



agreed between the Government and the school, (d) procedures to be followed in the event of unsatisfactory performance of the school and (e) an agreement between the sponsor and the school management committee. BPS schools, private independent schools and aided schools joining DSS in the 2000/01 school year will be required to enter into service agreements with Government by the 2001/02 school year. All schools joining DSS from the 2001/02 school year onwards are required to immediately enter into service agreements upon admission.

3. Despite the normal duration of the agreement being 10 years, a comprehensive review will be conducted with reference to the performance targets and evaluation criteria stated in the agreement after the school has operated for five years. If the review indicates that the school has failed its performance set, the Education Department (ED) may terminate the agreement. In addition, ED may periodically review the performance of the school during the ten-year period and advise the school of the need to make improvements to overcome identified problems. In exceptional cases, e.g. the school repeatedly refuses to accept ED's advice to make improvements, Government may terminate the service agreement any time during the ten-year period. Subject to evaluation of the school's performance, the 10-year service agreement is renewable on expiry.

4. Apart from the introduction of the service agreement concept, a number of modifications have been made to the arrangements for the DSS after the review. The major modifications include -

#### Requirement of self-owned school premises (Appendix 2)

Schools joining the DSS must have self-owned premises. This is to ensure that schools will have a security of tenure as a safeguard against disruption of education services. However, schools which are operating from premises with a lease may be considered for conditional admission. They will be required to secure their own premises within ten years after admission. They may do so by using their own resources to buy premises. Alternatively, they may compete with others for any Government-built school premises which are made available for allocation as DSS schools. If they are only able to continue the lease of the premises beyond the ten-year period, the conditional admission could be renewed.

#### Non-profit making status (Appendix 2)

Starting from the 1999/2000 school year, only non-profit-making schools are eligible to apply to join the DSS. As a transitional measure, a profit-making school which applies to join the DSS in the 2000/2001 school year and which has initiated procedures for changing to non-profit-making status will be deemed to have provisionally satisfied this condition. If it meets all other admission criteria and conditions, it will be admitted to the scheme on the condition that it will complete the procedures within one year after admission.

#### Medium of instruction (Appendix 2)

DSS schools could choose what they consider to be the most suitable medium of instruction (MOI) for different subjects in their curriculum. They will be required to consider testing their intakes on admission to ensure that their students would be able to benefit from the MOI chosen. They will also be required to propose evaluation criteria to assess in due course whether their students are indeed benefiting from the selected MOI for individual subjects. In addition, the school's choice of MOI will be assessed in future with reference to the language benchmarks for teachers once the benchmarks are available.

Recurrent subsidy (Appendix 4)

Schools joining the DSS from the 2000/2001 school year will be provided with a recurrent subsidy based on a two age-category system.

Non-recurrent assistance (Appendix 4)

Schools joining the DSS from the 2000//2001 school year may apply for capital assistance to carry out slope and major repairs which cost more than \$2 million. It may also apply for a one-off grant to upgrade its school facilities up to the prevailing standards for aided schools. Applications for non-recurrent assistance will be considered with reference to the outcomes of feasibility studies, cost-effectiveness of the project proposal and availability of resources as appropriate.

Monitoring of operating standards (Appendix 6)

The performance of DSS schools will be regularly monitored taking account of the assessment standards developed by the Education Department for Quality Assurance Inspections. The first full assessment will be made five years after its admission into the DSS. Schools which are assessed to have failed in meeting the required standards will be asked to leave the scheme.

Admission of students through the Secondary School Places Allocation (Appendix 8A)

A school which joins the DSS in the 2000/2001 school year may participate in the secondary school places allocation system starting from the 1998/2000 allocation cycle if time permits. The principle of non-allocation for students will apply.

Textbook assistance for students

Students in DSS schools are eligible to apply to the Student Financial Assistance Agency for textbook assistance.

This list above is not exhaustive; schools are strongly advised to study carefully Appendices 1 to 10 before making an application.

5. School supervisors are requested to note that teaching experience in DSS schools will be recognised both for incremental and promotion purposes in the aided sector. DSS schools should state the conditions of appointment in the contracts with teachers. The annual circular on “Letter of Appointment” issued to all private schools is relevant.

6. The special attention of supervisors of aided schools is drawn to the implications of the following arrangements on the operation of their schools and the fringe benefits of their teachers upon turning DSS -

- From the date an aided school converts to a DSS school it will cease to receive the subventions provided under the Code of Aid for Secondary Schools and will receive a DSS subsidy.
- Aided schools will be required to arrange for a set of audited accounts to be prepared covering the period up to the last day they operate as an aided school. The audited accounts will be used to determine the amounts of any clawback of grants, such as the salaries grant, administration grant, school and class grant and subject grants in excess of the limits set out in the Code of Aid for Secondary Schools or circulars promulgating the grants. Any clawback will be recovered at the earliest possible opportunity by offsetting the amount of clawback from the DSS subsidy.

- Aided schools which turn DSS will be given a period of five years during which they may apply to revert to the aided sector at any time should they wish to do so, subject to a minimum of nine months' advance notice. Upon reversion the Code of Aid will immediately apply. At the end of this five years period, the change from ex-aided to DSS status will be irrevocable.
- The provident fund arrangements for teachers of aided schools turning DSS schools are under review. Further announcements will be made in due course.
- Some staff serving in aided schools are receiving interest subsidy under the Mortgage Interest Subsidy Scheme. The arrangements for these staff under the Scheme upon the schools' conversion to DSS are under review. Further announcements will be made in due course.

7. Details of the criteria and conditions for admitting schools into the DSS in the 2000/2001 school year are set out in Appendix 2. An applicant school should consult the teachers and the parents concerned before making an application. In particular, the school should make known to parents the transitional arrangements when it is converted to a DSS school. The application should contain a school plan and other information as listed in Appendix 3. Applications with the supporting materials should be sent to -

Director of Education  
(Attn.: SEO(PSR))  
Private Schools Review Section,  
Education Department,  
Room 1153, Wu Chung House,  
213, Queen's Road East,  
Wanchai, Hong Kong.

The closing date for applications is **10 November 1999**. We hope to announce the results of the applications in January 2000. Applicants may be invited to attend interviews to elaborate on their applications.

8. To facilitate the Education Department to estimate the number of schools interested in the DSS, schools are requested to return by **9 October 1999** the reply slip attached to indicate, on a preliminary basis, whether they would be interested in joining the DSS in 2000.

9. For enquiries on this circular memorandum and the application procedure, please contact the Private Schools Review Section at 2892 6638 or 2892 6639.

(Andrew C S POON)  
for Director of Education

**Reply Slip**

To : Senior Education Officer  
Private Schools Review Section  
Education Department  
(Fax No.: 2575 4391)

---

**Direct Subsidy Scheme (DSS)**

My school is interested in joining the DSS in the 2000/2001 school year.

Signature of Supervisor : \_\_\_\_\_

Name of Supervisor : \_\_\_\_\_

Name of School : \_\_\_\_\_

Date : \_\_\_\_\_

## **Background Information on the Direct Subsidy Scheme (DSS)**

The Education Commission recommended in its Report No. 3 published in June 1988 that “a new direct subsidy scheme (DSS) should be introduced for private schools which attain a sufficiently high educational standard. The concept of the DSS is of a scheme under which the Government can subsidise and encourage the growth of a strong private school sector, while allowing schools the maximum freedom with regard to curricula, fees and entrance requirements that is consistent with basic educational standards. Government support will vary depending on the number of pupils in the schools, i.e., on the success of the schools in attracting parents. The DSS will not affect the Government’s commitment to free and compulsory education, and no child will be compelled to attend a DSS school.” (quoted from paragraph 4.22 of the Education Commission Report No. 3)

2. The Education Commission also recommended that the Government should be allowed to allocate to DSS schools a certain percentage of their pupils through the Secondary School Places Allocation system in the event of an unanticipated shortfall in public provision, subject to adequate notice being given (paragraph 4.64 of the Education Commission Report No. 3). This measure would only be used in exceptional circumstances. In case it is necessary to allocate pupils to DSS schools, the Government would pay, subject to availability of funds and with the approval of the Finance Committee of the Legislative Council, the difference between the fees charged by the DSS schools and the standard fee paid by the pupils (if any) if they were allocated places in aided schools.

3. In 1998 Government reviewed its private school policy with the aim of fostering a more vibrant and diverse private school sector and providing parents with greater choice. To provide expansion in the private school sector, especially DSS schools, the Chief Executive announced in his second Policy Address the following improvement measures -

- to allocate to sponsoring bodies on a pilot basis, Government-built school premises for the operation of non-profit-making DSS schools for the 2000/2001 school year;
- to make available, on a pilot basis, land grant at nominal premium and interest-free capital assistance loan in 1999 for non-profit-making private schools which do not receive recurrent subsidy from Government and
- to enhance capital and recurrent assistance for DSS schools from the 1999/2000 school year.

4. To tie in with the introduction of these new improvement measures, various other aspects of the existing Scheme were reviewed and revised to facilitate the development of quality DSS schools.

**Criteria and Conditions for Admission to the Direct Subsidy Scheme (DSS)  
in 2000/2001 School Year**

- (A) Normal secondary schools operating a full secondary course of not less than five years
1. The operating standard of the school in terms of curriculum delivery and school management should be satisfactory.
  2. The school premises must be self-owned and should be purpose-built and free-standing. Schools without self-owned premises may also apply and will be considered for conditional admission.
  3. The school should be in a sound financial situation with accumulated operating reserve sufficient to meet at least 2 months of operating expenses.
  4. The school must be non-profit-making. A profit-making school proceeding to turn non-profit-making at the time of submitting application to join the DSS would also be considered.
  5. The mode of operation should be whole-day.
  6. The class size should not exceed -
    - (a) 40 pupils for S1 to S5; and
    - (b) 30 pupils for S6 and S7.
  7. The class structure should be acceptable to the Education Department (ED). Any proposed change in the planned class structure must first be approved by the ED.
  8. There should be sufficient classrooms to support the proposed class structure of the school. No flotation classes are allowed at all levels.
  9. The school is not allowed to operate any private classes after admission to the DSS, unless prior approval is obtained from the Education Department.
  10. The ratio of classrooms to special rooms should not exceed 2:1. The ED may, at its discretion, accept a higher ratio.
  11. The ratio of teaching space (i.e. the number of classrooms plus the number of special rooms) to number of classes operated should not be less than 1.2:1. The ED may, at its discretion, accept a lower ratio.

12. The sizes of special rooms should be those normally provided in standard aided secondary schools. The ED may, at its discretion, accept smaller sizes.
13. All the special rooms should be suitably and adequately equipped.
14. The Principal should be a graduate of a local University or equivalent with professional training in education.
15. The majority of the teachers should be employed on a full-time basis.
16. All teachers should be qualified, trained and registered with the ED, unless otherwise agreed by the ED.
17. The teacher to class ratio should be, at a minimum, 1.3 teachers per class for S1 to S5 and 2 teachers per class for S6 and S7. Furthermore, schools are expected to employ a comparable number of additional teachers for specific purpose such as remedial teaching, guidance and counselling, language improvement, teaching of academically-low achievers, as are provided by aided secondary schools.
18. The ratio of graduate to non-graduate teachers should normally be 7:3. The ED may, at its discretion, accept a lower ratio.
19. All laboratories should be staffed by qualified laboratory technicians or laboratory technicians undergoing an in-service course of laboratory technician training.
20. The school should issue an annual prospectus and ensure that its contents are updated and factually correct.
21. The school is required to prepare its students to sit for the relevant local public examinations. Within this broad parameter, however, the school is given maximum freedom on the design and content of its curriculum. For example, the school may prepare its students for both local and non-local public examinations, or it may offer subjects which are not examined in local public examinations.
22. DSS schools could choose what they consider to be the most suitable medium of instruction (MOI) for different subjects in their curriculum. They will be required to consider testing their intakes on admission to ensure that their students would be able to benefit from the MOI chosen. They will also be required to propose evaluation criteria to assess in due course whether their students are indeed benefiting from the selected MOI for individual subjects. In addition, the school's choice of MOI will be assessed in future with reference to the language benchmarks for teachers once the benchmarks are available.

23. The school should be prepared to abide by new rules concerning the DSS.

(B) Sixth Form Colleges

1. The operating standard of the school in terms of curriculum delivery and school management should be satisfactory.
2. The school premises must be self-owned and should be purpose-built and free-standing. Schools without self-owned premises may also apply and will be considered for conditional admission.
3. The school should be in a sound financial situation with accumulated operating reserve sufficient to meet at least 2 months of operating expenses.
4. The school must be non-profit-making. A profit-making school proceeding to turn non-profit-making at the time of submitting application to join the DSS would also be considered.
5. The mode of operation should be whole-day.
6. The class size should not exceed 30 pupils.
7. The school should have a class structure with a minimum of 15 classes (S6 & S7) and should normally not operate other activities. However, the DSS status of a school would not necessarily be lost if, for any justifiable reason, its number of operating classes fall slightly below that minimum after joining the DSS. Any proposed change in the planned class structure must first be approved by the ED.
8. The school should principally offer a 2-year course leading to admission to degree courses in local tertiary institutions. The school is required to prepare its students to sit for the relevant local public examinations. Within this broad parameter, however, the school is given maximum freedom on the design and content of its curriculum. For example, the school may prepare its students for both local and non-local public examinations, or it may offer subjects which are not examined in local public examinations.
9. There should be sufficient classrooms to support the proposed number of classes of the school. No flotation classes are allowed at all levels.
10. The school is not allowed to operate any private classes after admission to the DSS, unless prior approval is obtained from the Education Department.

11. The ratio of classrooms to special rooms should not exceed 2:1. The ED may, at its discretion, accept a higher ratio.
12. Special rooms are required for the following subjects as A-level and/or AS-level examination subjects -  
Physics, Chemistry, Biology, Geography, Design and Technology, Computer Applications/Computer Studies, Engineering Science, Art & Design and Music.
13. The number of special rooms for a particular subject should be sufficient to justify the number of operating classes offering that subject.
14. The sizes of special rooms should not be less than those provided in standard aided secondary schools. Smaller sizes may be accepted by the ED.
15. In addition, Language Laboratory, Multi-media Learning Centre, Library and General Purpose Rooms are desirable.
16. All special rooms should be suitably and adequately equipped.
17. The Principal should be a graduate of a local University or equivalent with professional training in education.
18. The majority of the teachers should be employed on a full-time basis.
19. All teachers should be qualified, trained and registered with the ED, unless otherwise agreed by the ED.
20. The teacher to class ratio should be, at a minimum, 2 teachers per class.
21. For traditional academic subjects, graduate teachers should be employed. In case of practical, technical and cultural subjects, holders of higher diplomas / certificates from local and overseas institutions will be accepted although recruitment of graduates will be encouraged as far as possible.
22. All laboratories should be staffed by qualified laboratory technicians or laboratory technicians undergoing an in-service course of laboratory technician training.
23. The school should issue an annual prospectus and ensure that its contents are updated and factually correct.
24. The school should be prepared to abide by new rules concerning the DSS.

## **School Plan and other information Required from Applicant Schools**

In order to assess the merits of each application quickly, an applicant school is required to submit a proposed school plan setting out the vision, mission, curriculum, admission policy, class structure, management and organisation, teaching and learning, support for students (including a scholarship scheme and/or financial assistance for deserving students), school ethos, performance targets, indicators for self-evaluation, etc. In particular, the following information about the applicant school should be made available for consideration -

### General information

- (a) Name of school;
- (b) Address of school;
- (c) Name of sponsoring body;
- (d) Governance and management structure;
- (e) Proof of non-profit-making status (supporting document required);
- (f) Whether the premises are self-owned;
- (g) Whether the school building is free standing, purpose designed or in adapted premises;

### Class Structure and Mode of Operation

- (h) Whether whole-day or unisessional;
- (i) Whether co-educational, boys or girls;
- (j) Class structure in the past three years;
- (k) Class structure in the current year;
- (l) Planned class structures for the next 3 years or as required to arrive at a ultimate class structure;
- (m) Class size at each level in the current and subsequent three years;

### Facilities

- (n) Number of registered classrooms;
- (o) Number, type and size of registered special rooms;

- (p) Ancillary facilities such as school hall, playground, swimming pool, basketball court, tennis court, football pitch etc.;

Staffing

- (q) Name and qualification of Principal;
- (r) Names of teachers, their qualifications and names of awarding institutions, year appointed to the present school, RT/PT numbers;
- (s) Number of graduate and non-graduate teachers;
- (t) Names and qualifications of laboratory technicians;
- (u) Any provident fund arrangements;

Extra-curricular activities

- (v) What clubs and associations are organized and whether subject based, interest based, sports and recreational, or community service;
- (w) Any parent-teacher association? If yes, since when?

Curriculum and Academic results

- (x) Medium of instruction (MOI) currently used and proposed MOI after joining the DSS by levels;
- (y) The subjects offered at various levels;
- (z) Academic results in public examinations in the past 3 years;
- (aa) Any specialist subjects offered. Any educational programmes tailored to meet the need of target students;

Fee levels and Finance

- (bb) Schedule of existing school fees;
- (cc) Proposed fees and budget for the coming year;
- (dd) Any outstanding loans or mortgages;
- (ee) Fee Remission / Scholarship schemes; and
- (ff) A set of the school's latest Audited Financial Statements.

2. The above information should be provided by the applicant school when sending in the application to join the DSS in 2000. Some of the items are identical to those required for the annual prospectus to be published by every DSS school (Appendix 10). The applicant school should send in the draft prospectus together with the application.

## **Government Subsidy for Direct Subsidy Scheme (DSS) Schools**

Schools which are admitted to the DSS will be paid a recurrent government subsidy. The amount of the subsidy will be based on a banding system with the following features -

- (i) the maximum subsidy per pupil (excluding non-local children) to be equivalent to the unit cost of an aided secondary place \* ; and
- (ii) the minimum subsidy per pupil to be equivalent to one-quarter of the unit cost of an aided secondary place.

### **Band I**

2. Schools charging no more than the standard fees of an aided secondary school and schools charging additional fees up to the equivalent of two-thirds of the unit cost of an aided secondary place (in addition to the standard fees charged for aided schools) would receive full subsidy.

### **Band II**

3. Schools charging additional fees more than that allowed for Band I but less than one and five twelfths of the unit cost of an aided secondary place would have its subsidy reduced. For any additional fees charged (in addition to the standard fees for aided schools) above two-thirds of the unit cost of an aided secondary place, the subsidy would be reduced by the same amount. Hence the total income from subsidy and fee (excluding standard fee) should remain constant at one and two-thirds of the unit cost of an aided secondary place.

### **Band III**

4. Schools charging additional fees equivalent to or more than one and five-twelfths of the unit cost of an aided secondary place (in addition to the standard fees charged for aided schools) would receive one-quarter of the maximum subsidy.

(Schools opting for fees falling within Band II should note that any fee income in excess of two-thirds of the unit cost of an aided secondary place would be offset by a corresponding reduction in the government subsidy. Schools should ensure that the fees for the more senior levels are no less than those for the lower levels.)

---

\* The unit cost of an aided secondary place is based on the average net cost of an aided grammar place in the secondary sector i.e. the average gross cost of an aided grammar place less the standard fee, if any, after allowing for the average rate of fee remission. Due to the different costs of providing S1-3, S4/5 and S6/7 education the amount of the subsidy will vary for each level.

5. The above can be illustrated as follows -

<u>Band</u>	<u>Fee (excluding standard fees but including subscription)</u>	<u>Subsidy</u>	<u>Total income range (excluding standard fees but including subscription)</u>
I	0 to $\frac{2}{3}X$	X	X to $1\frac{2}{3}X$
II	between $\frac{2}{3}X$ and $1\frac{5}{12}X$	between X and $\frac{1}{4}X$	$1\frac{2}{3}X$
III	$1\frac{5}{12}X$ or more	$\frac{1}{4}X$	$1\frac{2}{3}X$ or more

X = unit cost of an aided secondary place.

Based on the projected 1998-99 unit costs of aided secondary places and the standard fees for 1998-99, the banding system would operate as set out in the attached annexes.

6. The existing income bands are being reviewed. There may be adjustments to better rationalise the subsidy at different income bands. Schools will be informed in due course of the details of the improvement should it be approved for implementation.

#### DSS Subsidy Rate under a two-age category system

7. Starting from 1999/2000, the DSS subsidy rate is calculated on a two-age based system in order to address the needs of schools with longer development background. Under this arrangement, two sets of DSS subsidy rates will be calculated with reference to the average unit cost of aided secondary school places viz. -

- one set will be calculated with reference to aided secondary schools with an operating history below 16 years (as illustrated in Appendix 4, Annex A); and
- the other set will be calculated with reference to aided secondary schools with an operating history of 16 years or above ( as illustrated in Appendix 4, Annex B).

DSS schools will be paid the subsidy rate which is relevant to their operating history (i.e. school age), the starting point for which will be the date of registration with the Education Department.

#### Provision of non-recurrent assistance

8. DSS schools will be provided with non-recurrent assistance in the form of a grant to carry out slope repairs and major repairs exceeding \$2 million. DSS schools will apply for such subsidy through an annual estimates exercise similar to the existing one for aided secondary schools. Upon approval of the grant, schools will be responsible for undertaking the repair works by themselves.

Provision of a one-off capital grant for upgrading school facilities

9. A one-off capital grant would be given to schools to upgrade their facilities to the latest prevailing standard of aided secondary schools, subject to the outcome of feasibility study if applicable, cost-effectiveness of the project proposal submitted by the school and availability of funds. Schools whose estimated project cost is above \$15M would be required to conduct a preliminary project feasibility study to assess the technical feasibility of the project and resources required. Details of this grant will be separately announced to schools.

Additional Sources of Income

10. DSS schools may have additional sources of income such as donations, rentals, profits from trading operations, etc. which would be excluded from the calculation of the subsidy which would take account of fee income only. Such sources of income should, however, be reflected in the school's accounts.

Subscription Charge and Standard Fees

11. Aided secondary schools and schools under the Bought Place Scheme may charge (S4 - 7 only) a subscription in addition to the standard school fees. Once they become DSS schools, the fees charged by such schools will subsume both the standard fees and the subscription.

Cost Components included in DSS subsidy

12. The government subsidy payable to DSS schools is calculated in terms of the average unit cost of an aided secondary place which includes the following components -

Salary Grant  
Provident Fund  
Administration Grant  
School and Class Grant  
Other Charges and Subject Grant  
Depreciation of Furniture & Equipment and  
Amortisation of Major Repairs.

### Fee Remission

13. Fees in DSS schools are likely to be higher than those in the public sector. It is recommended that DSS schools offer to parents a fee remission or scholarship scheme no less favourable to parents than the government fee remission scheme in order that pupils will not be prevented from attending DSS schools solely because of their inability to pay fees. Full details of the fee remission/scholarship scheme(s) should be shown in the school's prospectus. In arriving at the unit cost per place in an aided secondary school for the purpose of calculating the maximum subsidy for DSS schools, account has been taken of the average rates of fee remission (27.48% for S4/5 and 30.34% for S6/7 in 1998/99 school year) on the standard fees for all aided schools. During the transitional period (detailed arrangements set out in Appendix 9) after a BPS or aided school converts to DSS status, ex-BPS or ex-aided students who are paying standard fees should apply to SFAA for fee remission while others who are paying DSS fees should apply to the DSS school direct for fee remission.

### Payment of Subsidy

14. The government subsidy calculated in terms of the unit cost of an aided secondary place will be provided as a block grant payable by 2 instalments every 6 months based on each school's actual enrolment of its approved class structure at 30 September and 30 March each year. Schools should ensure that adequate internal control measures are in place to safeguard the subsidy amounts which are paid to them in advance.

### Civil Service Salary Revision and Revised Code of Aid Grants

15. The subsidy will be revised to take into account changes in the unit cost per place in an aided school arising from any civil service salary revision and any grants paid to secondary schools included in the Code of Aid for Secondary Schools. The effective date of the revised subsidy will coincide with the implementation date of the salary revision/revised grant in aided schools. Schools will be paid at the new rates together with arrears, if any, as soon as is practicable.

### Transitional Arrangements

16. Pupils allocated to secondary schools under the SSPA and JSEA arrangements before the schools' conversion to DSS status receive free education at junior secondary levels (S1-3), but are required to pay standard fees, i.e. for 1999/2000 School Year \$5,050 p.a. at senior secondary levels (S4-5), and \$8,750 p.a. for sixth forms (S6-7). These ex-BPS and ex-aided pupils who are unable to pay the standard fees may apply for fee remission.

17. It is necessary to ensure that once a school converts to DSS status, students allocated to it through the SSPA and JSEA before schools' conversion to DSS are safeguarded against any additional fees charged on them and also that they do not lose their entitlement to fee remission on the standard fee. Thus Bought Place Scheme (BPS) schools and aided schools are not allowed to charge these students additional fees regardless of the transitional period adopted by the school for admission to the DSS.

18. For BPS schools, a three-year transitional period would enable the last batch of students admitted to S1 under the SSPA arrangements in the 1998/99 school year to complete their senior secondary education in the same school without having to pay more than the standard school fees in S4-S5.

19. For aided schools, a two-year transitional period would enable the last batch of students admitted to S1 under the SSPA arrangements in the 1999/2000 school year to complete their junior secondary education. A four-year transitional period on the other hand would enable such students to complete their senior secondary education in the same school without having to pay more than the standard school fees in S4-S5.

**Banding System**  
**For schools below 16 years**  
**(Excluding Rates and Government Rent)**

1. In 1999-2000 the costs of aided secondary grammar places (excluding rates and government rent ) are as follows -

Level	Average Cost (a) \$	Maximum Subsidy (Full) \$	Minimum Subsidy (1/4) \$
S1 - 3	27,170	27,170	6,793
S4 - 5	24,782	24,782	6,196
S6 - 7	44,492	44,492	11,123

2. Amount of subsidy to be paid to DSS schools which are receiving rates reimbursement and government rent reimbursement -

Band/Level	Fee Range (b) \$	Subsidy Range \$	Total Income Range (c) \$
<b>Band I</b>			
S1 - 3	0 to 18,113	27,170	27,170 to 45,283
S4 - 5	0 to 16,521 (+5,050 standard fee)(d)	24,782	24,782 to 41,303 (+5,050 standard fee)(d)
S6 - 7	0 to 29,661 (+8,750 standard fee)(d)	44,492	44,492 to 74,153 (+8,750 standard fee)(d)
<b>Band II</b>			
S1 - 3	18,114 to 38,489	27,169 to 6,794	45,283
S4 - 5	16,522 to 35,106 (+5,050 standard fee)(d)	24,781 to 6,197	41,303 (+5,050 standard fee)(d)
S6 - 7	29,662 to 63,029 (+8,750 standard fee)(d)	44,491 to 11,124	74,153 (+8,750 standard fee)(d)
<b>Band III</b>			
S1 - 3	38,490 or more	6,793	45,283 or more
S4 - 5	35,107 or more (+5,050 standard fee)(d)	6,196	41,303 or more (+5,050 standard fee)(d)
S6 - 7	63,030 or more (+8,750 standard fee)(d)	11,123	74,153 or more (+8,750 standard fee)(d)

**Notes :**

- (a) Net of Fee Income which assumes Fee Remission at average take up rate.
- (b) This is for the purpose of calculating the amount of government subsidy.
- (c) An amount equivalent to the standard fee in public sector may be subsumed in the school fee but will be excluded for the purpose of calculating the subsidy.
- (d) The standard fees for 1999/2000 S.Y. are \$5,050 p.a. for S4-5 and \$8,750 p.a. for S6-7.

**Banding System**  
**For schools of 16 years or above**  
**(Excluding Rates and Government Rent)**

1. In 1999-2000 the costs of aided secondary grammar places (excluding rates and government rent) are as follows -

Level	Average Cost (a) \$	Maximum Subsidy (Full) \$	Minimum Subsidy (1/4) \$
S1 - 3	28,605	28,605	7,151
S4 - 5	25,925	25,925	6,481
S6 - 7	46,119	46,119	11,530

2. Amount of subsidy to be paid to DSS schools which are receiving rates reimbursement and government rent reimbursement -

Band/Level	Fee Range (b) \$	Subsidy Range \$	Total Income Range (c) \$
<b>Band I</b>			
S1 - 3	0 to 19,070	28,605	28,605 to 47,675
S4 - 5	0 to 17,283 (+5,050 standard fee)(d)	25,925	25,925 to 43,208 (+5,050 standard fee)(d)
S6 - 7	0 to 30,746 (+8,750 standard fee)(d)	46,119	46,119 to 76,865 (+8,750 standard fee)(d)
<b>Band II</b>			
S1 - 3	19,071 to 40,523	28,604 to 7,152	47,675
S4 - 5	17,284 to 36,726 (+5,050 standard fee)(d)	25,925 to 6,482	43,208 (+5,050 standard fee)(d)
S6 - 7	30,747 to 65,334 (+8,750 standard fee)(d)	46,118 to 11,531	76,865 (+8,750 standard fee)(d)
<b>Band III</b>			
S1 - 3	40,524 or more	7,151	47,675 or more
S4 - 5	36,727 or more (+5,050 standard fee)(d)	6,481	43,208 or more (+5,050 standard fee)(d)
S6 - 7	65,335 or more (+8,750 standard fee)(d)	11,530	76,865 or more (+8,750 standard fee)(d)

**Notes :**

- (a) Net of Fee Income which assumes Fee Remission at average take up rate.
- (b) This is for the purpose of calculating the amount of government subsidy.
- (c) An amount equivalent to the standard fee in public sector may be subsumed in the school fee but will be excluded for the purpose of calculating the subsidy.
- (d) The standard fees for 1999/2000 S.Y. are \$5,050 p.a. for S4-5 and \$8,750 p.a. for S6-7.

## **Accounting Arrangements and Spending Abuses of Direct Subsidy Scheme (DSS) Schools**

Schools joining the Direct Subsidy Scheme will be required to keep separate accounts in respect of -

- (a) transactions relating to the government subsidy, i.e. DSS subsidy; and
- (b) transactions relating to non-government funds such as school fees.

### Government Subsidy

2. Schools will be required to account for all the government subsidy in their books of account. Only expenditure of an educational nature (Appendix 5, Annex A) may be charged against the subsidy account. In the event that a school underspends the government subsidy, the balance should be retained by the school for educational use in subsequent years.

### Non-government Funds

3. Income other than the government subsidy, e.g. school fee income, trading operation etc., should be recorded separately.

### Audited Accounts

4. Annually, schools will be required to submit a set of Audited Accounts for examination purposes including -

- (a) Director's Report/Supervisor's Report
- (b) Auditors' Report
- (c) Income and Expenditure Account in respect of the Government Subsidy
- (d) Income and Expenditure Account for non-government funds such as fee income, trading operation etc.
- (e) Balance Sheet
- (f) Notes to the Accounts

Profits

5. Under the existing Direct Subsidy Scheme, private independent DSS schools are monitored to ensure that excessive profiteering does not take place. In this connection, it should be noted that existing private independent DSS schools are not entitled to the improvement measures of the DSS unless they have converted to non-profit-making status.

Abuses

6. The Board of Education (BoE) would be consulted on what action should be taken if -

- (a) private independent schools are found to have distributed surplus from the government subsidy;
- (b) non-profit-making schools are found to have distributed surplus;
- (c) schools are found to have charged disallowable expenditure against the government subsidy;
- (d) the school's standards are found to fall short of those shown in Appendix 7; and
- (e) the Director of Education has reasons to believe that schools are intentionally engaged in non-educational operations.

7. If malpractices continue even after warning has been given by the Director of Education, the Director of Education may withdraw the subsidy payable to the school with a resultant loss of DSS status.

**List of Approved Items of Expenditure for the DSS Government Subsidy**

Advertising

Audit fee

Bank charges

Bank interest and overdraft interest

Approved repayment of loan and interest thereon

Curriculum development

Depreciation

Insurance for fire, theft, public liability and employee compensation

Postage and stamp duty

Newspaper and magazines

Telephones

Celebrations and entertainment

Wreaths, flower-baskets and similar tributes on behalf of the school

Professional fees for essential professional advice of a legal, architectural, or similar nature

Travelling allowances, meals or light refreshments for occasional guest speakers

Expenditure on supplementary teaching staff

Expenditure on staff training

Repairs and maintenance

Transport and travelling expenses wholly incurred on school business, excluding travel between home and school

Teachers' textbooks, maps, etc.

Consumable stores

Fuel, light and power

Cleaning materials

Prizes

Long service payment/severance pay (In accordance with the Employment Ordinance)

Non-teaching staff salaries

Teaching staff salaries

Provident fund for teaching and non-teaching staff

Retirement or death benefits for staff not eligible for any other scheme, provided that such benefits do not exceed those available to similar staff eligible for another scheme, such as provident fund

Government rates and rent

Water charges

First-aid facilities

Sports

Extra-curricular activities

Printing and stationery

Library books for students

Miscellaneous

**Standards which Direct Subsidy Scheme (DSS) Schools  
will be required to maintain**

1. The operating standard of the school in terms of curriculum delivery and school management should be satisfactory. The areas of assessment for standard of operation are at Appendix 6, Annex A.
2. Mode of operation should be unisessional.
3. Class size should not exceed -
  - (a) 40 pupils for Secondary 1 to 5; and
  - (b) 30 pupils for Secondary 6 and 7.
4. Class structure should be acceptable to the Education Department (ED).
5. Teachers should be qualified, trained and registered with the ED.
6. The teacher to class ratio should be, at a minimum, 1.3 teachers per class for Secondary 1 to 5 and 2 teachers per class for Secondary 6 and 7, or such alternative ratio as the ED may find appropriate. A comparable number of additional teachers for specific purpose such as remedial teaching, guidance and counselling, language improvement, teaching of academically-low achievers, as are provided by aided secondary schools, should also be employed by the school.
7. Ratio of graduate to non-graduate teachers should be either -
  - (a) at least 7:3; or
  - (b) such alternative ratio as the ED may find appropriate.
8. Facilities and staffing should be such as the ED may find appropriate.

## Assessment of Operation Standard

(A) Areas of assessment

(a) Management and Organisation

1. Leadership
2. Planning and Administration
3. Staff Management
4. Financial Management
5. Resource and Accommodation
6. Self-evaluation

(b) Teaching and Learning

1. Curriculum
2. Class Teaching
3. Curricular
4. Student Learning Assessment and Evaluation as part of Teaching and Learning

(c) Support for Students and School Ethos

1. Pastoral Care
2. Personal, Social and Cultural Development
3. Support for Students with Special Educational Needs
4. Links with Parents and Community
5. School Climate

(d) Attainment and Achievement

1. Academic Performance of Students
2. Non-academic Performance of Students

(B) Assessment of Operating Standard

- (a) The Director may make a full assessment on the operating standard of the DSS school after the first 5-year period, or at any length of period as he may think fit, after the DSS school commences operation, taking into account the findings of the school inspections or any factors as he may think appropriate in the compilation of the full assessment.

- (b) If the DSS school is assessed during the full assessment to be not operating to the satisfaction of the Director and has been so notified, follow-up school inspections will be conducted during and/or after the period of time given to the school for improvement. The school's ability to make the necessary improvements will be given due weight when the Director takes a view on whether to withdraw DSS status from the school at the end of the 10-year period or, in exceptional circumstances, before the end of the period.

## **Control and Monitoring Mechanism for DSS Schools**

To ensure that DSS schools meet the services and operating standards required, control and monitoring mechanism will be instituted. This comprises both compliance vetting and quality assessment -

### *(A) Compliance Vetting*

The purpose of compliance vetting is to check, by way of information collected regularly through available channels such as school inspections, audited accounts, etc. to see whether there is any breach of admission requirements. Compliance vetting will be conducted in three major areas:

- (a) Admission conditions and requirements  
To check if the admission conditions and requirements have been breached;
- (b) Statutory Requirements  
To check if the requirements of the Education Ordinance, the Education Regulations and such other statutory requirements applicable to DSS schools are complied with; and
- (c) Financial Management  
To check if malpractice of financial management is observed.

Appropriate actions (including termination of subsidies) could be taken if the schools do not pass the compliance vetting. Follow-up reviews will be performed to ensure timely rectification of the situation.

### *(B) Quality Assessment*

The purpose of quality assessment is to provide an external review on the performance of the school as a whole. The review will cover four areas of assessment namely *Management and Organisation*, *Teaching and Learning*, *Support for Students and School Ethos*, and *Attainment & Achievement* as detailed in Appendix 6, Annex A. Quality assessment will be carried out similar to quality assurance inspections.

2. A full assessment will be made before the end of the first five years after school's admission into the DSS, taking into account findings in the compliance vetting and the quality assessment. A concluding remark to the effect that the school is (or is not) operating to the satisfaction of the Director of Education will be drawn and conveyed to the school concerned.

3. If a school is assessed to be not operating to the satisfaction of the Director of Education, it will not be offered an extension in the DSS.

## **Entrance Examination and Curricula of Direct Subsidy Scheme (DSS) Schools**

### Entry Requirement

Since DSS schools may admit their own pupils, they are free to establish reasonable and professionally sound criteria for recruitment and admission of pupils which are consistent with the tradition and educational objectives of individual schools. However, DSS schools should ensure that parents are well aware of these admission criteria. Some concern has been expressed that if DSS schools set their own entrance examinations, some primary schools may tend to distort their curriculum to suit the entrance examinations and there may be a serious backwash effect on teaching. This should be avoided as far as possible. It is therefore suggested that the results of Secondary School Places Allocation (SSPA) assessments and other relevant tests be provided to DSS schools to assist them in evaluating the academic standard of their applicants. They will be allowed to set tests only on subjects not covered by these assessments or for pupils not participating in the SSPA.

### Curriculum

2. Another feature of the DSS is the freedom that DSS schools enjoy with regard to curriculum. It is hoped that such schools will offer a variety of subjects to cater for the special needs of their pupils. In order that parents can choose what they consider to be the right curriculum for their children, DSS schools will be required to give a full description of their curricula, with an indication of any new items, in their annual prospectuses.

**Administrative Procedures for Admission to  
Direct Subsidy Scheme (DSS) Schools Participating  
in the Secondary School Places Allocation (SSPA) System**

Background

The trial exercise launched in the 1996/1998 allocation cycle will continue since it is welcomed by DSS schools. DSS schools may continue to participate in the SSPA System for allocation with the overriding principle of non-allocation remain unchanged. DSS schools which intend to participate in the scheme have to adopt either English or Chinese medium of instruction and offer a comparable curriculum from S1 to S5 preparing students for the Hong Kong Certificate of Education Examination.

Places for Allocation

2. Participating DSS schools may offer part or all of their S1 classes for allocation in the SSPA System. They will have to inform the Education Department in mid-September each year of the number of S1 places (inclusive of discretionary places) available for SSPA participants through allocation and the number of S1 places to be reserved for non-SSPA participants through self-recruitment at their own time schedule.

3. The places which participating DSS schools reserved for SSPA can be divided into two types, one for central allocation and the other for admission at discretion of schools before central allocation (discretionary places). This arrangement is similar to the existing practice for government/aided schools. Students are allowed to apply to only one SSPA participating school for a Secondary 1 discretionary place. Individual participating DSS schools will be given the flexibility to reserve a suitable number of discretionary places for SSPA participants. The unfilled discretionary places would be returned to the general pool for central allocation. However, those DSS schools which opt to participate in the SSPA after commencement of the process of discretionary places will not have discretionary places in their first year of operation.

4. Based on the Preliminary Score (which is dependent on the pupil's internal assessments at the end of Primary 5 and those in the first term of Primary 6), a rank order list of the Primary 6 students applying for a discretionary place can be produced. Participating DSS schools offering discretionary places are required to submit a list of current SSPA participants applying for their discretionary places to the School Places Allocation (SPA) Section in early March such that the rank order list of such applicants can be issued to the schools in late April. Then, the schools will compile the following two lists of applicants and return them to the SPA Section by mid-May -

- (a) successful applicants, and
- (b) applicants on the reserve list.

### Choice of Schools

5. Participating DSS schools will be included in the Secondary School Lists for parents to make school choices. Such DSS schools may serve more than one school net but accessibility to students is the major consideration in making netting arrangement. The following information about DSS schools will be specified in the Secondary School List -

- (a) DSS schools are fee-charging; and
- (b) they do not participate in the Junior Secondary Education Assessment (JSEA). Students having completed secondary 3 at DSS schools will not take part in the JSEA for the allocation of subsidised secondary 4 places.

### Schools with Feeder/Nominated Primary Linkages

6. Under the present SSPA System, a secondary school with feeder or nominated primary school(s) will reserve 85% or 25% respectively of its available Secondary 1 school places, as the case may be, for its feeder or nominated primary students who have chosen the parent secondary school as their first choice and are in Bands 1-3. If such schools join the DSS, they should continue to reserve an appropriate percentage of their Secondary 1 places for their existing feeder/ nominated primary students since they have an obligation towards these students. However, these students will be required to pay the DSS fee charged by the parent secondary school.

### Central Allocation

7. Students will not be allocated to participating DSS schools in the central allocation unless they have made them as their school choices. Apart from this, participating DSS schools will be treated in the same way as all other schools in the process of the central allocation.

### Announcement of Results

8. The results of allocation will be announced in mid-July.

9. After the announcement of allocation results, DSS schools which still have vacant S1 places can admit those SSPA participants who are willing to give up their public sector places to attend DSS schools.

**Administrative Procedures for Admission to  
Direct Subsidy Scheme (DSS) Schools Not Participating  
in the Secondary School Places Allocation (SSPA) System**

Background

For DSS schools not participating in the SSPA scheme, since -

- (a) the ED will not be responsible for allocating students to such DSS schools in the central allocation of the SSPA System except in special circumstances;
- (b) these DSS schools will attract and admit their own students on a territory-wide basis;
- (c) parents are free to apply to any non-participating DSS school and there is no limit to the number of non-participating DSS schools one can apply for; and
- (d) many, if not all, of the Primary 6 students applying for admission to non-participating DSS schools will also be participating in the SSPA System,

an admission procedure which does not interfere with the central allocation of the SSPA System is required.

Applications from Primary 6 Students Participating in the SSPA System

2. As there is no limit to the number of non-participating DSS schools a Primary 6 student can apply for admission, it is likely that he/she will make applications to more than one non-participating DSS school. Through the SSPA computer system, SSPA participants who have lodged multiple applications to: (a) more than one non-participating DSS school or (b) non-participating DSS school(s) together with one SSPA participating school allowed under the SSPA Discretionary Place Admission can be screened out. After matching all lists of applicants submitted by non-participating DSS schools, the ED will issue to each applicant a Choice of Schools Form which is pre-printed with the particulars of the applicant and the names of non-participating DSS schools he/she has applied for. The applicant is then required to indicate the order of his/her school preference by filling a number in the boxes corresponding to the name of the schools printed on the Form. He/She is also required to indicate on the Form the order of preference in respect of his/her application for a discretionary place applied for, in relation to those for the non-participating DSS schools, if applicable.

### Rank Order List of Applicants

3. Based on the Preliminary Score (which is dependent on the student's internal assessments at the end of Primary 5 and those in the first term of Primary 6), a rank order list of the Primary 6 students applying for non-participating DSS schools can be produced. It is important that the list of students applying for non-participating DSS schools must be submitted to the School Places Allocation (SPA) Section in early March such that the rank order list of such applicants who have participated in the SSPA System in the current allocation cycle can be issued to these DSS schools in late April. The proposed timing is in line with the existing procedures for processing discretionary places in SSPA participating secondary schools. Each of such DSS schools may make use of the rank order list to select the applicants without having to hold an entrance examination.
4. These DSS schools will compile two lists of applicants -
  - (a) successful applicants; and
  - (b) applicants on the reserve list.

### Computer Processing

5. Lists (a) and (b) from the various non-participating DSS schools, as well as the successful lists from SSPA participating schools offering discretionary places, are required to be sent to the SPA Section by mid-May, which will then be processed by the computer. The processing algorithm is as follows -
  - (i) The computer will read the Student Reference Numbers of the students on the successful lists from the various schools. At the same time, the computer will identify the number of accepted students.
  - (ii) Confirmation on the allocation of a student will only be made when he/she has been placed to a school of his/her first choice. The computer will first confirm all such students in the first processing cycle. The Student Reference numbers will be removed from the other schools of his/her second, third, ... choice etc. if he/she is also accepted by these schools.
  - (iii) Vacancies will then arise in some schools after (ii).
  - (iv) The computer will then read the reserve lists from schools with vacancies starting from the students at the top. If a student is found accepted by a school in subsequent cycles of processing, his/her Student Reference Number in the successful lists of the other schools with lower preference will be removed.

- (v) After a series of repeated processing or when the Student Reference Numbers of all the students on the reserve lists of all schools have been read, the computer will produce a report on the students finally admitted to each secondary school.
6. This method of processing by the computer is based on two over-riding factors -
- (a) The parental choice of schools in accordance with their own preference; and
  - (b) The decision of the secondary schools in accordance with the lists of successful applicants they have prepared.

Hence the wishes of the parents as well as the secondary schools have been fully looked after.

#### Schools with Feeder/Nominated Primary Linkages

7. Under the present SSPA System, a secondary school with feeder or nominated primary school(s) will reserve 85% or 25% respectively of its available Secondary 1 school places, as the case may be, for its feeder or nominated primary students who have chosen the parent secondary school as their first choice and are in Bands 1-3. If such schools join the DSS, they should continue to reserve an appropriate percentage of their Secondary 1 places for their existing feeder/nominated primary students since they have an obligation towards these students. However, these students will be required to pay the DSS fee charged by the parent secondary school. Any unfilled quota in a DSS school reserved for its feeder or nominated primary school(s) can be allowed to be returned to the school concerned for processing admission by following the processing algorithm at paragraph 5.

#### Announcement of Results

8. SSPA participants who have been selected by non-participating DSS schools will not be allocated to a school under the SSPA. The results of allocation will be announced together with that of the central allocation of SSPA in mid-July.

9. After the announcement of allocation results, DSS schools which still have vacant S1 places can admit those SSPA participants who are willing to give up their public sector places to attend DSS schools.

#### Application Fees

10. The then Private Schools Review Committee recommended that each applicant would be required to pay to the Government an application fee of \$50 per student per non-participating DSS school applied, provided that the DSS school has opted to participate in the above computer allocation system. The application fee will be used to cover the administrative cost arising from the computerised allocation of Secondary 1 places.

## **Transitional Period and Arrangements for Progression of S3 Students to S4**

Paragraphs 17 to 19 of Appendix 4 mention the possibility of a school opting for the transitional period upon joining the DSS. Schools are requested to study carefully paragraphs 2 to 9 below before deciding on the version to be adopted for the transitional period.

### **BPS Schools Joining the DSS**

2. The transitional period for BPS schools joining the DSS is 3 years. The two versions of phasing-in pattern are as follows -

Version 1 :	1999/2000	S1	S2	S3	S4	S5	S6	S7
	2000/2001	(S1)	(S2)	S3	S4	S5	S6	S7
	2001/2002	(S1)	(S2)	(S3)	S4	S5	S6	S7
	2002/2003	(S1)	(S2)	(S3)	(S4)	S5	S6	S7
	2003/2004	(S1)	(S2)	(S3)	(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

In version 1, S5 students in 2001/2002 and 2002/2003, and S6 students in 2002/2003 should be warned that they would have to pay DSS fees in 2003/2004.

Version 2 :	1999/2000	S1	S2	S3	S4	S5	S6	S7
	2000/2001	(S1)	(S2)	S3	S4	S5	S6	S7
	2001/2002	(S1)	(S2)	(S3)	S4	S5	S6	S7
	2002/2003	(S1)	(S2)	(S3)	(S4)	S5	(S6)	S7
	2003/2004	(S1)	(S2)	(S3)	(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

In version 2, S5 students in 2001/2002 and 2002/2003 should be warned that they would have to pay DSS fees in 2002/2003 and 2003/2004 respectively.

In both versions, S5 students who do not want to continue their education in their own school could transfer through their own efforts to S6 in another school.

### **Aided Schools Joining the DSS**

3. The transitional period for aided schools joining the DSS will be either 2 or 4 years. For both transitional periods, only S1 will have DSS classes in 2000/2001 and details are as follows -

#### **A two-year transitional period**

The phasing-in pattern for aided schools opting for a two-year transitional period is as follows -

1999/2000	S1	S2	S3	S4	S5	S6	S7
2000/2001	(S1)	S2	S3	S4	S5	S6	S7
2001/2002	(S1)	(S2)	S3	(S4)	S5	(S6)	S7
2002/2003	(S1)	(S2)	(S3)	(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes



A DSS school choosing the two-year transitional period would operate S4 and S6 DSS classes in 2001/2002. The S3 and S5 students in 2000/2001 and 2001/2002 will have to be warned that they would have to pay DSS fees in 2001/2002 and 2002/2003 respectively. S3 students would be given the option to transfer through the JSEA System to the aided sector. For the S5 students, they could transfer through their own efforts to S6 in another school.

#### A four-year transitional period

The two versions of phasing-in pattern for aided schools opting a four-year transitional period are as follows -

Version 1 :

1999/2000	S1	S2	S3	S4	S5	S6	S7
2000/2001	(S1)	S2	S3	S4	S5	S6	S7
2001/2002	(S1)	(S2)	S3	S4	S5	S6	S7
2002/2003	(S1)	(S2)	(S3)	S4	S5	S6	S7
2003/2004	(S1)	(S2)	(S3)	(S4)	S5	(S6)	S7
2004/2005	(S1)	(S2)	(S3)	(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

In version 1, S5 students in 2002/2003 and 2003/2004 and S6 students in 2003/2004 should be warned that they would have to pay DSS fees in 2004/2005.

Version 2 :

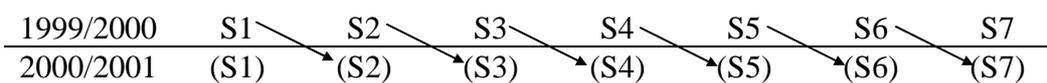
1999/2000	S1	S2	S3	S4	S5	S6	S7
2000/2001	(S1)	S2	S3	S4	S5	S6	S7
2001/2002	(S1)	(S2)	S3	S4	S5	S6	S7
2002/2003	(S1)	(S2)	(S3)	S4	S5	S6	S7
2003/2004	(S1)	(S2)	(S3)	(S4)	S5	(S6)	S7
2004/2005	(S1)	(S2)	(S3)	(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

In version 2, S5 students in 2002/2003 and 2003/2004 should be warned that they would have to pay DSS fees in 2003/2004 and 2004/2005 respectively.

#### **Private Independent Schools Joining the DSS**

4. Private independent schools joining the DSS could become DSS schools immediately. They need not go through any transitional period.



( ) denotes DSS classes

### Progression of S3 students to S4 in DSS schools

5. Closely connected with the transitional period by DSS schools is the manner in which S3 students in DSS schools are allowed to proceed to S4. In this connection, the School Places Allocation Section has worked out 3 modes of participation for DSS schools in the JSEA System during or after the transitional period. The main features of these 3 modes are outlined below -

#### Mode A - full participation

- (a) the school will be treated in exactly the same way as any other aided school;
- (b) the school will present all its S3 students to participate;
- (c) the school will be given an eligibility quota in promoting its own S3 students to fill its S4 places; and
- (d) the remaining S4 places will be made available for JSEA central allocation.

A school having aided S3 students and aided S4 places should adopt this mode of participation.

#### Mode B - partial participation

- (a) the school will only present part of its students who require central allocation to participate. However, the order of merit of all the school's S3 students will still need to be submitted for scaling purpose;
- (b) the school will conduct its own S4 recruitment exercise. The School Places Allocation Section will not allocate any student to fill its vacant S4 places; and
- (c) the school will have to inform ED of the list of S3 students who have been offered S4 places by the school so that these students would not be allocated any other places in the public sector through the JSEA.

A school having aided S3 students and DSS S4 places should adopt this mode of participation. This mode will provide those students wanting to opt out of the school with a chance of obtaining S4 places in the public sector.

#### Mode C - non-participation

- (a) the school will not present any S3 students to participate;
- (b) the school will conduct its own recruitment exercise. The School Places Allocation Section will not allocate any student to fill its vacant S4 places; and

- (c) the school will have to inform ED of the list of S3 students who have been offered admission to S4 so that these students would not be allocated any other places in the public sector through the JSEA.

If a school has DSS S3 students and DSS S4 places, mode C should be adopted. After the transitional period, all DSS schools should fall into this category.

6. For schools participating under mode A or mode B, they must have at least half of their S3 students possessing SSPA standard scores as these scores are essential in the scaling process in facilitating the comparison of students across schools in the territory-wide central allocation. Although there may only be a few of its S3 students joining the JSEA central allocation, a school will still be required to submit the order of merit of all its S3 students for scaling purpose. For those schools without sufficient number of students possessing SSPA standard scores, they could only participate under mode C.

7. In line with the rationale described in paragraph 5 above, the modes of participation of BPS schools in the JSEA System for the two versions of the three-year transitional period are therefore worked out as follows -

#### A three-year transitional period for BPS schools

##### Version 1 :

	Mode							
1999/2000	S1	S2	S3	A	S4	S5	S6	S7
2000/2001	(S1)	(S2)	S3	A	S4	S5	S6	S7
2001/2002	(S1)	(S2)	(S3)	C	S4	S5	S6	S7
2002/2003	(S1)	(S2)	(S3)	C	(S4)	S5	S6	S7
2003/2004	(S1)	(S2)	(S3)		(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

##### Version 2 :

	Mode							
1999/2000	S1	S2	S3	A	S4	S5	S6	S7
2000/2001	(S1)	(S2)	S3	A	S4	S5	S6	S7
2001/2002	(S1)	(S2)	(S3)	C	S4	S5	S6	S7
2002/2003	(S1)	(S2)	(S3)	C	(S4)	S5	(S6)	S7
2003/2004	(S1)	(S2)	(S3)		(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

8. As for aided schools, the modes of participation of aided schools in the JSEA System for the different versions of the two transitional periods are as follows -

#### A two-year transitional period for aided schools

	Mode							
1999/2000	S1	S2	S3	A	S4	S5	S6	S7

2000/2001	(S1)	S2	S3	<b>B</b>	S4	S5	S6	S7
2001/2002	(S1)	(S2)	S3	<b>B</b>	(S4)	S5	(S6)	S7
2002/2003	(S1)	(S2)	(S3)	<b>C</b>	(S4)	(S5)	(S6)	(S7)
2003/2004	(S1)	(S2)	(S3)		(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

#### A four-year transitional period for aided schools

##### Version 1 :

				Mode				
1999/2000	S1	S2	S3	<b>A</b>	S4	S5	S6	S7
2000/2001	(S1)	S2	S3	<b>A</b>	S4	S5	S6	S7
2001/2002	(S1)	(S2)	S3	<b>A</b>	S4	S5	S6	S7
2002/2003	(S1)	(S2)	(S3)	<b>C</b>	S4	S5	S6	S7
2003/2004	(S1)	(S2)	(S3)	<b>C</b>	(S4)	S5	S6	S7
2004/2005	(S1)	(S2)	(S3)		(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

##### Version 2 :

				Mode				
1999/2000	S1	S2	S3	<b>A</b>	S4	S5	S6	S7
2000/2001	(S1)	S2	S3	<b>A</b>	S4	S5	S6	S7
2001/2002	(S1)	(S2)	S3	<b>A</b>	S4	S5	S6	S7
2002/2003	(S1)	(S2)	(S3)	<b>C</b>	S4	S5	S6	S7
2003/2004	(S1)	(S2)	(S3)	<b>C</b>	(S4)	S5	(S6)	S7
2004/2005	(S1)	(S2)	(S3)		(S4)	(S5)	(S6)	(S7)

( ) denotes DSS classes

9. All schools intending to join the DSS are requested to study the different phasing-in patterns and the problems associated and see which pattern will suit both the school and the students best. Since parents have a right to know what pattern the school has adopted, DSS schools are also required to include such information, if appropriate, in their prospectuses.

**Prospectuses of Direct Subsidy Scheme (DSS) Schools**

Every prospectus should at least contain the following information -

- (a) The vision, mission, objectives and governance of the school including any evaluation for achievement of objectives;
- (b) the operating class structure;
- (c) an adequate description of the school's curriculum including the medium of instruction offered, with an indication of any new items;
- (d) a summary of the academic results in public examinations over the preceding three years;
- (e) a description of the extra-curricular activities offered by the school; and
- (f) a statement of school fees with details of any fee remission/scholarship scheme and of the school's budget for the coming year.

School should ensure that the contents of its prospectus are updated and factually correct before it is issued to parents.