

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

Implementation Details

Note: This document is to be read in conjunction with the EDB Circular No. 15/2023 on the same subject.

Introduction

This document sets out the implementation details of the application and approval mechanism for collection of other charges (hereafter referred to as “the Mechanism”) such as capital levies, debentures or nomination right fees by private primary and secondary schools offering full and formal curriculum to raise funds for long-term school development, including large-scale capital works and/or non-works projects.

2. Schools eligible for application under the Mechanism include:

- (a) International schools;
- (b) Schools of the English Schools Foundation (ESF);
- (c) Private Independent Schools (PIS); and
- (d) Private primary schools and private secondary schools offering full and formal curriculum, including their kindergarten (KG) sections under the same school registration without joining the Kindergarten Education Scheme.

(Note: For schools with affiliated KGs under separate school registration without joining the Kindergarten Education Scheme, EDB will consider their applications on individual merits)

3. After promulgation of the Mechanism, all applications will be handled in accordance with the requirements under the Mechanism. Private schools must submit an application in accordance with the requirements under the Mechanism if they wish to:

- (a) collect new charges;
- (b) revise the amount and/or terms and conditions of the approved charges, including a change of payee; or
- (c) continue to collect the same charges upon expiry of the validity period of approval. This is also applicable to charges previously approved under the transitional arrangement (i.e. with validity period to be expired by the end of the 2024/25 school year or earlier.

4. No matter how many other charges are involved in a school’s fundraising scheme, all other charges collected by a school is considered as “one scheme”. In this regard, even if a school applies for collection of a new charge or revision to an approved charge, the school has to submit an application on the basis of “one scheme”, i.e. to include the proposed new or the revised charge and all the existing approved charges in its application. The application will be handled holistically

on the basis of “one scheme”, and the expiry date of approval to the new, revised and/or renewal of charges in the application, if approved, will all fall due on the same date.

Application Period

5. Applications may be submitted all-year round after promulgation of the Mechanism. Schools are required to submit applications at least six months before the start date of the proposed collection. If the school itself is not the payee and it engages a related party to act as the agent for collecting the charges on behalf of the school (such as the school sponsoring body or the operator of the school), more time may be required for EDB to scrutinise the supporting documents substantiating the relationship between the school and the payee, including but not limited to a contractual agreement on the principal-agent 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.

Application Schedules

6. Schools are required to provide details of the proposed collection of other charges by completing the relevant application schedules as well as the annexes:

- Schedule 1 – Declaration Form
- Schedule 2 – Basic Information
- Schedule 3 – Essential Information Required
- Annex 1 – Templates for Annual Reporting to Stakeholders¹
- Annex 2 – Information on Debentures/ Nomination Right Fees

7. The application schedules and implementation details will be reviewed and revised as appropriate from time to time. Schools should refer to 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>) for the latest version of the documents before making an application.

8. Schools are advised to take note of the following when submitting application schedules and annexes:

- (a) All relevant application schedules and annexes should be duly completed. Incomplete or unclear entries may delay the processing of the application or lead to the rejection of the application;

¹ Information on the use of relevant proceeds and repayment schedule must be reported to the stakeholders at least annually.

- (b) The essential information required together with the evidence/ supporting documents as mentioned in Schedule 3 must be submitted with the application;
- (c) Though schools may make reasonable modifications to the format of presentation of Annex 1 and Annex 2 to suit their own circumstances, all essential information as specified in both annexes must be provided;
- (d) If the school itself is not the payee and it engages a related party to act as the agent for collecting the charges on behalf of the school (i.e. the payee), a contractual agreement on the principal-agent relationship between the school and the payee should be signed. Such an agreement should be made known to the stakeholders;
- (e) Schools have to prove that independent professional advice has been sought to ensure that the collection of the other charges has complied with Education Ordinance (Cap. 279), Education Regulations (Cap. 279A), all relevant legislation, as well as the requirements under the Mechanism; and
- (f) Schools should submit both the soft and hard copies of the application schedules and annexes.

Validity Period of Approval

9. The validity period of approval is normally six school years, effective from the proposed school year. No retrospective approval will be granted. However, if the school itself is not the payee, EDB will critically scrutinise the supporting documents substantiating the relationship between the school and the payee. Under such circumstances, a shorter validity period of approval may be granted, depending on the relationship between the school and the payee. Approval will NOT be granted if the relationship between the school and the payee is not supported with sufficient justifications (please refer to the Appendix).

10. Without receiving EDB's prior approval in writing, a school should not collect the other charges proposed in the application. Payers, particularly parents, should be informed that new charges, revised charges or charges with validity of approval expired will be collected only after EDB has granted approval.

11. For schools with approved other charges under the transitional arrangement but do not wish to propose any changes upon expiry of the validity period, they may submit their application for continued collection of the approved charges any time before expiry of the current approval. If approved, the current approval will be extended further for six school years (or a shorter validity period) (please refer to the Appendix).

Important Notes

12. Schools should pay heed to the following once their applications are

approved:

- (a) Funds raised by collection of the approved other charges should only be used for long-term development needs of the school such as large-scale works or non-works projects. Under no circumstances should the proceeds of the approved charges be diverted to other operational uses such as staff salaries or regular maintenance of school premises which should be covered by tuition fees;
- (b) The approval should always be conspicuously exhibited together with the Fees Certificate issued by EDB at a prominent position in the school;
- (c) A fresh application seeking EDB's prior approval is required if there is any change to the amount and/or terms and conditions of an approved charge, including a change of payee, or if the school wishes to continue to collect the approved charges upon expiry of the validity period of approval; and
- (d) Should any irregularities be found or a breach of the terms and conditions of the approved charges be substantiated, EDB may withdraw the approval already granted.

Education Bureau
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Validity Period of Approval

Administrative Arrangement	Payee	
	School	Third Party ^{Note 1}
Processing Time ^{Note 2}	Six months	Nine months
<p>Validity Period of Approval</p> <p>(a) for schools applying for renewal of previously approved charges without proposing any changes, the new approval will extend the previous validity period for six or four school years, <u>from the end of the validity period.</u></p> <p>(b) for schools proposing revision to previously approved charges or submitting a new application, the new approval will be valid for six or four school years, <u>effective from the school year of the proposed collection.</u></p>	<p>Six school years</p> <p><u>e.g.</u></p> <ul style="list-style-type: none"> - Current approval: till the end of the 2024/25 school year - New approval: till the end of the 2030/31 school year <p>Six school years</p> <p><u>e.g.</u></p> <ul style="list-style-type: none"> - Effective school year of the proposed collection: 2024/25 school year - New approval: till the end of the 2029/30 school year 	<p>Six or four school years ^{Note 3 and 4}</p> <p><u>e.g.</u></p> <ul style="list-style-type: none"> - Current approval: till the end of the 2024/25 school year - New approval: till the end of the 2030/31 or 2028/29 school years <p>Six or four school years ^{Note 3 and 4}</p> <p><u>e.g.</u></p> <ul style="list-style-type: none"> - Effective school year of the proposed collection: 2024/25 school year - New approval: till the end of the 2029/30 or 2027/28 school years

Note:

1. Documentary proof should be provided to illustrate and substantiate the relationship between the payee and the school. Examples of documentary proof include: Service Agreement signed with the Government, Government lease and the Article of Association of the payee showing that one of the objects is to establish/ maintain/ manage/ operate/ carry on the specific school. For any other relationships between the school and the payee with full justification and supporting documents, EDB would consider the application on individual merits.
2. The actual processing time depends on whether information provided is complete.
3. For a payee that only plays a limited role in the school operation, e.g. solely raising and providing funds for development of the school, approval may be granted for four school years if full justifications with supporting document are provided.
4. Approval would NOT be granted if the relationship between the school and the payee is not supported with sufficient justifications.