participate in developing e-Learning materials and there were new business opportunities for textbook publishers.

Gifts and donations

15. Members were concerned that publishers provided free gifts, donations, luxurious hospitality as well as ceremonial and promotional items to schools. These items added to the costs of textbooks which would inevitably be passed onto parents. Under the existing guidelines concerning the acceptance of advantages by schools, the approval of the school management committee concerned was required for such acceptance and no personal advantage should be involved. Members were of the view that such criteria were inadequate as school management committees readily accepted donations to schools which seldom involved personal advantage. Members called on the Administration to review the current criteria and to issue guidelines to schools to forbid their acceptance of luxurious gifts and donations from publishers. Members suggested that textbook publishers should make use of e-Learning platforms to promote their products.

16. According to the Administration, the EDB had all along worked closely and held regular/ad hoc meetings with publishers, school councils, the Consumer Council and the Independent Commission Against Corruption on matters relating to the acceptance of advantages by schools such as free textbook copies and gifts from publishers. To align with the implementation of the debundling policy, the Administration would revise and issue to schools the circular memorandum on "Notes on Selection of textbooks and Learning Materials for Use in Schools" specifying clearly that schools were not allowed to accept any donations or any form of benefits from textbook publishers or textbook retailers, so as not to increase the cost of textbook publishers and have the choice of textbooks being influenced in any way.

Latest developments

17. The Administration reported to the Panel in July 2010 that textbook publishers had indicated that as they needed to clear the copy-right of a large number of teaching resources which they had provided to schools free of charge, they had great difficulty to complete the task if the debundling policy was to be implemented in the 2010-2011 school year. In view of the difficulties encountered by the textbook publishers and the efforts they had made in freezing textbook prices for the 2010-2011 school year, the Administration had decided to postpone the implementation of the debundling policy for one year, i.e. until the 2011-2012 school year.

18. In response to the request made by the Panel at the meeting on 14 February 2011, the Administration provided an information paper on 10 March 2011 [LC Paper No. CB(2)1249/10-11(01)] reporting on the progress in the implementation of the debundling policy. According to the Administration, it had reached consensus with the two textbook publishers associations on the following issues regarding the implementation of the debundling policy -

- (a) categorization of teaching and learning materials (including textbooks, teachers' handbooks, teaching materials for teachers' use) and arrangements for the disclosure of their prices;
- (b) arrangements for debundling the sale of learning materials and textbooks for individual subjects (such as Music);
- (c) arrangements for uploading the prices and weight of textbooks (including learning materials inseparable from them) on the Recommended Textbook List ("RTL"), as well as information of the debundled teaching and learning materials to the websites of the EDB and publishers; and
- (d) copyright of teaching materials.

Details of the consensus reached as provided by the Administration are in **Appendix I**. According to the Administration, it will request textbook publishers to provide the prices of individual textbooks and relevant learning materials on RTL for the 2011-2012 school year in April 2011, which will be uploaded to the RTL webpage for schools' reference.

Relevant papers

19. A list of the relevant papers on the Legislative Council website is in **Appendix II**.

**Consensus reached between the EDB and two publishers associations
on the implementation of the debundling policy**

1. Categorisation of teaching/learning materials and pricing arrangements

(i) Textbooks:

- Students' textbooks for public sale should be priced, and their prices and weight should be uploaded to the EDB's website.

(ii) Teachers' handbooks:

- Teachers' handbooks and textbooks are related. Since suggested answers are provided in the handbooks, public sale is not desirable in view of the potential adverse impact.
- They should be priced and sold to schools through other channels, such as EdMall of HKedCity.

(iii) Teaching materials for teachers' use:

- Teaching materials with answers in red are not suitable for public sale and should be priced. Like teachers' handbooks, they should be sold to schools through other channels.
- Those without answers, such as atlas for reference, may be sold in public and should be priced.

(iv) Learning materials for students:

- They may be sold in public and should be priced.

(v) Teaching/learning materials for both teachers and students:

- They may be sold in public and should be priced.

2. Debundling arrangements for learning materials and textbooks of individual subjects

The EDB will exercise discretion in considering the debundling arrangements for textbooks and supplementary teaching materials of individual subjects, having regard to the uniqueness of the subjects. For instance, CDs for the subject of Music and listening CDs for that of Putonghua are inseparable from textbooks, hence debundling is not required. Learning materials of other nature should be debundled for pricing.

3. Information to be uploaded to the EDB's website

- (i) The EDB will only upload the prices and weight of textbooks on the RTL (including learning materials inseparable from them) to its website.
- (ii) Pricing information of teaching/learning materials which have not been submitted for review should be uploaded to the websites of individual publishers using the form provided by the EDB. Publishers should submit the URLs of their websites to the EDB for the creation of hyperlinks on the RTL webpage for reference of schools and parents.

4. Copyright of teaching materials

Publishers should deal with the copyright of teaching materials carefully through market investigations to ensure the contents of the teaching materials are cleared of copyright restrictions.

Source : Extracted from Annex to the Administration's paper [LC Paper No. CB(2)1249/10-11(01)] dated 10 March 2011.

**Relevant papers on debundling of textbooks and
teaching and learning resources for pricing**

Committee	Date of meeting/ issue date	Paper
Panel on Education	28.7.1998 (Item III)	Agenda Minutes
Legislative Council	29.7.1998	Official Record of Proceedings (Question 15)
Legislative Council	29.7.1998	Official Record of Proceedings (Question 17)
Legislative Council	17.10.2001	Official Record of Proceedings Pages 7 - 12 (Question)
Panel on Education	11.6.2007 (Item VI)	Agenda Minutes
Legislative Council	17.12.2008	Official Record of Proceedings Pages 69 - 71 (Question)
Panel on Education	11.5.2009 (Item V)	Agenda Minutes
Legislative Council	13.5.2009	Official Record of Proceedings Pages 77 - 80 (Question)
Legislative Council	3.6.2009	Official Record of Proceedings Pages 101 - 105 (Question)
Panel on Education	14.12.2009 (Item VI)	Agenda Minutes
Panel on Education	8.2.2010 (Item V)	Agenda Minutes CB(2)2078/09-10(01)
Panel on Education	10.3.2011	CB(2)1249/10-11(01)