

30 December 2011

Mr Michael SUEN, GBS, JP
Secretary for Education
The Government of the
Hong Kong Special Administrative Region
11/F., East Wing, Central Government Offices
2 Tim Mei Avenue, Tamar, HK

Dear Mr Secretary,

We feel privileged to be tasked by you to review the governance and administration of Direct Subsidy Scheme (DSS) schools and to put forward recommendations on measures for continuous improvement. After almost 10 months of deliberation including iterative consultations with the Hong Kong DSS Schools Council and different stakeholder groups in DSS schools, we now humbly submit our recommendation for your consideration and endorsement please.

We have carefully studied the origin and the underlying principles and policy features of the DSS and unanimously come to a view that the DSS sector has added much desired diversity to the school system. Its flexibility and diversity should be respected. Hence, the Education Bureau (EDB) should continue to refrain from micro-managing DSS schools. Nevertheless, flexibility and diversity, in our view, should not be pursued at the expense of proper management and accountability. After all, DSS schools are also resourced by community funds, be they taxpayers' money, school fees or donations. The best approach to drawing a fine balance between flexibility and diversity on the one hand, and proper management and accountability on the other is, in our view, the enhancement of the transparency and internal governance of DSS schools. This applies to both the operation of DSS schools' fee remission/scholarship schemes as well as the management and administration of DSS schools. Therefore, the EDB should instead focus on setting parameters and creating an enabling environment for sound internal governance of DSS schools to take root.

The recommendations, if endorsed by you for implementation,

will trigger a culture change in DSS schools, underpinned by the setting up of management systems and internal checks and balance mechanism. While the direction is clear, the implementation should be progressive and well paced, and preferably precluded by training to key post-holders in DSS schools who have a major management and governance role to play. Certain implementation details such as the Checklist and training programme should be developed in consultation with the DSS community so as to foster buy-in and facilitate compliance. We therefore have not recommended any specific timeframe for implementation save for the following three aspects –

- (a) transparency and improvements to the administration of DSS schools' fee remission arrangements which, with your agreement, have been implemented with effect from the current school year;
- (b) the setting up of a governance review sub-committee under the IMC/SMC to support the latter's effective functioning as DSS schools' governing bodies by the 2013/14 school year; and
- (c) conducting the management and financial audit by the EDB as from the 2014/15 school year. This audit would help set a baseline to facilitate schools' construction of their internal management systems and the proposed timeframe, we notice, is also in line with the views expressed by the Education Panel of the Legislature at its meeting on 11 July 2011.

In closing, we wish to thank the Hong Kong DSS Schools Council and various stakeholders of DSS schools who have joined rounds of consultation sessions that we have held and shared with us their valuable views. We also wish to thank the Secretariat of the Working Group whose efficiency and effectiveness have greatly facilitated our work.

Yours sincerely,

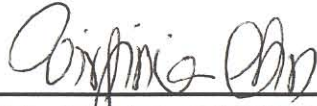
Chairlady & Members of the
Working Group



(Mrs Cherry TSE, Chairlady)



(Ms Susanna CHIU, Member)



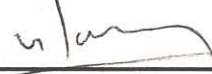
(Ms Virginia CHOI, Member)



(Ms LAU Ka-shi, Member)



(Mrs Justina LEUNG, Member)



(Mr PANG Yiu-kai, Member)



(Dr Carlye TSUI, Member)



(Mrs Michelle WONG, Member)



(Mr Steve LEE, Member)



(Mrs Lily TSANG, Member)



(Miss WU Po-ling, Member)