

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 following the review. The major modifications include -

Medium of instruction (Appendix 2)

DSS schools should 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 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)

Subject to final announcement in due course, our thinking is that the financial arrangements for DSS primary schools will be the same as that adopted for DSS secondary schools. For information, the existing income banding system for secondary schools, which is currently being reviewed, is at Appendix 4.

Non-recurrent assistance (Appendix 4)

Schools joining the DSS in 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 admission into the DSS. Schools which are assessed to have failed in meeting the required standards will be asked to leave the scheme.

Textbook assistance for pupils

Pupils 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 primary 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 “Letters of Appointment” issued to all private schools is relevant.

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

- The mode of operation of DDS primary schools should be whole-day. However, bi-sessional primary schools may apply to join the DSS during the transition. It should be noted that Government is working towards enabling, by 2007, virtually all primary school students to study on a whole-day basis.
- From the date an aided primary school converts to a DSS primary school it will cease to receive the subventions provided under the Code of Aid for Primary Schools and will receive a DSS subsidy.
- Aided primary 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 primary 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 subjects grants in excess of the limits set out in the Code of Aid for Primary 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 primary 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 arrangement for these staff under the Scheme upon the schools’ conversion to DSS are under review. Further announcements will be made in due course.

7. Primary schools which are interested in joining the DSS are requested to note the administrative procedures for admission of primary one pupils at Appendix 8.

8. Details of the criteria and conditions for admitting aided primary 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 the 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 **24 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.

9. 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.

10. 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 subsidize 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.

5. In March 1999, Government decided to extend the DSS to aided primary schools in line with its overall policy to develop a strong DSS sector.

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

Aided primary schools operating a full primary course of not less than six 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 purpose-built and free-standing.
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.
5. The mode of operation should be whole-day. However, bi-sessional operation is tolerated during the transition.
6. The class size should not exceed -
 - a. 32 pupils per class for classes adopting activity approach; and
 - b. 37 pupils per class for classes adopting conventional approach, unless otherwise agreed by the Education Department (ED).
7. The class structure should be acceptable to the 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 number of classrooms and special rooms should be acceptable to ED. Normally, a school should have a minimum of 3 or 4 special rooms.
11. The sizes of special rooms should be those normally provided in standard aided primary schools. The ED may, at its discretion, accept smaller sizes.
12. All the special rooms should be suitably and adequately equipped.

13. The Principal should preferably be a graduate of a local University or equivalent with appropriate professional training.
14. The majority of the teachers should be employed on a full-time basis.
15. All teachers should be qualified, trained and registered with the ED, unless otherwise agreed by the ED.
16. The teacher to class ratio should be 1.4 teachers per class. The ED may, at its discretion, accept a lower ratio.
17. The ratio of graduate to non-graduate teachers should reach 3.5:6.5 by 2001/02. The ED may, at its discretion, accept a lower ratio.
18. The school should issue an annual prospectus and ensure that its contents are updated and factually correct.
19. Within the parameter of a local curriculum, a DSS school is free to determine its curricular content, which should be included in the annual prospectus. The school is expected to offer a curriculum in line with its policies catering to the needs and abilities of local primary students.
20. DSS schools should 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 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.
21. 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 pupils (including a scholarship scheme and/or financial assistance for deserving pupils), 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 school building is free standing, purpose designed or in adapted premises;

Class Structure and Mode of Operation

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

Facilities

- (m) Number of registered classrooms;
- (n) Number, type and size of registered special rooms;
- (o) Ancillary facilities such as school hall, playground, swimming pool, basketball court, tennis court, football pitch etc.;

Staffing

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

Extra-curricular activities

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

Curriculum and Academic results

- (v) Medium of instruction (MOI) currently used and proposed MOI after joining the DSS;
- (w) The subjects offered at various levels;
- (x) Any specialist subjects offered. Any educational programmes tailored to meet the need of target pupils;

Fee levels and Finance

- (y) Schedule of existing school fees, if any;
- (z) Proposed fees and budget for the coming year;
- (aa) Any outstanding loans or mortgages;
- (bb) Scholarship schemes; and
- (cc) 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) Primary 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 average unit cost of an aided whole-day primary place or a bi-sessional primary place as appropriate; and
- (ii) the minimum subsidy per pupil to be equivalent to one-quarter of the average unit cost of an aided whole-day primary place or a bi-sessional primary place as appropriate.

Band I

2. Schools charging additional fees up to the equivalent of two-thirds of the average unit cost of an aided whole-day primary place or a bi-sessional primary place.

Band II

3. Schools charging additional fees more than that allowed for Band I but less than one and five twelfths of the average unit cost of an aided whole-day primary place or a bi-sessional primary place would have its subsidy reduced. For any additional fees above two-thirds of the average unit cost of an aided whole-day primary place or a bi-sessional primary place, the subsidy would be reduced by the same amount. Hence the total income from subsidy should remain constant at one and two-thirds of the average unit cost of an aided whole-day primary place or a bi-sessional primary place.

Band III

4. Schools charging additional fees equivalent to or more than one and five-twelfths of the average unit cost of an aided whole-day primary place or a bi-sessional primary place 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 average unit cost of an aided whole-day primary place or a bi-sessional primary 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.)

5. The above can be illustrated as follows -

<u>Band</u>	<u>Fee</u>	<u>Subsidy</u>	<u>Total income range</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 = average unit cost of an aided whole-day primary place or a bi-sessional primary place.

Based on the projected 1998-99 average unit costs of an aided whole-day primary place or a bi-sessional primary place, 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. The DSS subsidy rate will be 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 an aided whole-day primary school place or a bi-sessional primary place viz. -

- (a) one set will be calculated with reference to aided whole-day primary schools and bi-sessional primary schools with an operating history below 16 years; and
- (b) the other set will be calculated with reference to aided whole-day primary schools and bi-sessional primary schools with an operating history of 16 years or above.

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 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 primary 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 primary 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 the 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.

Cost Components included in DSS subsidy

11. The government subsidy payable to DSS primary schools is calculated in terms of the average unit cost of an aided whole-day primary place or a bi-sessional primary place. The subsidy includes the following components -

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

Payment of Subsidy

12. The government subsidy calculated in terms of the average unit cost of an aided whole-day primary place or a bi-sessional primary place will be provided as a block grant payable by 2 instalments 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

13. The subsidy will be revised to take into account changes in the average unit cost per place in an aided whole-day primary school or a bi-sessional primary school as appropriate arising from any civil service salary revision and any grants paid to primary schools included in the Code of Aid for Primary 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

14. Under Government's policy of 9-year compulsory education implemented from 1978, pupils receive free education at primary level (P1- 6). It is necessary to ensure that once a school converts to DSS status, those existing pupils are safeguarded against any additional fees charged on them. Thus an ex-aided primary school after joining the DSS are not allowed to charge these pupils additional fees during a transitional period of five years. Details of this transitional period is at Appendix 9.

Mode of Operation

15. In line with the Government's whole-day primary schooling policy, aided bi-sessional primary schools that are successful in joining the DSS in September 2000 should be converted to whole-day operation by 2007 the latest.

Accounting Arrangements and Spending Abuses of Direct Subsidy Scheme (DSS) Primary 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

Abuses

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

- (a) non-profit-making schools are found to have distributed surplus;
- (b) schools are found to have charged disallowable expenditure against the government subsidy;
- (c) the school's standards are found to fall short of those shown in Appendix 6; and
- (d) the Director of Education has reasons to believe that schools are intentionally engaged in non-educational operations.

6. 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 pupils

Miscellaneous

**Standards which Direct Subsidy Scheme (DSS) Primary 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 whole-day. However, bi-sessional operation is tolerated during the transition.
3. Class size should not exceed -
 - (a) 32 pupils per class for classes adopting activity approach; and
 - (b) 37 pupils per class for classes adopting convention class, unless otherwise agreed by the Education Department (ED).
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 1.4 teachers per class. The ED may, at its discretion, accept a lower ratio.
7. Ratio of graduate to non-graduate teachers should be either -
 - (a) 3.5:6.5 by 2000/01; 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. Pupil Learning
4. Assessment and Evaluation as part of Teaching and Learning

(c) Support for Pupils and School Ethos

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

(d) Attainment and Achievement

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

(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 Primary 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 Pupils and School Ethos*, and *Attainment and 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) Primary Schools

Entry Requirement

Since DSS primary 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 kindergartens 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 DSS primary schools should not conduct any entrance tests or examinations when recruiting P.1 pupils.

2. Like other private primary schools, DSS primary schools are expected to follow the guidelines on conducting interviews on applicant pupils for selection of admission. In particular, any DSS primary school with a feeder or nominated school relationship to a secondary school in the public sector may lose that relationship if it fails to follow the guidelines for interviews in its recruitment of pupils.

Curriculum

3. Another feature of the DSS is the freedom that DSS primary 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 primary 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 Primary One of
Direct Subsidy Scheme (DSS) Primary Schools**

Primary One Admission

Given the freedom, DSS primary schools are expected to recruit their own pupils. In that sense, their participation in the Primary One Admission (POA) System will be similar to that for private schools.

However, as there may be a time clash between the POA Schedule and the admission of aided primary schools to the DSS, special arrangements will be made for these schools for the POA Cycle 2000 as follows -

- (a) applicant aided primary schools will continue to be processed as aided schools under the existing POA arrangements until their status is confirmed;
- (b) applicant aided primary schools are requested to alert parents applying for discretionary places (DP) in their schools in September 1999 that they have the intention of joining DSS in the 2000/2001 school year;
- (c) schools should note that upon formal approval given to them to turn DSS schools in September 2000,
 - (i) applicants allocated to these schools in the discretionary places admission stage would be given an option to give up the DP and choose another public sector primary school through the subsequent central allocation;
 - (ii) because of (i) above, schools would have to recruit their own pupils to fill these vacancies and for that matter to fill the rest of their vacancies since no pupils would be allocated centrally to fill their non-discretionary places; and
 - (iii) in recruiting pupils under (ii) above, schools would be required to ask parents to sign an undertaking that they would relinquish a public sector P1 place upon taking up a DSS place.

Transitional Period

Paragraph 14 of Appendix 4 mentions that upon admission to the DSS, an ex-aided DSS primary school will undergo a transitional period before all its pupils become DSS pupils. This transitional period will take five years to complete and is illustrated as follows -

1999/2000	P1	P2	P3	P4	P5	P6
2000/2001	(P1)	P2	P3	P4	P5	P6
2001/2002	(P1)	(P2)	P3	P4	P5	P6
2002/2003	(P1)	(P2)	(P3)	P4	P5	P6
2003/2004	(P1)	(P2)	(P3)	(P4)	P5	P6
2004/2005	(P1)	(P2)	(P3)	(P4)	(P5)	P6
2005/2006	(P1)	(P2)	(P3)	(P4)	(P5)	(P6)

() denotes DSS classes

2. It should be noted that while the transitional period takes as long as 5 years to complete, this arrangement is necessary in order to safeguard the interest of ex-aided pupils from paying additional fees during the entire course of their primary education.

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.