

Information Note for LegCo Panel on Education

Feasibility of Establishment of an Industry Compensation Fund for Private Schools Offering Non-formal Curriculum

Purpose

This paper gives our response to the proposal raised by Members at the meeting on 15 December 2003 about the feasibility of establishing an industry compensation fund to provide compensation to students in the event of closure of private schools offering non-formal curriculum (PSNFCs).

Industry Compensation Fund

2. Since February 2002, the Hong Kong Federation of Private Educators (HKFPE), in collaboration with its insurance consultant has been exploring a Student Protection Scheme for its member schools to provide financial protection to students in the event of school closure as well as for the purpose of collection of more than one month's course fee. In February 2003, the HKFPE indicated that the proposed scheme was not feasible because it might be too demanding and expensive for the participating members.

3. In view of Members' proposal, EMB held a meeting in January 2004 to consult HKFPE's views on the establishment of the scheme again. HKFPE replied in February 2004 that it would drop the request for collecting more than one month's fee as it was too difficult to come up with a workable Student Protection Scheme. Maintaining the collection of course fee on an equal monthly basis was supported.

4. The establishment of an industry compensation fund will require the co-operation of all PSNFCs so that the industry can be effectively covered as a whole and thus provide comprehensive protection for the students. Since PSNFCs are still loosely organized, pooling majority of them together by a federation or federations of their own will take considerable time. As the sector is not yet ready for self-regulation, it is premature and not feasible to establish an industry compensation fund. In view of the above, the proposal of allowing PSNFCs to collect more than one month but not more than three

months' course fee with written agreement of students (aged 18 or above) or parents (for students aged below 18) will not be considered and it will be excluded in the proposed Education (Exemption) (Private Schools Offering Non-formal Curriculum) Order. Instead, collection of course fee on an equal monthly basis will be maintained. Such requirement has proved to be effective in safeguarding the interests of parents and students as EMB has not received reports of abrupt closure of PSNFCs since 2002.

Way forward

5. EMB will continue to facilitate federation(s) of PSNFCs to agree on a code of practice to promote self-regulation of PSNFCs, ensure their quality and enhance consumer protection as well as to set up an industry compensation fund.

Education and Manpower Bureau
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