

Legislative Council Panel on Education

Revision of Senior Secondary School Fees

PURPOSE

This paper is to inform Members that the school fee will increase from \$5,050 to \$5,320 for Secondary 4 and 5, and from \$8,750 to \$9,100 for Secondary 6 and 7 in the 2005/06 school year, i.e. an increase of \$270 and \$350 per annum respectively.

BACKGROUND

2. Under the prevailing policy of school fees for the senior secondary places in aided and government secondary schools, the target is to achieve a cost recovery rate of 18% of recurrent cost and school fees are revised on a school year basis. However, the existing cost recovery rate is only about 15% of recurrent cost.

THE PROPOSAL

3. With a view to resuming the cost recovery rate from the existing 15% to the target of 18% in phases, we propose to revise the school fees for the senior secondary places in aided and government secondary schools in the 2005/06 school year, with details as set out below:

| | Existing school fee per pupil per annum \$ (a) | Existing cost recovery rate % | Proposed school fee per pupil per annum in the 2005/06 school year \$ (b) | Increase in school fee in the 2005/06 school year \$ (c) = (b) – (a) | Proposed cost recovery rate % |
|-------------------|--|----------------------------------|---|--|----------------------------------|
| Secondary 4 and 5 | 5,050 | 15 | 5,320 | 270 | 15.8 |
| Secondary 6 and 7 | 8,750 | 15 | 9,100 | 350 | 15.5 |

JUSTIFICATION

4. School fees have been frozen at the levels of the 1997/98 school year for seven years. In recent years, however, implementation of new initiatives to enhance the quality of education, such as provision of Native-speaking English teachers, Capacity Enhancement Grant and strengthening of teacher development programmes, has stepped up the cost of senior secondary school places. We have also incurred a higher recurrent cost to meet with salary increments for teachers and donations to their statutory provident funds. Although we have taken measures at the same time to reduce or contain costs as far as possible, there remains a very substantial increase in the investment in education and the cost recovery rate has lowered from 18% to about 15% this year¹. The proposed revision of school fees is made in accordance with the stated policy on senior secondary school fees, and is not resultant of the prospective introduction of the new senior secondary structure in the 2009/10 school year.

5. In order to achieve the target recovery rate in a smooth and gradual manner, there is an imminent need to revive the annual review and revision of school fees by phases from the 2005/06 school year. A phased increase,

¹ The unit recurrent cost per annum per school place at Secondary 4 and 5 is about \$34,000 this year, while that for Secondary 6 and 7 is about \$59,000. The cost figures have not taken into account capital and non-recurrent expenditures that are fully funded by the Government.

instead of a one-step recovery, would help reduce the financial impact on parents. It is a stated policy of the government that no students would be deprived of education due to lack of means. Needy students are assisted under the existing fee remission scheme administered by the Student Financial Assistance Agency. In the 2004/05 school year, about 51% of the students at senior secondary levels benefited from the fee remission scheme.

FINANCIAL IMPLICATIONS

6. Assuming that the enrolment at the senior secondary classes in aided (including caput) and government secondary schools and the number of students receiving assistance under the fee remission scheme would remain at the level of the 2004/05 school year, the funding thus generated by the proposed fee increase would amount to about \$37 million per annum.

PUBLIC REACTION

7. We have sounded out the proposal in May 2005. Provided that the amount is mild and needy students are not to be deprived of education due to lack of means, parents accept the increase. School representatives have also been consulted and they share similar views on the whole.

ADVICE SOUGHT

8. Members are invited to note the proposal in paragraph 3.

Education and Manpower Bureau
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