

22 August 2023

Education Bureau Circular No. 15/2023

Application and Approval Mechanism for Collection of Other Charges by Private Schools

[Note: This circular should be read by:

- (a) Supervisors and Heads of all Private Primary Schools, Private Secondary Schools offering full and formal curriculum and Schools under the English Schools Foundation – for necessary action; and
- (b) Heads of Sections – for information]

Purpose

This circular is to promulgate an application and approval mechanism for collection of other charges (hereafter referred to as “the Mechanism”) by private primary schools and secondary schools offering full and formal curriculum (hereafter referred to as “private schools”) and stipulate the implementation details¹. “Other charges” in this circular refers to charges such as capital levies, debentures and nomination rights fees collected by private schools to raise funds for long-term school development.

Background

2. Pursuant to regulation 61(1) of Education Regulations (Cap. 279A), no schools, without prior approval of the Permanent Secretary for Education, are allowed to charge or accept payment of any money or any school fees whatsoever other than the inclusive fees as printed on the Fees Certificate issued by the Education Bureau (EDB).

¹ Schools eligible for application include schools under English Schools Foundation (ESF), international schools, Private Independent Schools (PIS), private primary schools and private secondary schools offering full and formal curriculum, including their kindergarten (KG) section under the same school registration without joining the Kindergarten Education Scheme. For schools with affiliated KGs under separate school registration without joining the Kindergarten Education Scheme, EDB will consider their applications on individual merits.

3. As self-financed establishments, private schools are on their own to secure sufficient funds to operate their education business. In recent years, private schools have adopted more diverse means of collecting other charges to raise funds to meet their financial requirements for long-term school development. While EDB was working on the details of the Mechanism, supervisors and heads of private schools were reminded of regulation 61(1) in the Bureau's letters of 3 February 2020 and 18 June 2020. A transitional arrangement was introduced for processing applications for the collection of other charges by private schools starting from the 2020/21 school year. All approvals given under the transitional arrangement will expire by the end of the 2024/25 school year.

Details

Scope

4. The Mechanism is formulated to regulate the collection of other charges, such as capital levies, debentures and nomination right fees, by private schools for long-term school development projects, including large-scale capital works and/or non-works projects.

Key Principles

5. The Mechanism embodies four key principles based on which the application and approval procedures are developed. Schools are required to substantiate their adherence to the four principles in their applications. The four key principles are as follows:

(a) Compliance

In operating their fundraising schemes for long-term school development, private schools must comply with the Education Ordinance (Cap. 279), Education Regulations (Cap. 279A) and other relevant legislation, such as the Companies Ordinance (Cap. 622), the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) and the Securities and Futures Ordinance (Cap. 571), where applicable.

(b) School Governance

The school management committee should ensure that there is good governance in school operation. A long-term financial plan should be put in place so that school funds will be made available for deployment to meet future development needs. Any collection of other charges should be discussed and endorsed by the school management committee, with the

involvement of parent representatives as appropriate.

(c) *Transparency*

Schools should consult/ clearly inform key stakeholders, particularly parents, in advance of the collection of the other charges, disseminating important information including but not limited to types and amount of the charges, specific purposes and features of the charges, the payee, the payment method, redemption arrangements (if applicable), the use of the proceeds, payers' rights and interests and agreement terms. Concerns of payers, in particular parents, should be properly addressed to enable payers to make informed choices, including whether to enrol their children in the private school concerned and evaluate the risk factors involved before participating in the fundraising scheme.

(d) *Safeguard of Key Stakeholders' Interests*

Schools should establish proper and adequate financial management mechanism to ensure that the proceeds of the other charges are properly spent. Both internal and external control systems should be formally established to bring all income and expenditure into proper account(s). Schools should regularly report to the stakeholders, in particular parents, on how the proceeds have been and/ or planned to be deployed for the specific purposes, at least annually.

Implementation Details

6. With effect from the date of this circular, all applications² will be handled according to the requirements under the Mechanism. EDB will vet the applications by examining the evidence/ supporting documents provided by schools as required in the application schedules.

7. The implementation details and applications schedules are provided on the EDB webpage (EDB Homepage > Students and Parents Related > School Information > Fees & Charges in Schools > Private Schools > Fees and Charges in Private Schools > Application and Approval Mechanism for Collection of Other Charges by Private Schools) (<https://www.edb.gov.hk/en/student-parents/sch-info/fees-charges-in-sch/private-sch/index.html>). The relevant documents will be reviewed from time to time as appropriate. Schools should refer to the latest version of the documents on the EDB webpage before making an application.

8. Schools are requested to submit their applications at least six months

² They include applications for collection of a new charge, revision to the approved charges or renewal of the approved charges before or upon expiry of the validity period under the transitional arrangement.

before the start date of the proposed collection. However, if the school itself is not the payee and it engages a related party (such as the school sponsoring body or the operator of the school) to act as the agent for collecting the charges on behalf of the school, more time may be required for EDB to scrutinise the supporting documents substantiating the relationship between the school and the payee. Such schools are required to submit an application at least nine months before the start date of the proposed collection.

9. The validity period of each approval is normally six school years. However, if the school itself is not the payee, a shorter validity period may be granted.

Briefing Session

10. A briefing session will be conducted on 29 August 2023 (Tuesday) (please refer to the Annex for details). Schools wishing to attend the briefing should complete and return the reply slip to EDB on or before 28 August 2023 (Monday).

Enquiries

11. For international schools and schools under the English Schools Foundation, please contact the responsible officers of the Infrastructure and International School Section. For other private schools, please contact the respective Senior School Development Officers of your school.

Dr Verena LAU
for Permanent Secretary for Education

Briefing Session

**Application and Approval Mechanism
for Collection of Other Charges by Private Schools
(Capital Levies/ Debentures/ Nomination Right Fees)**

Date:	29 August 2023 (Tuesday)
Time:	10:00 a.m. – 12:00 noon
Venue:	Lecture Theatre, 4/F West Block, EDB Kowloon Tong Education Services Centre 19 Suffolk Road, Kowloon Tong, Kowloon (MTR: Exit E, Kowloon Tong Station) [No parking space is available]
Participants:	Not more than two representatives from each school
Language:	English

Reply Slip

Briefing Session

**Application and Approval Mechanism
for Collection of Other Charges by Private Schools
(Capital Levies/ Debentures/ Nomination Right Fees)**

Please return the completed reply slip by fax or by email on or before 28 August 2023 (Monday).

To: School Development and Support Section (Team 2)
Education Bureau

Fax no.: 2803 4600

Email: sds2@edb.gov.hk

Participant List
School Name: _____
1. Name: _____ Post: _____
2. Name: _____ Post: _____
Contact Person
Name: _____ Post: _____
Telephone No. : _____

Signature of School Head/ Supervisor *: _____

Name of School Head/ Supervisor *: _____

(* Please delete as appropriate)

Date: _____

