

CHAPTER 9

**THE GOVERNMENT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION**

GENERAL REVENUE ACCOUNT

GOVERNMENT SECRETARIAT

Education and Manpower Bureau

GOVERNMENT DEPARTMENT

Education Department

**Primary education —
Planning and provision of primary school places**

**Audit Commission
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PRIMARY EDUCATION — PLANNING AND PROVISION OF PRIMARY SCHOOL PLACES

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PRIMARY EDUCATION — PLANNING AND PROVISION OF PRIMARY SCHOOL PLACES

Summary and key findings

A. **Introduction.** It is a government policy to provide nine-year free and universal basic education for every child aged between six and 15. Primary education covers the first six years of free and universal basic education for the young generation to build up knowledge, values and skills for further studies and personal development. As at the beginning of the 2001-02 school year, there were about 478,000 primary students studying in 690 aided schools, 41 government schools and 63 private schools. The average cost of providing free primary education to a primary student is about \$26,000 a year. In the financial year 2002-03, the recurrent financial provision for primary education amounts to \$11,700 million (paras. 1.2 and 1.3).

B. **Audit review.** Audit has recently conducted a value for money audit on primary education. The audit is divided into three broad topics, namely planning and provision of primary school places, the administration of primary schools and the delivery of effective primary education. This report deals with the planning and provision of primary school places. The objective of the review is to examine the Education Department (ED)'s system of planning and providing public-sector (i.e. government and aided) primary school places to ascertain whether there are areas for improvement (paras. 1.7 to 1.9).

C. The planning and provision of primary school places are based on the Hong Kong Planning Standards and Guidelines, which specify that one whole-day primary class should be provided for every 32.5 children in the age group of six to eleven. The provision is planned on a district basis to prevent children from having to travel a long distance to attend schools in accordance with the principle of vicinity (para. 1.8). The audit findings are summarised in paragraphs D to Q below.

D. **Excessive supply and mismatch between demand and supply.** The ED has developed a model to project the future demand and supply of school places. However, the ED's projections only cover the period up to 2007. Audit projected a longer-term pattern up to 2010, by making use of the projections of the inter-departmental Working Group on Population Distribution (WGPD) released in August 2002. Following the ED's methodology, Audit's projection shows that, by 2010, the overall supply of school places would exceed the overall demand by about 27,600 places (equivalent to 35 standard schools). In addition, a serious mismatch (+/-15%) would occur in nine of the 18 districts (paras. 2.2 to 2.8). Audit's findings on the problems of the excessive supply and mismatch are: the declining population of children (see para. E below), production of excessive places by the ED's school building programme (see para. F below), vacant classrooms (see para. G below), and under-enrolment (see para. I below).

E. **Declining children population.** Based on the 2002 WGPD projections, Audit noted that between 2002 and 2010, the children population in the six to eleven age group would decline by 17%. The Census and Statistics Department, in a report published in May 2002, stated that the fertility rate of Hong Kong would remain low in the next two decades (paras. 2.10 to 2.12).

F. **Production of excessive places by ED's school building programme.** According to the ED's school building programme of March 2002, there were 69 new schools being planned. Of these,

22 were being planned for the seven districts where there would be a significant excessive supply (ranging from 18% to 75%) of school places. Of these 22 schools, 18 were at the early stage of development and their building works would start after 2002. Audit estimated that the ED could achieve a saving of capital expenditure of \$1,368 million by putting on hold the construction works of these 18 new schools. On the other hand, two districts are expected to have a significant shortfall of school places. Audit considers that the ED needs to build additional schools for these districts to ensure that there are sufficient primary school places to meet the future demand (paras. 2.14 to 2.20).

G. **Vacant classrooms.** Audit noted that of the 326 whole-day primary schools in the 2001-02 school year, 106 (33%) had vacant classrooms. The problem of vacant classrooms was serious in 30 schools, each of which had seven or more vacant classrooms. The location of many schools is close to each other. Audit considers that the classroom utilisation could be improved by merging and phasing out schools in close proximity with many vacant classrooms (paras. 2.23 to 2.27).

H. **Over-enrolled classes.** The current standard class size in primary schools is 30 or 32 for classes using the activity teaching approach, and 35 or 37 for classes using the conventional teaching approach. Audit noted that of the 11,742 operating classes in all public-sector primary schools in the 2001-02 school year, 4,782 (41%) were over-enrolled. The over-enrolment situation was serious in 286 classes, where the actual number of students exceeded the standard class size by seven or more students. In one case, the standard class size of 30 students was exceeded by 12 students (or 40%). Audit considers that the over-enrolment would have an undesirable effect on the quality of education provided to the students (paras. 3.2 to 3.9).

I. **Under-enrolled classes.** Of the 11,742 operating classes, 5,354 (45%) classes were under-enrolled. In 703 classes, the unfilled places in each class were seven to ten. In 239 classes, the unfilled places were eleven or more (i.e. 30% or more of a standard class). The ED allocates resources to schools based on the number of operating classes regardless of the number of students actually attending each class. Audit considers that the under-enrolment situation is unsatisfactory because the resources allocated are not utilised in an optimal manner (paras. 3.10 to 3.15).

J. **School Improvement Programme needs improvement.** The School Improvement Programme (SIP) was aimed at progressively upgrading the teaching and learning environment of schools so as to provide additional space and facilities for teaching, out-of-class activities and supporting services for both teachers and students. Audit noted that the SIP works were scheduled to be carried out in 15 primary schools, each of which had eleven or more vacant classrooms. Given that the population of children in the age group of six to eleven is expected to decrease in the next decade, the demand for primary school places is likely to fall. The chances of filling the vacant classrooms in these 15 schools are remote. Audit considers that urgent consideration needs to be given to converting the existing vacant classrooms into various function rooms, instead of building a new annex under the SIP. The ED would save a significant proportion of the expected SIP expenditure of \$548 million for these 15 schools (paras. 4.2 to 4.9).

K. Five of the 167 primary schools that are included in Phase 5 of the SIP are likely to be closed down. One of them is located in a public rental housing estate and is expected to be demolished by 2008-09 at the latest. The other four are rural schools that are considered by the ED as schools surplus to requirements. The SIP budget for these four rural schools was approved in February 2001 at a total amount of \$48.7 million. Audit considers that the need to incur substantial expenditure on the SIP works is questionable, having regard to the short remaining life span of these five schools (paras. 4.12 to 4.17).

L. **Some rural schools need to be closed down.** Compared to standard primary schools, rural schools normally have inferior facilities. Rural schools may not provide a suitable environment for quality education and social development. Moreover, many rural schools are cost-inefficient, especially those attended by a small number of students. Audit considers that it is desirable to replace rural schools with standard schools where possible (para. 5.4).

M. The ED classified ten of the 97 rural schools as surplus to requirements. However, no action plan had been drawn up for closing down four of these ten surplus rural schools. Audit considers that other rural schools could also be classified as surplus to requirements. One under-enrolled rural school in Sha Tau Kok is within ten-minute walking distance of a standard primary school, which has sufficient capacity to absorb all the students of this school. Two rural schools in Yuen Long had many vacant school places at the beginning of the 2001-02 school year. These two schools are within 20-minute walking distance to each other. The ED could consider merging these two schools. Audit also considers that the ED needs to replace rural primary schools with standard schools where possible (paras. 5.5 to 5.15).

N. **Government primary schools are more costly to operate.** The Government's policy intention is to reduce the number of government primary schools wherever possible to ensure a more economical use of resources. The Government provides primary education service directly to students by operating 41 government schools. Government primary schools cost more to operate than aided primary schools, mainly because the staff are employed on civil service terms and enjoy better fringe benefits than their counterparts in aided primary schools. In 2001-02, the cost differential was \$5,689 per student or 26%; the annual operating cost of a standard government school was \$4.6 million higher (paras. 6.20 to 6.22).

O. Audit considers there is a need to re-examine the provision of government primary schools. Consideration needs to be given to identifying government primary schools that will become surplus to requirements. The ED needs also to consider using contract terms to appoint staff in government primary schools, which could save an estimated amount of \$83 million recurrent annual cost (paras. 6.22 and 6.23).

P. **Information needs of parents not fully met.** In each school year, over 60,000 parents seek information from the ED to assist them in choosing suitable schools for their children. Audit conducted a survey in May 2002, which showed that about half of the respondents did not consider that the information provided by the ED was sufficient. The survey results showed that there is room for improving the service to parents (paras. 7.7 to 7.18).

Q. **Primary One Admission process needs improvement.** The Primary One Admission process is divided into the Discretionary Places Admission stage and the Central Allocation stage. During the Central Allocation stage, about 90% of the school places available for central allocation are allocated to students residing in the district of their school net in accordance with the principle of vicinity. In allocating children to primary schools on a school net basis, the ED relies on the residential addresses provided by parents in the application forms. Audit has observed that the current system of preventing and detecting parents reporting false residential addresses has its limitations. There is a need for the ED to strengthen the verification process by conducting home visits on a selective basis. The ED also needs to consider taking a tougher stance against those parents who are found to have used false addresses to gain an unfair advantage in the Primary One Admission process (paras. 7.21 to 7.32).

R. Audit recommendations. Audit has made the following major recommendations that the Director of Education should:

Declining children population

- (a) critically review the school building programme for the provision of public-sector primary school places, having regard to the implications of a declining population of children in the six to eleven age group (para. 2.12(a));
- (b) explore appropriate measures (e.g. phasing out schools that are surplus to requirements) to address the problem of expected serious excessive supply of primary school places in seven districts (i.e. Central and Western, Wan Chai, Eastern, Kowloon City, Yau Tsim Mong, Tuen Mun and Tai Po) (para. 2.12(b));

Mismatch between school building programme and the demand pattern

- (c) put on hold the building of new primary schools in the districts where a significant excessive supply of school places is projected, and provide sufficient places in the districts where a significant shortfall is expected (para. 2.21);

Vacant classrooms

- (d) critically review the vacant classroom situation in primary schools, and consider the feasibility of merging schools in close proximity which have a significant number of vacant classrooms (para. 2.28(a) and (b));

Enrolment and class size

- (e) monitor closely the enrolment situation in schools to ensure that the actual class size follows the standard set by the ED (para. 3.16(a));
- (f) for seriously over-enrolled schools, ask the schools to reduce over-enrolment (para. 3.16(b));
- (g) reduce the number of seriously under-enrolled classes by combining them, where possible, so as to improve the cost-effectiveness of the schools concerned (para. 3.16(d));

School Improvement Programme

- (h) critically re-examine the SIP plans for those schools with a large number of vacant classrooms. For the implementation of the SIP at these schools, the ED should consider converting the existing vacant classrooms into various function rooms, instead of constructing a new annex (para. 4.10);

- (i) conduct a review to identify the schools, including rural schools, that will be closed down in the near future. For such schools, the ED should critically review the need for reducing the scope of the SIP works or shelving them, having regard to the remaining life span of the schools (para. 4.18);

Rural schools

- (j) transfer students attending rural schools to nearby standard schools as far as possible, so that the students can study in a more suitable school environment and use better school facilities (para. 5.16(a));
- (k) draw up an action plan and timetable for transferring the students of the four rural schools, classified as surplus to requirements, to nearby schools (para. 5.16(b));

Government primary schools are more costly to operate

- (l) critically examine whether the number of government primary schools can be reduced, having regard to the objectives of providing them and the expected significant excessive supply of primary school places in some districts (para. 6.24(b));
- (m) consider using contract terms for hiring future staff of government primary schools, similar to the practice of aided schools (para. 6.24(c));

Information needs of parents

- (n) take appropriate action to provide additional information to the public relating to the Primary One Admission process as indicated in the results of the Audit survey (para. 7.19(a));

Principle of vicinity

- (o) ensure that parents and schools strictly follow the principle of vicinity by strengthening the procedures of verifying the parents' residential addresses used in the Primary One Admission exercises (para. 7.33(a)); and
- (p) consider taking tougher measures against those dishonest parents who are found to have used false addresses in the Primary One Admission exercises (para. 7.33(e)).

S. **Response from the Administration.** The Administration generally agrees with Audit's recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background and the objectives of the audit report.

Background

1.2 It is a government policy to provide nine-year free and universal basic education for every child aged between six and 15 (or completion of Secondary Three, whichever is earlier). Primary education covers the first six years of free and universal basic education for the young generation to build up knowledge, values and skills for further studies and personal development.

1.3 As at the beginning of the 2001-02 school year (September 2001), there were about 478,000 primary students in primary schools in Hong Kong. Primary school places are provided by aided schools managed by voluntary bodies under the Code of Aid for Primary Schools, by government schools managed directly by the Education Department (ED), and by private schools. As at the beginning of the 2001-02 school year, the composition of primary schools was as follows:

	Number of schools (Note 1)		Number of students	
Aided schools (Note 2)	690	87%	412,000	86%
Government schools	41	5%	32,000	7%
Private schools	63	8%	34,000	7%
Total	794	100%	478,000	100%

Source: ED's records

Note 1: If a school has a.m. and p.m. sessions, it is counted as two schools.

Note 2: These include 97 rural primary schools.

The average cost of providing free primary education to a primary student is about \$26,000 a year. In the financial year 2002-03, the recurrent financial provision for primary education amounts to \$11,700 million.

Role of Education Department

1.4 The Director of Education, who heads the ED, helps formulate and implements educational policies at kindergarten, primary and secondary levels. The ED's main responsibilities include execution of the Education Ordinance (Cap. 279); planning, provision and allocation of school places; provision of education opportunities for children with special educational needs;

development of school curricula; registration of schools and assurance of school education quality; monitoring of teaching standards; and support to schools with public funding and other facilities.

Education reform measures

1.5 To meet the needs of society in the 21st century, in 1998 the Education Commission (EC) embarked on a two-year comprehensive review of the overall education system in Hong Kong. In September 2000, the EC issued a report on the “Reform Proposals for the Education System in Hong Kong”. The Government accepted the EC report, which is regarded as a blueprint for education reform.

1.6 Over the past two years, the Government has put in place a number of reform measures, including the reform of the Primary One Admission system and Secondary School Places Allocation system. Moreover, measures have been introduced to strengthen support for schools and teachers. Improvement will be made in implementation arrangements and support measures.

Audit review on primary education

1.7 Audit has recently conducted a value for money audit on primary education. Since primary education is a broad subject, the scope of the audit review is divided into three broad topics. The audit findings are contained in three separate reports as follows:

- planning and provision of primary school places (the subject matter of this report);
- the administration of primary schools (Chapter 10 of Director of Audit’s Report No. 39); and
- the delivery of effective primary education (Chapter 11 of Director of Audit’s Report No. 39).

Guidelines and principle of planning and provision of primary school places

1.8 The planning and provision of public-sector (i.e. government and aided) primary school places are based on the planning standards outlined in the Hong Kong Planning Standards and Guidelines. The Guidelines specify that one whole-day primary class should be provided for every 32.5 (see paras. 3.2 and 3.3 below) children in the age group of six to eleven. The demand and supply of public-sector primary school places are assessed on a district basis. This is to prevent children from having to travel a long distance to attend schools in accordance with the principle of vicinity.

Audit review on planning and provision of primary school places

1.9 The objectives of this value for money audit are to examine the ED's system of planning and providing public-sector primary school places and to ascertain whether there are areas for improvement. The audit findings are reported as follows:

- (a) planning and provision of public-sector primary school places (PART 2);
- (b) enrolment and class size (PART 3);
- (c) School Improvement Programme (PART 4);
- (d) rural primary schools (PART 5);
- (e) government primary schools (PART 6); and
- (f) Primary One Admission system (PART 7).

General response from the Administration

1.10 The **Director of Education** has said that he appreciates Audit's efforts in conducting value for money audit on primary education and carrying out the various analyses on the planning and provision of primary school places. He thanks Audit for the observations and recommendations, which will be seriously considered and followed up where possible. He has also said that:

- (a) the ED understands that, in the strict sense of resources management, "excessive provision" of school places should be minimised. However, there is inevitably a mismatch of the demand and supply of primary school places because of the many volatile factors (e.g. parental choices, population movements, the adoption of the principle of vicinity in school places allocation, the arrival of the newly arrived children from the Mainland) which affect the projection figures of demand and supply in each of the 18 districts. It is definitely the ED's ongoing efforts to monitor the projected figures through reviewing the school building programmes and better utilisation of existing places;
- (b) the provision and management of education services have not only to deal with quantitative issues and hard figures (such as school facilities, enrolment, school places, school buildings), but also take account of many human, social and historical factors which render it difficult to achieve the pre-set aims and targets; and

- (c) the ED is fully aware of the scarcity of resources and would continue to ensure more effective use of the resources. It will explore various measures, with particular reference to the recommendations by Audit, to address existing problems and resolve difficulties.

1.11 The **Secretary for Education and Manpower** has said that:

- (a) he welcomes the Director of Audit's study on the delivery of primary education and commends the study team for the breadth and depth of its recommendations;
- (b) education is one of the top priorities of the Government of the Hong Kong Special Administrative Region. The Government has invested heavily in education with a 62% increase in overall expenditure for the education sector since 1996-97. The corresponding increase for primary education is 67%;
- (c) declining student population provides an invaluable opportunity to upgrade the quality of primary education in at least two ways, namely to phase out sub-standard school buildings and ineffective schools. The Government has to continue building new schools to re-provision schools which, though being old and poorly equipped, are still required to meet current demands;
- (d) it is the Government's stated policy to develop an education system that provides diversity and choice for students, hence the initiative to promote Direct Subsidy Scheme and private independent schools. By allowing an element of surplus supply, the Government is better able to identify parental preferences and the weaker players in the system;
- (e) the Government will conduct a study to identify the pre-conditions for effective learning in small classes. As Audit rightly observed, many of the existing schools already have small classes but the effectiveness of student learning is questionable. Hence, reducing class size, per se, is not the panacea to the problems in primary education. The key is teaching skills and the commitment of teachers;
- (f) planning for the provision of primary school places is a huge challenge not only because of demographic changes over time but also because the current school places allocation system allows cross-district student enrolment. This has injected an additional element of uncertainty in the planning of provision. The resultant mismatch between the district population projection and actual enrolment is inevitable; and
- (g) he is grateful to Audit for the recommendations on rural and government primary schools. The Government will critically review their cost-effectiveness and examine options for achieving better value for money.

PART 2: PLANNING AND PROVISION OF PUBLIC-SECTOR PRIMARY SCHOOL PLACES

2.1 This PART reviews the planning and provision of public-sector primary school places and examines areas where improvements could be made for the utilisation of existing facilities.

Background

2.2 Since the introduction of free and compulsory primary education in 1971, the Government has assumed a role to ensure that every child in Hong Kong could receive free primary education. To ensure that there are sufficient primary school places to meet the demand, the ED has established a model to regularly project the future demand and supply of primary school places.

2.3 The provision of public-sector primary school places is planned on a district basis to reduce the need for young pupils to travel a long distance to attend schools. The projected population of children in the age group of six to eleven in each district (Note 1) is used as a reference for projecting the number of school places required to satisfy future demand. In making the projections, the ED also takes into account factors such as the existing supply of school places in the relevant districts; the school places supplied by private schools; and additional school places from new schools.

Demand and supply projections

2.4 Audit reviewed the demand and supply of primary school places projections made by the ED and noted that the ED's projections only covered the period up to 2007. According to the ED, the reason for making projections only up to 2007 was that there was a policy target for full implementation of whole-day primary schooling to be achieved by that year. Audit attempted to ascertain a longer-term pattern of the demand and supply of primary school places up to 2010 by making use of the latest Working Group on Population Distribution (WGPD) projections released by the Planning Department in August 2002.

2.5 Following the ED's methodology, Audit compiled a table showing the demand and supply of public-sector primary school places between 2002 and 2010 in the 18 districts (see Appendix A). For the sake of prudence, the table was compiled on the basis that all bi-sessional schools had been converted to whole-day schools. As such, only 50% of the school places currently offered by bi-sessional schools were included as the existing supply of school places. Moreover, in projecting the future demand for school places, Audit followed the ED's practice of adjusting the WGPD projections by taking into account the number of new immigrants and the number of cross-border students.

Note 1: *The population distribution projections are prepared by the Planning Department under the auspices of an inter-departmental Working Group on Population Distribution. The projections are based on the territorial population projections made by the Census and Statistics Department, and have taken into account the number of new immigrants and the known housing production and demolition programmes. For the purpose of projecting demand for primary school places, only the population of usual residents is used.*

2.6 According to Audit's projections, by 2006 the overall supply of primary school places would exceed the overall demand, and by 2010 a serious mismatch (+/-15% or more) would occur in nine districts. Table 1 below shows the demand and supply in the 18 districts in 2010.

Table 1
Audit's projection of demand and supply
of public-sector primary school places by district in 2010

District	Demand (a)	Supply (b)	Excessive supply/ (shortfall) (c) = (b) - (a)	Percentage of mismatch (d) = (c) ÷ (a) × 100%
Central and Western	9,800	13,500	3,700	38%
Wan Chai	5,300	9,300	4,000	75%
Eastern	20,400	24,400	4,000	20%
Southern	10,400	10,900	500	5%
Sham Shui Po	22,900	16,700	(6,200)	(27%)
Kowloon City	21,500	27,400	5,900	27%
Wong Tai Sin	21,100	23,000	1,900	9%
Kwun Tong	35,300	28,100	(7,200)	(20%)
Yau Tsim Mong	15,500	18,300	2,800	18%
Kwai Tsing	30,000	28,500	(1,500)	(5%)
Tsuen Wan	14,900	17,000	2,100	14%
Tuen Mun	26,800	33,100	6,300	24%
Yuen Long	40,100	41,800	1,700	4%
North	21,000	19,500	(1,500)	(7%)
Tai Po	14,200	18,100	3,900	27%
Shatin	35,200	38,000	2,800	8%
Sai Kung	25,700	29,300	3,600	14%
Islands (including Tung Chung)	9,600	10,400	800	8%
Total	379,700	407,300		
		Overall excessive supply	44,000	
		Shortfall	(16,400)	
		Net excess	27,600	

Source: Audit projections based on ED's records

Note: Districts where the supply would exceed or fall short of the projected demand by more than 15% are highlighted.

2.7 The demand and supply projections made by Audit as shown in Table 1 above were based on the following assumptions:

- (a) ***only 60% of school places offered by private primary schools (including international schools and English Schools Foundation schools) would be taken up.*** This followed the ED's methodology. Audit noted that in the last two years, the actual average enrolment rate of private primary schools was about 75%. If a higher take-up rate (e.g. 70%) was used in making the projections at Appendix A, the overall excessive supply of public-sector primary school places would be further increased by 5,100 places;
- (b) ***the average class size would be reinstated to 32.5 from 2008 onwards.*** Audit followed the ED's methodology and used an average class size of 34.5 for projecting the supply of primary school places for the period 2002 to 2007. Audit notes that the standard class size is 32.5 school places (see para. 1.8 above). The addition of two places is only a temporary measure to achieve the early implementation of whole-day primary schooling. For the sake of prudence, Audit assumed that the standard class size of 32.5 would be reinstated from 2008 onwards; and
- (c) ***all new school buildings would be completed on time.*** In projecting the future supply of school places, Audit made reference to the ED's school building programme and assumed that all the 69 new schools listed on the programme with target completion dates would be completed on time.

2.8 The excessive supply and serious mismatch problems in nine districts as shown in Table 1 of paragraph 2.6 above are matters of concern. On the one hand, the net excessive supply of 27,600 places (equivalent to 35 standard primary schools of 24 classes each) in 2010 indicates that many of the 69 new primary schools (see para. 2.14 below) that are being built/planned would be surplus to requirements. On the other hand, the shortfall of 16,400 school places in four districts, namely, Sham Shui Po, Kwun Tong, Kwai Tsing and North may lead to the following undesirable consequences:

- (a) the progress of implementing whole-day schooling in these districts would be delayed;
- (b) some children might need to travel a long distance to attend schools in other districts, contrary to the principle of vicinity; and

- (c) there would be over-enrolment of some classes in these districts.

2.9 Audit's findings on the excessive supply and mismatch problems are as follows:

- (a) a rapidly declining population of children in the six to eleven age group (see paras. 2.10 to 2.12 below);
- (b) production of excessive places by the ED's school building programme (see paras. 2.14 to 2.20 below);
- (c) vacant classrooms in some schools (see paras. 2.23 to 2.27 below); and
- (d) under-enrolment in some classes (see paras. 3.10 to 3.14 in PART 3 below).

Declining population of children in the six to eleven age group

2.10 According to the Census and Statistics Department, the fertility rate in Hong Kong had decreased by about 52%, from 1933 live births per 1,000 women in 1981 to 929 in 2001. In the Hong Kong Population Projections (2002-2031) published in May 2002, the Census and Statistics Department projected that the fertility rate would bounce back slightly, from 929 live births per 1,000 women in 2001 to 1,117 in 2010, and would remain at such low level until 2031.

2.11 A low fertility rate in past years has led to a declining population of children in the six to eleven age group. According to the WGPD projections released by the Planning Department in August 2002, the six to eleven children population would decline by 17%, from 493,200 in 2002 to 410,500 in 2010. The population in this age group would decline rapidly (i.e. by 15% or more) in eleven of the 18 districts between 2002 and 2010. In making the projections, the effects of new immigrants from the Mainland have been taken into account. Table 2 summarises the projected changes of population in this age group in the 18 districts between 2002 and 2010.

Table 2

**Projected population change of children
aged 6 to 11 in 18 districts between 2002 and 2010**

District	2002	2010	Percentage of increase/(decrease)
	(a)	(b)	$(c) = \frac{(b) - (a)}{(a)} \times 100\%$
Central and Western	14,800	12,300	(17%)
Wan Chai	7,800	6,600	(15%)
Eastern	38,600	26,800	(31%)
Southern	18,900	13,500	(29%)
Sham Shui Po	23,100	25,000	8%
Kowloon City	23,800	23,700	-
Wong Tai Sin	32,000	24,000	(25%)
Kwun Tong	38,800	38,700	-
Yau Tsim Mong	16,400	17,100	4%
Kwai Tsing	33,100	30,100	(9%)
Tsuen Wan	19,100	14,900	(22%)
Tuen Mun	42,600	26,900	(37%)
Yuen Long	51,400	40,200	(22%)
North	27,500	21,300	(23%)
Tai Po	24,300	14,600	(40%)
Shatin	43,600	35,800	(18%)
Sai Kung	28,900	28,200	(2%)
Islands (including Tung Chung)	8,500	10,800	27%
Total	<u>493,200</u>	<u>410,500</u>	(17%)

Source: Planning Department's records

Note: The above figures are based on the WGPLD projections released in August 2002, which have been adjusted by taking into account the number of cross-border students as per ED's advice.

Audit observations and recommendations on the declining population of children

2.12 Given the future low fertility rate, the population of children in the age group of six to eleven is expected to remain at about the 2010 level in the next two decades (see para. 2.10 and Table 2 above). As such, it is unlikely that the situation of excessive supply of public-sector primary school places (as shown in Appendix A) would reverse. This is a matter of concern because an excessive supply of primary school places represents under-utilisation of education resources. **Audit has recommended that the Director of Education should:**

- (a) **critically review the school building programme for the provision of public-sector primary school places, having regard to the implications of a declining population of children in the six to eleven age group; and**
- (b) **explore appropriate measures (e.g. phasing out schools that are surplus to requirements) to address the problem of expected serious excessive supply of primary school places in the seven districts highlighted in Table 1 of paragraph 2.6 above (i.e. Central and Western, Wan Chai, Eastern, Kowloon City, Yau Tsim Mong, Tuen Mun and Tai Po).**

Response from the Administration

2.13 The **Director of Education** generally agrees with the audit recommendations. He has said that the ED closely takes into account the movements in the projection of children population from the planning to implementation stages of new school projects. Funding applications to the Legislative Council for the commencement of building works will only be made where additional school places are required.

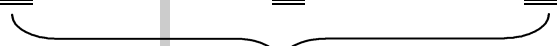
School building programme

2.14 According to the ED's school building programme of March 2002, a total of 69 new school projects, providing a total of 62,800 additional primary school places, were being planned. Although 35 of these 69 new projects were still at the early planning stage, the Government had already reserved sites for them. The remaining 34 new school projects were in a more advanced stage of development, and had already progressed beyond the technical feasibility study stages (Note 2). In these 34 new projects, the building works of 21 schools will have commenced by December 2002. The building works of the remaining 13 schools will start after 2002. Table 3 below shows the distribution of these 69 new primary school projects by districts.

Note 2: *For these 34 new projects, funding approval for the construction of 23 new schools had already been obtained from the Legislative Council. Funding submissions would shortly be made for the remaining 11 new school projects.*

Table 3

Distribution of the 69 new primary school projects
by district as in March 2002

District (Note)	Projects at early planning stage (technical feasibility study not yet completed)	Projects at a more advanced stage of development (technical feasibility study completed)		No. of new schools to be provided to this district which already has excessive supply of school places
		building works to start by December 2002	building works to start after 2002	
Central and Western	-	1	1	2
Wan Chai	1	-	-	1
Eastern	3	-	1	4
Southern	-	1	-	-
Sham Shui Po	1	1	-	-
Kowloon City	6	1	-	7
Wong Tai Sin	-	1	-	-
Kwun Tong	4	3	2	-
Yau Tsim Mong	-	-	1	1
Kwai Tsing	3	1	-	-
Tsuen Wan	2	1	-	-
Tuen Mun	2	2	2	6
Yuen Long	7	3	2	-
North	-	2	1	-
Tai Po	1	-	-	1
Shatin	-	-	1	-
Sai Kung	3	2	2	-
Islands (including Tung Chung)	2	2	-	-
Total	<u>35</u>	<u>21</u>	<u>13</u>	<u>22</u>
				
		<u>69</u>		

Source: ED's records

Note: Highlighted districts are those where significant surplus school places (i.e. over 15%) are projected in Table 1 of paragraph 2.6 above.

2.15 Audit noted that a considerable number of new primary schools were being planned in districts where there would be projected surplus primary school places. In the seven districts (highlighted in Table 3 above) where there would be a significant excessive supply of school places (ranging from 18% to 75% — see Table 1 in para. 2.6 above), 22 new primary schools were being planned. On the other hand, only two new schools were being planned for the Sham Shui Po district where there would be a serious shortfall of 6,200 school places (see Table 1 in para. 2.6 above).

2.16 Audit selected the Wan Chai and Sham Shui Po districts for further analysis. The two districts were chosen because they would have the largest projected excessive supply (75%) and shortfall (27%) of school places respectively (see Table 1 in para. 2.6 above). Results of the audit analysis are summarised in paragraphs 2.17 and 2.18 below.

2.17 *Excessive supply in Wan Chai district.* According to Audit's projections, as shown in Appendix A, the supply of school places in the Wan Chai district in 2002 had already exceeded the demand by 2,800. Since the children population of ages between six to eleven in the district is expected to decline, the demand for school places will further drop by about 17% from 6,400 in 2002 to 5,300 in 2010 (see Appendix A). Notwithstanding this, the ED was planning to build a new 18-classroom primary school in Wan Chai at the site where the Lui Kee Education Services Centre is located. This would provide an additional 600 primary school places. The building works of the new school were tentatively planned to start in October 2004. Given the fact that there is already an excessive supply of primary school places in this district in 2002, the provision of additional school places appears to be unnecessary. Audit considers that the ED should take action to put on hold the building plan of the new school, and to return the site of Lui Kee Education Services Centre to the Government for alternative uses.

2.18 *Shortfall in Sham Shui Po district.* According to Audit's projections, as shown in Appendix A, the supply of school places in the Sham Shui Po district would fall short of the demand by 6,200 (equivalent to about eight 24-classroom standard schools) in 2010. Audit noted that the ED was planning to build two new primary schools for the Sham Shui Po district. The building works of one school had commenced in October 2001. The other school was still at an early planning stage and the commencement date of its building works had not yet been confirmed. In view of the serious adverse effects which a significant shortfall of school places might bring (see para. 2.8 above), Audit considers that urgent action should be taken to provide more primary places in the Sham Shui Po district.

Audit observations on ED's school building programme

2.19 Audit examination of the supply of primary school places revealed that a significant excessive supply (i.e. over 15%) would occur in seven districts in 2010, where a total of 22 new

primary schools are being built or planned. Audit noted that the ED had already reserved school sites for all these 22 new schools. Of these 22 schools, four would commence their building works by December 2002. The remaining 18 new schools are still at the early stage of development and their building works will start after 2002. It is questionable whether these new schools need to be constructed. Audit estimated that the ED could achieve a saving of \$1,368 million (\$76 million × 18) in capital expenditure by putting on hold the construction works of these 18 new schools. (The average building cost of a 24-classroom standard primary school is about \$76 million.)

2.20 On the other hand, in the four districts where a shortfall of school places is expected, the situations in the Sham Shui Po and the Kwun Tong districts are more serious (i.e. over 15%) because insufficient new schools are being built or planned. The ED needs to consider providing additional new primary school places in these two districts to ensure that there are sufficient places to meet the demand.

Audit recommendations on ED's school building programme

2.21 **Audit has recommended that the Director of Education should:**

- (a) **put on hold the building of new primary schools in the districts where a significant excessive supply of primary school places is projected; and**
- (b) **provide sufficient places in the districts where a significant shortfall of primary school places is expected.**

Response from the Administration

2.22 The **Director of Education** generally agrees with the audit recommendations. He has said that not all new school projects included in the school building programme will necessarily proceed to the stage of building works. Some new projects may be withdrawn at the planning stage due to various reasons, e.g. public objections and technical constraints. He emphasises that the ED will seek funding approval from the Legislative Council for commencing building works of new school projects only when the new projects have been proved to be technically feasible and are required from the demand angle to ensure that school places would not be over-provided. In areas where school-aged population will grow, new school sites would be reserved.

Vacant classrooms in some schools

2.23 During the review, Audit visited a number of primary schools and noted that some of them had a significant number of vacant classrooms. Photograph 1 on the centre pages shows a vacant classroom. An examination of the ED's records revealed that, of the 326 whole-day primary schools in the 2001-02 school year, 106 (33%) had vacant classrooms. All these 106 schools were established standard schools (Note 3). Table 4 below is an analysis of the vacant classroom situation of these 106 schools.

Table 4
Audit analysis of the 106 schools
with vacant classrooms in the 2001-02 school year

Number of vacant classrooms	Number of schools
1 — 3	58
4 — 6	18
7 — 10	12
11 and above	18
	} 30
Total	<u><u>106</u></u>

Source: ED's records

2.24 The problem of vacant classrooms was serious in 30 schools, each of which had seven or more vacant classrooms. Audit analysed these 30 schools by location and noted that many of them were situated close to each other. Table 5 below shows the districts where these 30 schools are located.

Note 3: *These 106 primary schools did not include new primary schools and primary schools to be phased out.*

Table 5

**Location of the 30 schools with
seven or more vacant classrooms in the 2001-02 school year**

District	Number of schools	Total number of operating classrooms	Total number of vacant classrooms	Remarks
Shatin	11	147	127	6 schools in Tai Wai 3 near Sha Kok Estate 2 in Ma On Shan
Kwai Tsing	6	64	66	3 schools in Tsing Yi 3 in Lai Yiu/Lai King
Tuen Mun	6	86	63	3 schools in Wu King Estate 2 near On Ting Estate 1 in another area
Southern	2	16	30	Both schools in Wah Fu Estate
Eastern	2	30	23	Schools in different areas
Islands	2	40	19	Schools in Tung Chung
Sai Kung	1	19	11	School in Sai Kung Market
Total	<u>30</u>	<u>402</u>	<u>339</u>	

Source: ED's records

2.25 As can be seen from Table 5 above, some of the schools with many vacant classrooms were close to each other. In order to ascertain whether there was any scope for merging such schools to improve the utilisation of the vacant classrooms, Audit further analysed the classroom utilisation situation of the six schools in close proximity in Tai Wai (highlighted in Table 5 above). Table 6 below summarises the audit findings.

Table 6

Classroom utilisation of six schools in close proximity in Tai Wai

School	Available classrooms	Utilised classrooms	Vacant classrooms
A	27	13	14
B	24	9	15
C	25	12	13
D	24	9	15
E	24	16	8
F	24	16	8
Total	<u>148</u>	<u>75</u>	<u>73</u>

Source: ED's records

2.26 Based on the information shown in Table 6 above, Audit considers that it is possible to improve the overall vacant classroom situation of four of these six schools in Tai Wai by:

- (a) merging Schools A to D into two schools; and
- (b) phasing out any two of these four schools.

Audit estimated that if the operation of two of these four schools was ceased, the ED could achieve an annual recurrent saving of \$2.5 million (see Appendix B). Furthermore, the premises of the schools no longer needed could be released for other use. For example, the premises could be allocated to the nearby bi-sessional schools (Note 4) to facilitate their early conversion to whole-day schools. Alternatively, the ED could allocate the premises of one of these four schools to a sponsoring body which is planning to open a new primary school in Tai Wai (Note 5). In doing so, the ED could save \$76 million (i.e. the construction cost needed to build this new school — see para. 2.19 above).

Note 4: *According to the ED's records, there are nine bi-sessional primary schools in the Tai Wai area in the 2002-03 school year.*

Note 5: *A new primary school was being planned for Tai Wai. The premises of the new school were expected to be completed in 2005.*

Audit observations on vacant classrooms

2.27 Vacant classrooms represent under-utilisation of existing educational resources. Table 5 in paragraph 2.24 above shows that many schools with a significant number of vacant classrooms are close to each other. The audit findings in paragraphs 2.25 and 2.26 above show that the situation could be improved by merging and phasing out such schools in close proximity. Audit considers that the ED should critically examine the vacant classroom situation of all public-sector primary schools and explore the feasibility of merging and phasing out those schools with many vacant classrooms.

Audit recommendations on vacant classrooms

2.28 **Audit has recommended that the Director of Education should:**

- (a) **critically review the vacant classroom situation in primary schools;**
- (b) **consider the feasibility of merging and phasing out primary schools in close proximity which have a significant number of vacant classrooms; and**
- (c) **identify suitable alternative uses for the school premises which would be vacated as a result of the merger and phasing out of existing schools having a significant number of vacant classrooms.**

Response from the Administration

2.29 The **Director of Education** agrees with the audit recommendations. He has said that:

- (a) the ED is prepared to take back school premises if the schools concerned are not operating up to standard. On the other hand, schools with many vacant classrooms are less likely to have a favourable Primary One intake. The declining student population would further weaken the intake ability of these schools. The ED would consider not allocating Primary One students to these schools if their existence is no longer viable. Vacant school premises arising from closure of schools may be used for whole-day schooling programme or be re-allocated to other sponsoring bodies; and
- (b) in tandem with the education reforms proposals as recommended by the EC, schools have been encouraged to adopt teaching strategies that would best suit the needs of their students. In implementing various new teaching methods, additional classrooms would be required. Hence, some of the vacant classrooms have not been left “vacant”. Most of them have been converted to special teaching rooms and/or used for other teaching purposes.

PART 3: ENROLMENT AND CLASS SIZE

3.1 This PART reports that the enrolment in primary school classes varies significantly and suggests measures to improve the situation.

Background

3.2 Prior to 1993, the standard class size in aided and government schools was 40 for each primary class using the conventional teaching approach, and 35 for each primary class using the activity teaching approach. The Education Commission Report No. 5 (ECR5), published in 1992, recommended that for primary schools, the size of each conventional class should be reduced from 40 to 35 and that of each activity class from 35 to 30. The Government accepted the recommendation. As from the 1993-94 school year, the ED started to reduce the class size in Primary One, with a view to progressively extending the reduction to the next higher level a year at a time. The original target was to achieve the reduced standard class sizes in all primary classes by the commencement of the 1998-1999 school year. Photographs 2 and 3 on the centre pages show the layouts of an activity teaching approach class and a conventional teaching approach class respectively.

3.3 However, in 1997, while the phased reduction of class size was being implemented, the Government realised that it was short of school places to achieve the objective of early implementation of whole-day primary schooling. The Government therefore decided to temporarily add back two students to some primary classes. As such, the current standard class size in primary schools is 30 or 32 for classes using the activity teaching approach, and 35 or 37 for classes using the conventional teaching approach.

Audit analysis

3.4 According to the ED's records, there were 11,742 (Note 6) operating classes in all primary schools in the 2001-02 school year. Audit conducted an analysis to compare the actual number of attending students with the standard class size of all these 11,742 operating classes. Audit noted that the majority of classes were either over-enrolled or under-enrolled. Table 7 below summarises the enrolment situation.

Note 6: *The 11,742 classes do not include operating classes in rural primary schools. Rural primary schools usually operate with a smaller class size than that of standard public-sector primary schools.*

Table 7

Size of operating classes in the 2001-02 school year

Standard class size	Number of over-enrolled classes	Number of classes meeting class size standard	Number of under-enrolled classes	Total
30 } Note 1	420	64	249	733
32 }	2,226	761	1,877	4,864
35 } Note 2	1,126	405	1,760	3,291
37 }	1,010	376	1,468	2,854
Total	<u>4,782</u>	<u>1,606</u>	<u>5,354</u>	<u>11,742</u>
	(41%)	(14%)	(45%)	(100%)

Source: ED's records

Note 1: Applicable to classes using the activity teaching approach.

Note 2: Applicable to classes using the conventional teaching approach.

Over-enrolled classes

3.5 Table 7 above shows that, of the 11,742 operating primary classes in the 2001-02 school year, 4,782 (or 41%) were over-enrolled (i.e. the actual class sizes were larger than the standard class size). An audit analysis of the over-enrolment position of these 4,782 primary classes is shown in Table 8 below.

Table 8

**Analysis of 4,782 over-enrolled primary classes
in the 2001-02 school year**

Number of students in excess of the standard class size	Number of operating classes	Percentage
1 — 3	3,420	71.5%
4 — 6	1,076	22.5%
7 or above	286	6%
Total	<u>4,782</u>	<u>100%</u>

Source: ED's records

3.6 Table 8 above shows that in 28.5% (i.e. 22.5% + 6%) of the over-enrolled classes, the over-enrolment level was over 10% (i.e. the number of students in excess of the standard class sizes shown in Table 7 above was four or more). **In 286 classes (6%), the over-enrolment problem was serious. The actual number of students exceeded the standard class size by seven or more.** The worst case was a Primary Six class of a school in Tai Po, where 42 students were enrolled in a class adopting the activity teaching approach. The actual number of 42 students exceeded the standard class size of 30 students by 40%.

3.7 Audit is concerned that in these over-enrolled classes, there may be undesirable consequences. For example, teachers responsible for the over-enrolled classes have more students (about 20%) to take care of. Heavier workload and more working pressure would be imposed on the teachers. In fact, according to a survey conducted by Audit, one of the problems facing schools and teachers was the large class size. Students would also have to share school facilities (e.g. library, sport halls, playground and common room) with more schoolmates. In the case of classes using the activity teaching approach, a larger class size impairs the effectiveness of the teaching because interaction between teachers and students is likely to be affected.

3.8 Audit also noted that, in some schools, nearly all the operating classes were over-enrolled. These were usually the more popular schools. For example, School G was a popular bi-sessional aided school in Wan Chai. It had 24 operating classes in the 2001-02 school year. All 24 operating classes were seriously over-enrolled. The over-enrolment situation is shown in Table 9 below.

Table 9

**Over-enrolment of students in School G
in the 2001-02 school year**

	Number of classes	Number of students in each class in excess of the standard class size	Total number of students in excess of the standard class size
	(a)	(b)	(c) = (a) × (b)
	1	7	7
	16	8	128
	1	9	9
	6	10	60
	—		—
Total	<u>24</u>		<u>204</u>

Source: ED's records

School G has a capacity of 872 school places according to the standard class size, but it had enrolled 204 more students (or 23%). The over-enrolment would have an undesirable effect on the quality of education provided to the students.

3.9 In response to Audit's enquiries, the ED has explained that, as far as Primary One is concerned, the maximum number of students allocated through the Central Allocation of the Primary One Admission system (see paras. 7.2 to 7.6 below) to a school has always been in accordance with the standard class size. The over-enrolment situation was mainly due to the fact that schools accepted late applications and enrolled additional number of students after the completion of the Central Allocation.

Under-enrolled classes

3.10 Table 7 of paragraph 3.4 above also shows that, in the 2001-02 school year, there were 5,354 (or 45%) under-enrolled primary classes. An audit analysis of these 5,354 under-enrolled primary classes is shown in Table 10 below.

Table 10

**Analysis of 5,354 under-enrolled primary classes
in the 2001-02 school year**

Number of unfilled places in each class	Number of operating classes	Percentage
1 — 3	2,995	56%
4 — 6	1,417	27%
7 — 10	703	13%
11 or above	239	4%
Total	<u>5,354</u>	<u>100%</u>

Source: ED's records

3.11 Table 10 above shows that in 44% (27% + 13% + 4%) of the under-enrolled classes, the unfilled places in each class were four or more. Audit appreciates that a “buffer” has to be maintained in some schools for newly arrived children from the Mainland, and for changing the teaching approach from the activity approach in lower grades to the conventional approach in upper grades. **However, the serious under-enrolment in 942 (703 + 239) classes is a matter of concern. In 703 classes (or 13%), the unfilled places in each class were seven to ten (i.e. over 19% of a standard class of 37 students). In 239 classes (or 4%), the unfilled places were eleven or more (i.e. 30% or more of a standard class). As the ED allocates resources to schools based on the number of operating classes regardless of the number of students actually attending each class, the under-enrolment situation is unsatisfactory because the resources allocated are not utilised in an optimal manner.**

3.12 Audit noted that the under-enrolment situation could be improved by reducing the number of classes in schools with seriously under-enrolled classes. This could be done by combining the under-enrolled classes of the same level. For illustration, a case study is shown in paragraphs 3.13 and 3.14 below.

3.13 School H is a standard 24-classroom whole-day aided primary school located in Shatin. In the 2001-02 school year, it had four operating classes each for Primary One and Primary Two adopting the activity teaching approach. All these eight classes were seriously under-enrolled. Details are as follows:

School H

Class	Standard class size	Number of students enrolled	Unfilled places
	(a)	(b)	(c) = (a) - (b)
Primary 1A	32	18	14
Primary 1B	32	17	15
Primary 1C	32	18	14
Primary 1D	32	17	15
		—	—
	Total for Primary One	<u>70</u>	<u>58</u>
Primary 2A	32	23	9
Primary 2B	32	22	10
Primary 2C	32	20	12
Primary 2D	32	20	12
		—	—
	Total for Primary Two	<u>85</u>	<u>43</u>

Source: ED's records

3.14 The total numbers of Primary One and Primary Two students in School H were 70 and 85 respectively. Since the standard class size is 32 students, it is possible to reduce the number of operating classes from four to three in both Primary One and Primary Two. The average class size would become 23 ($70 \div 3$) and 28 ($85 \div 3$) respectively at the Primary One and Primary Two levels, without exceeding the standard class size of 32 students. The savings of resources arising from the reduction of two classes can be used for other activities which enhance the quality of education.

Audit observations on enrolment and class size

3.15 Audit has found that the majority of operating classes in primary schools are either over-enrolled or under-enrolled. Audit is concerned that in over-enrolled classes, the quality of education may be affected. On the other hand, under-enrolment could waste some of the resources devoted to education. Audit considers that the ED needs to closely monitor the enrolment situation in schools to ensure that the standard class size is adhered to as far as possible.

Audit recommendations on enrolment and class size

3.16 **Audit has recommended that the Director of Education should:**

- (a) **monitor closely the enrolment situation in schools to ensure that the actual class size follows the standard set by the ED;**
- (b) **for seriously over-enrolled schools, ask the schools to reduce over-enrolment;**
- (c) **as an alternative to (b), explore the feasibility of building additional classrooms at these schools, provided that space is available in the school compound; and**
- (d) **reduce the number of seriously under-enrolled classes by combining them, where possible, so as to improve the cost-effectiveness of the schools concerned.**

Response from the Administration

3.17 The **Director of Education** generally agrees with the audit recommendations. He has said that:

- (a) there is no definite conclusion from research that class size is directly related to the quality of education, although most would perceive that smaller class is better than large class. Besides, in tandem with the implementation of the education reform, schools have more flexibility over curriculum arrangement, time-tabling and groupings of students for more effective learning and teaching. While the ED would take Audit's recommendation to encourage schools to follow the standard class size as far as possible, schools should be allowed to make their own professional judgement on whether they should accommodate a few more students in excess of the standard class size; and
- (b) on under-enrolled classes, it is the ED's existing practice to "pack" as far as practicable the under-enrolled classes of the same level for the sake of cost-effectiveness. In some cases, it is operationally necessary to maintain a "buffer" for admission of large number of entrants, e.g. newly arrived children from the Mainland, after the school year commences. School H is a case in point. The figures shown in paragraph 3.13 reflect the enrolment situation in September 2001. With the admission of newly arrived children during the school year, the total enrolment at the end of the 2001-02 school year were 79 and 90 students respectively for Primary One and Primary Two. At the beginning of the 2002-03 school year, the total enrolment of Primary Two and Primary Three further rose to 102 and 109 students respectively, representing an increase of 46% and 28% over the enrolment in the 2001-02 school year.

PART 4: SCHOOL IMPROVEMENT PROGRAMME

4.1 This PART reports weaknesses in implementing the School Improvement Programme (SIP) and suggests improvement measures.

Background

4.2 The SIP was one of the recommendations made in the ECR5 which was endorsed by the Executive Council in February 1993. The ECR5 considered that many schools were built to old planning standards, which could not meet the requirements necessitated by changes in curriculum and teaching approaches then introduced. It therefore recommended the introduction of an SIP, which was aimed at progressively upgrading the teaching and learning environments of schools so as to provide additional space and facilities for teaching, out-of-class activities and supporting services for both teachers and students.

4.3 The Director of Education is the Controlling Officer for the expenditure under the SIP provided from the Capital Works Reserve Fund. Under the SIP, improvement works would be carried out in five phases. The Government's target was to complete the SIP in 2004-05. Up to January 2002, Phase 1 to Phase 3 of the SIP had been completed, while Phase 4 works were in progress. Feasibility studies for some schools under the Phase 5 had commenced. Table 11 below summarises the progress of the SIP as in January 2002.

Table 11

Progress of the SIP as in January 2002

	Scope of works	Average cost per school	Number of primary schools covered by SIP
Phase 1	To provide schools with additional space for staff rooms, staff common rooms, interview rooms, student activity centres and a library.	\$11 million	52 (completed)
Phase 2	As in Phase 1, but the scope was expanded to provide access for disabled persons wherever feasible, in compliance with the provisions of the Disability Discrimination Ordinance.	\$18 million	64 (completed)
Phase 3	The scope was the same as Phase 2.	\$28 million	80 (completed)
Phase 4	As in Phase 2, but the scope was further expanded to bring schools up to Year 2000 design standards subject to a budget ceiling of 42% of the average cost of a new school of the same type and size (i.e. \$86 million for a standard 30-classroom primary school). The additional facilities provided included the following: <ul style="list-style-type: none"> • a computer-assisted learning room, a language room, preparation room for computer-assisted learning; • a multi-purpose room, small group teaching room, a guidance activity room; • a conference room; • an office each for a deputy principal, a school social worker and a discipline master; and • a multi-purpose area. 	\$36.5 million	4 (completed) 68 (in progress)
Phase 5	The scope was the same as Phase 4.	Not yet determined	167 (not yet started)

Source: ED's records

Note: There were 13 sub-standard primary schools, which were found to be technically not feasible for the SIP works. The ED was considering other options (e.g. in-situ redevelopment, re-provisioning or internal conversion) for these 13 schools. These 13 schools are not included in Table 11.

4.4 In general, improvement works under the SIP involve either addition/alteration works within the school buildings, or construction of extensions to existing school buildings (in the form of either an annex or a roof-top extension). The exact scope of works varies from one school to another depending on the specific requirements of the schools, the site conditions and the layout of individual school premises.

SIP works at schools with large number of vacant classrooms

4.5 In PART 2 of this Report (paras. 2.23 to 2.27), Audit has reported the problem of vacant classrooms in primary schools (Note 7). As at the beginning of the 2001-02 school year, there were 18 schools each of which had eleven or more vacant classrooms (see Table 4 in para. 2.23 above). Audit found that the SIP works had been completed in three of these 18 schools, and the SIP works were scheduled to be carried out in the remaining 15. Details of the SIP works completed in the three whole-day schools with eleven or more vacant classrooms are summarised in Table 12 below.

Note 7: *In identifying schools with many vacant classrooms, Audit had excluded:*

(a) *those schools which were operating on a bi-sessional basis. This was because in many cases, classrooms in bi-sessional schools were deliberately kept vacant to facilitate conversion to whole-day schooling; and*

(b) *rural primary schools, new schools and schools planned to be phased out by the ED.*

Table 12

**SIP works completed in three whole-day schools
with eleven or more vacant classrooms**

**Number of classrooms
at the beginning of
the 2001-02 school year**

School	Available (a)	Operating (b)	Vacant (c)=(a)- (b)	Major items provided by the SIP
I	23	12	11	(i) A new annex for five additional classrooms, two interview rooms, a staff room, a staff common room and a lift; and (ii) five existing classrooms were converted to alternative use.
J	24	13	11	Additional 458m² floor area for two interview rooms, two remedial rooms, a staff room, a staff common room, a library and a student activity centre.
K	23	6	17	(i) A new annex for five additional classrooms, two interview rooms, a staff room, a staff common room and a lift; and (ii) six existing classrooms were converted to alternative use.

Source: ED's records

4.6 Given the fact that the number of students attending these three schools was low and there were a large number of vacant classrooms, it is questionable whether there was a need for SIP works to be carried out to provide additional floor areas at School I, School J and School K.

4.7 Audit visited one of the 15 schools where the SIP works were scheduled to be carried out. This was a whole-day school in Wah Fu Estate with 23 classrooms. Of the 23 classrooms, 14 (or 61%) were vacant. Audit noted that, for many years, this school had encountered difficulties in attracting sufficient number of students to fill all its available classrooms. Audit also noted that the ED had approved a budget of \$33 million for carrying out the SIP works at this school. The major item of the improvement works planned was to build a six-storey multi-purpose annex. The new annex would consist of a number of additional rooms to be used as library, computer-assisted learning room, language room, general studies room and multi-purpose room. A total additional floor areas of about 688 square metres is expected to be provided by the new annex. However, the 14 vacant classrooms (with an area of 52 square metres each) had a total vacant floor area of 728 square metres.

4.8 As far as Audit can ascertain, this school does not have a long-term plan to attract more students. It would appear that a more cost-effective way to upgrade the facilities at the school is to convert the existing vacant classrooms into various function rooms under the SIP, instead of building a new six-storey annex at a cost of \$33 million.

Audit observation on SIP at schools with large number of vacant classrooms

4.9 As pointed out in paragraph 4.5 above, the SIP works were scheduled to be carried out in 15 primary schools, each of which has eleven or more vacant classrooms. Given that the population of children in the age group of six to eleven is expected to decrease in the next decade (see paras. 2.10 to 2.12 above), the demand for primary school places is likely to fall. As such, the chances of filling the vacant classrooms at the 15 schools in question are remote. Audit considers that in implementing the SIP works of these 15 schools, urgent consideration needs to be given to converting the existing vacant classrooms into various function rooms (to be provided under Phase 5 of the SIP — see Table 11 in para. 4.3 above), instead of building a new annex. This would enable the ED to save a significant proportion of the expected SIP expenditure of \$548 million (i.e. \$36.5 million being the estimated SIP expenditure of a school × 15 schools) for these 15 schools.

Audit recommendations on SIP at schools with large number of vacant classrooms

4.10 **Audit has recommended that the Director of Education should:**

- (a) **critically re-examine the SIP plans for those schools with a large number of vacant classrooms; and**

- (b) **for the implementation of the SIP at these schools, consider converting the existing vacant classrooms into various function rooms, instead of constructing a new annex.**

Response from the Administration

4.11 The **Director of Education** agrees with the audit recommendations. He has said that the scope of the SIP works is affected by the planned class structure of individual schools. Whenever circumstances permit, the ED is open to different options of converting vacant classrooms, if any, for other purposes as long as the planned class structure would not be upset.

A school in a public rental housing estate planned to be redeveloped

4.12 In Phase 5 of the SIP, some of the primary schools are given an option (called the self-delivery mode) to carry out, under government subventions, pre-contract and improvement works on their own. Schools taking up the self-delivery mode option will enter into contracts with their own consultants and contractors. A budget ceiling is set for each school under the self-delivery mode based on which the consultant will conduct the feasibility study in accordance with the SIP requirements.

4.13 Audit notes that one of the schools under the self-delivery mode would be affected by the Comprehensive Redevelopment Programme (CRP — Note 8) of the Housing Authority (HA). The school concerned is located in the Lower Ngau Tau Kok Estate. The Housing Department (HD), the executive arm of the HA, confirmed to Audit in February 2002 that the HD expected to demolish the school building in August 2005 as part of the redevelopment programme of the Lower Ngau Tau Kok Estate.

4.14 Up to the completion of the audit in July 2002, the SIP works at the school had not yet started. However, the school had entered into a contract to appoint a lead consultant for carrying out the feasibility study of the SIP works, at a sum of \$730,000. In June 2002, the HA decided to defer the redevelopment programme of the Lower Ngau Tau Kok Estate to 2008-09. The demolition of this school might also be deferred. Given that the school building would be demolished by 2008-09 at the latest, the remaining life span to reap the benefits of the SIP works would not be long. Audit considers that in determining the extent of the SIP works to be carried out, it is necessary to take the remaining life span into account to ensure that the SIP expenditure is worth spending.

Note 8: *The HA started the CRP in 1988. The objective of the programme is to redevelop older public rental housing estates, that were built in the 1960s and 1970s, by 2005.*

Four rural schools surplus to requirements

4.15 Of the 167 primary schools included in Phase 5 of the SIP (see Table 11 in para. 4.3 above), 65 were rural schools. The ED has classified all rural schools into four categories. The classification of the 65 rural schools in Phase 5 is shown in Table 13 below.

Table 13

ED's classification of 65 rural schools in Phase 5 of SIP

Category	Description	Number of schools
A	Schools that need to be retained in the foreseeable future despite their substantial substandard facilities and low enrolment. They are required to serve a specific compact community in providing basic education for the village children.	24
B	Schools located in areas not very far away from each other. They are to be replaced when centralised primary schools of an educationally viable size become available.	15
C	Schools adjacent to a developed area and the places are surplus to requirements . These schools are usually under-utilised, not very well run and equipped.	4
D	Schools adjacent to a developing area or in towns where school places are still needed. They have to be retained temporarily until new primary schools can be built to replace them.	22
		Total
		65

Source: ED's records

4.16 Audit notes that, of the 65 rural schools included in Phase 5 of the SIP, four Category C schools are considered surplus to requirements. These four schools are in Tuen Mun. Audit also noted that during the Discretionary Places Admission stage of the 2002 Primary One Admission exercise, the number of applications received by these four rural schools were small, ranging from three to nine. However, the SIP works are still planned for these four schools. The approved SIP budgets for these four schools are as follows:

Rural school	SIP works (including consultancy fees)	Date of approval of SIP budget
	(\$ million)	
L	8.6	} 14 February 2001
M	15.1	
N	12.7	
O	12.3	
Total	<u><u>48.7</u></u>	

As these four rural schools are surplus to requirements, the need for the SIP works is questionable.

Audit observation on SIP at schools to be closed down

4.17 Audit notes that five of the 167 primary schools which had been included in Phase 5 of the SIP are planned to be closed down. One of them, located in a public rental housing estate, is expected to be demolished by 2008-09 at the latest. The other four are rural schools located in Tuen Mun. These schools were considered by the ED as surplus to requirements and should be closed down. The need to incur substantial expenditure on the SIP works is questionable, having regard to the short remaining life span of these five schools.

Audit recommendations on SIP at schools to be closed down

4.18 Audit has *recommended* that the Director of Education should, in implementing the SIP:

Photograph 1

**A vacant classroom
(para. 2.23 refers)**



Source: Photograph taken by Audit

Photograph 2

**An activity teaching approach class
(para. 3.2 refers)**



Source: ED's website

Photograph 3

**A conventional teaching approach class
(para. 3.2 refers)**



Source: ED's website

Photograph 4

**A rural primary school
(para. 5.2 refers)**



Source: Photograph taken by Audit

Photograph 5

**A rural primary school classroom
(para. 5.2 refers)**



Source: Photograph taken by Audit

- (a) **conduct a review to identify the schools, including rural schools, that will be closed down in the near future;**
- (b) **for such schools, critically review the need for reducing the scope of the SIP works to be carried out, having regard to the remaining life span of the schools; and**
- (c) **for schools that will soon be closed down, consider shelving the SIP works to avoid nugatory expenditure.**

Response from the Administration

4.19 The **Director of Education** agrees with the audit recommendations. He has said that:

- (a) before the ED seeks funding approval from the Legislative Council and proceeds with the SIP works for schools, including rural schools, the ED will ensure that there are sound justifications for the works. In the process, the ED takes into account various factors, such as the enrolment of and demand for places of the schools;
- (b) under present arrangements, the HD only confirms two years in advance of work commencement that implementation of a project in its CRP is definite. Schools scheduled for demolition as part of the confirmed projects will be excluded from the SIP. Schools which may be demolished but the redevelopment programme has not yet been confirmed will still be included in the SIP. However, the scope of the SIP works for these schools will be reduced to ensure that public money is well-spent. The ED will continue to liaise with the HD closely to update the status of the redevelopment programme so that timely action could be taken to withdraw or revise the scope of the SIP works for affected schools as necessary; and
- (c) the ED is currently critically reviewing the need for the SIP works for each and every rural school, taking into account, amongst others, its enrolment and the demand for the school. Schools which have no sound justifications for upgrading works under the SIP will be excluded.

PART 5: RURAL PRIMARY SCHOOLS

5.1 This PART examines the provision of primary education at rural schools.

Background

5.2 Rural schools in the New Territories were mostly built before the development of nearby new towns. The majority of these schools are located in suburban areas and they provide basic education to children living in neighbouring villages. The facilities of the rural schools in general are inferior to the standard primary schools. They normally have only the basic facilities required for teaching and learning. Photographs 4 and 5 in the centre pages show a typical rural school and a classroom of a rural school respectively.

5.3 According to the ED's records, there were 13,593 children attending 97 rural schools at the beginning of the 2001-02 school year. The number of students in these rural schools ranged from 3 to 420. Table 14 below is an analysis of these 97 rural schools.

Table 14

Students, classes and teachers of 97 rural schools

Number of students in each school	Number of classes in each school	Number of teachers in each school	Number of schools
1 — 20	1 — 3	2 — 5	9
21 — 50	2 — 6	3 — 7	5
51 — 100	3 — 6	5 — 20	21
101 — 200	3 — 7	7 — 20	41
201 — 420	6 — 12	9 — 26	21
			—
		Total	<u>97</u>

Source: ED's records

5.4 Because of the inferior facilities and the small number of students, many rural schools may not be able to provide a suitable environment for quality education and social development. Students attending these schools are deprived of the chance of participating in many activities available in a standard school, such as student clubs and inter-class competitions. In addition, rural schools are by and large cost-inefficient, especially those with a small number of attending students. It is desirable to replace rural schools with standard schools where possible.

Classification of rural schools

5.5 Each year, the ED reviews the need for continuation of rural schools and classifies them into four categories as shown in Table 13 of paragraph 4.15 above. Table 15 below summarises the classification of the 97 rural schools as at the beginning of the 2001-02 school year.

Table 15

**Classification of rural schools
as at the beginning of the 2001-02 school year**

Category (Note)	Number of schools
A	31
B	23
C	10
D	33
	—
	Total
	<u>97</u>

Source: ED's records

Note: The description of each category is shown in Table 13 of paragraph 4.15 above.

No plan for closing down four surplus schools in Category C

5.6 As can be seen from Table 15 above, ten rural schools were classified as surplus to requirements (Category C) and should be closed down. However, Audit notes that the ED has only drawn up an action plan to deal with six schools. Up to the completion of the audit in July 2002, no action plan or timetable had been drawn up for closing down the remaining four rural schools in Tuen Mun. (These are the same four schools for which the SIP works had been planned — see para. 4.16 above.) To ensure that students of these four rural schools are educated in better environment, the ED needs to draw up an action plan and timetable for transferring the students to attend nearby standard schools with better facilities. The closure of these four rural schools is unlikely to affect the overall supply of school places in the areas concerned because of the small number of school places provided by them.

5.7 By closing down these four schools, most of the annual operating cost amounting to \$14 million (see item (A) of Appendix C) could be saved. Moreover, the improvement works planned under the SIP for these four schools at a total budget of \$48.7 million (see para. 4.16 above) could also be shelved. The resources thus released could be used for other beneficial areas of primary education.

One school in Category A could be classified as surplus to requirements

5.8 Audit notes that among the 31 Category A schools, one is surplus to requirements and could be reclassified as a Category C school. The rural school is in Sha Tau Kok. The ED has also included this school in Phase 5 of the SIP (i.e. one of the 24 Category A schools in Table 13 of para. 4.15 above) and a budget of \$12.7 million was approved in February 2001.

5.9 Audit notes that this rural school is within ten-minute walking distance of a standard aided primary school, which has sufficient capacity to absorb all its students. Table 16 below summarises the position of the school places of these two schools as at the beginning of the 2001-02 school year.

Table 16

**School places of the two schools in Sha Tau Kok
at the beginning of the 2001-02 school year**

	Number of school places	Number of students attending	Number of vacant school places
	(a)	(b)	(c) = (a) - (b)
Rural school	135	68	67
Nearby standard school	376	236	140

Source: ED's records

5.10 Table 16 shows that the 140 vacant school places at the nearby standard aided school were sufficient to absorb the 68 students of the rural school. This standard school had 21 teaching staff who could teach up to 376 students. As the rural school's facilities are below standard, it will benefit the students if they attend the nearby standard school.

5.11 By ceasing the operation of this rural school, the ED could save the \$2 million (see item (B) of Appendix C) annual subvention. The approved SIP budget of \$12.7 million for the rural school would no longer be required. The savings could be used for other activities of primary education.

Two schools in Category B could be merged

5.12 According to the ED's classification, there were 23 Category B rural schools. Audit reviewed the enrolment situation of these 23 rural schools and noted that two schools had a significant number of vacant school places at the beginning of the 2001-02 school year. These two rural schools (School P and School Q), which are in Yuen Long, are close to each other (within 20-minute walking distance). School P had also been included in Phase 5 of the SIP. Table 17 below shows the number of school places of these two schools at the beginning of the 2001-02 school year.

Table 17

**Number of school places of two rural schools in
Category B in Yuen Long at the beginning of the 2001-02 school year**

School	Number of school places	Number of students attending	Number of vacant school places
P	198	38	160
Q	203	74	129

Source: ED's records

5.13 Table 17 above shows that there were sufficient vacant school places in either one of these two schools to absorb all the students. The ED could consider merging these two schools and phasing out one of them. There were six teaching posts at School P and eleven teaching posts at School Q. Considerable saving of staff cost could be achieved if these two schools were merged. Moreover, the \$12.5 million SIP improvement works planned for School P would no longer be required.

**Students of one school in Category D
can attend a nearby standard school**

5.14 Audit notes that, out of the 33 rural schools in Category D, one rural school in Yuen Long had a capacity of 144 places, but had only 61 students at the beginning of the 2001-02 school year. Audit also notes that a nearby standard aided primary school had 101 vacant school places at the beginning of the 2001-02 school year. The standard school, which is within 20-minute walking distance from the rural school, could absorb the students of the rural school. Consideration needs to be given to transferring the students of the rural school to the standard school. The SIP expenditure for the rural school amounting to \$11.75 million will no longer be required. There would also be savings of staff cost arising from the merging of the two schools.

Audit observation on rural primary schools

5.15 Compared to standard primary schools, rural schools normally have inferior facilities. Many rural schools may not be able to provide a suitable environment for quality education and social development. Moreover, many rural schools are cost-inefficient, especially those attended by a small number of students. Audit therefore considers that it is desirable to replace rural schools with standard schools where possible.

Audit recommendations on rural primary schools

5.16 **Audit has recommended that the Director of Education should:**

- (a) **transfer students attending rural schools to nearby standard schools as far as possible, so that the students can study in a more suitable school environment and use better school facilities;**
- (b) **draw up an action plan and timetable for transferring the students of the four rural schools in Tuen Mun, classified as surplus to requirements, to nearby schools;**
- (c) **consider transferring students of the rural school in Sha Tau Kok to the nearby standard school which has sufficient school places to absorb the students of the rural school;**
- (d) **consider merging the two rural schools in Yuen Long; and**
- (e) **consider transferring students of the rural school in Yuen Long to the nearby standard school which has sufficient school places to absorb the students of the rural school.**

Response from the Administration

5.17 **The Director of Education** agrees with the audit recommendations. He has said that:

- (a) the ED reviews regularly the need for rural schools in face of the changing needs and the development of the areas they are located. The ED has all along been making efforts to phase out dwindling rural schools, wherever possible. The ED would seriously consider Audit's recommendations and carefully map out appropriate plans to ensure economic use of the limited resources for education; and
- (b) in some developing areas, there are increasing and unexpected demands for school places. Neighbouring rural schools will form a buffer to absorb the demand in peak period. Nevertheless, actions will be taken to phase out the three of the four Category C schools in Tuen Mun in 2003, and the fourth school in September 2005 if they admit only a few Primary One pupils during the Discretionary Places Admission stage.

PART 6: GOVERNMENT PRIMARY SCHOOLS

6.1 This PART reports the higher cost of operating government primary schools, and examines whether there is scope for reducing such cost.

Background

6.2 Primary education is provided by three types of schools, namely government, aided and private schools. The existence of government primary schools is historical, going back to 1950s or earlier. At that time, the Government had to provide the service directly to students when the aided school sector was less developed. Nowadays, the aided school sector is the largest service provider of primary education. The composition of primary schools as at the beginning of the 2001-02 school year is shown in Table 18 below.

Table 18
Types of primary schools
as at the beginning of the 2001-02 school year

	Number of schools (Note 1)		Number of students	
Aided schools (Note 2)	690	87%	412,000	86%
Government schools	41	5%	32,000	7%
Private schools	63	8%	34,000	7%
Total	<u>794</u>	<u>100%</u>	<u>478,000</u>	<u>100%</u>

Source: ED's records

Note 1: If a school has a.m. and p.m. sessions, it is counted as two schools.

Note 2: These include 97 rural primary schools.

Report of the Director of Audit of March 1990 on provision of government schools

6.3 In Chapter 7 of Report No. 15 of the Director of Audit of March 1990, Audit reviewed the provision of government primary and secondary schools. The following were the major audit observations:

- (a) the difference in cost between operating a standard government primary school and an aided primary school was \$1.1 million a year or 21%;
- (b) the spirit of the 1965 White Paper on Education Policy was to reduce wherever possible the number of government primary and secondary schools, thereby releasing the resources to be used more economically in the aided sector so as to permit a faster rate of expansion of education facilities at a time of increasing demand;
- (c) guidelines or criteria to determine the number and location of government schools to meet the recognised need for government schools did not exist; and
- (d) a decision should be made on whether new schools needed to be built or existing government schools needed to be converted to aided schools.

6.4 In June 1990, in its Report No. 15, the Public Accounts Committee (PAC) of the Legislative Council concluded that the intention under the policy was to phase out existing government schools where appropriate, since this would result in a more economical use of the scarce resources available for future expansion of educational facilities. The PAC recommended, among other things, that the conversion of existing government schools to aided schools should be explored once the optimum number of government schools had been established, and that a conversion plan should be drawn up taking into account any administrative problems that might arise.

Objectives of government schools

6.5 In response to the PAC's recommendations, in 1993, the Administration stated in the Government Minute that the Director of Education had reviewed the policy on the provision of government schools. The purpose of government schools was to meet objectives which could not be met by aided schools, or which could not be met by aided schools with any certainty, namely:

- (a) the ED must have first-hand experience of running schools if it was to have sufficient expertise and authority to administer the school system as a whole;
- (b) government schools acted as a safety net for children who might find it difficult to obtain a place in an aided school e.g. over-aged children, new immigrants, slow learners;
- (c) government schools provided education for minority groups e.g. Vietnamese children and children of Indian and Pakistani origin, which aided schools might be reluctant to provide;
- (d) government schools met demand in emergency situations, such as phasing out or sudden closure of schools; and
- (e) government schools provided a testing ground for experimental teaching methods and practices.

6.6 In June 1993, the Secretary for Education and Manpower and the then Secretary for the Treasury accepted the recommendation of the ED on the provision of government schools. The guidelines for the provision of government schools were:

- (a) the number of places in government schools should be frozen at the present level, except for the phasing out of a few small sub-standard schools; and
- (b) as a broad guideline, each district should have one government school at each level in order to achieve an even geographical distribution.

Follow-up audit review

6.7 Audit recently conducted a follow-up review on government primary schools to ascertain whether there was further scope for improving the cost-effectiveness of operating government primary schools. Audit noted that the following issues need to be addressed:

- (a) ***Uneven distribution of government primary schools.*** Audit notes that government primary schools were not evenly distributed in the 18 districts. Thirteen districts had more than one government primary school, three districts had one and two had none (see paras. 6.8 to 6.11 below);
- (b) ***Objectives of government primary schools.*** Audit notes that the objectives of government primary schools may have changed with the lapse of time and changes in circumstances (see paras. 6.12 to 6.13 below);
- (c) ***Admission to Primary One of government primary schools.*** Audit notes that some government primary schools did not receive enough Primary One Admission (POA — see paras. 7.2 to 7.6 below) applications to fill all their available discretionary places (see paras. 6.14 to 6.16 below);
- (d) ***Utilisation rates at government primary schools.*** Audit notes that some government primary schools had low utilisation rates (see paras. 6.17 to 6.19 below); and
- (e) ***Government primary schools were more costly to operate.*** The cost differential between operating government primary schools and aided primary schools had widened from 21% in 1990 to 26% in 2001 (see paras. 6.20 to 6.21 below).

Uneven distribution of government primary schools

6.8 An audit examination of the provision of government primary school revealed that the number of government primary school places had decreased from 35,500 places in September 1991 to 33,100 at the beginning of the 2001-02 school year. The number of government primary schools had decreased from 50 in 1991 to 41 at the beginning of the 2001-02 school year (a school with a.m. session and p.m. session is counted as two schools). The government primary schools were not evenly distributed among the 18 districts. This does not follow the broad guideline that each district should have one government primary school (see para. 6.6(b) above). The distribution of the 41 government primary schools as at the beginning of the 2001-02 school year is shown in Table 19 below.

Table 19

**Distribution of the 41 government primary schools
as at the beginning of the 2001-02 school year**

District (Note 1)	Number of bi-sessional schools (Note 2)	Number of whole-day schools (Note 2)	Number of new whole-day schools (Note 3)	Total number of schools (Note 4)
	(a)	(b)	(c)	(d) = (a)+(b)+(c)
Central and Western	–	1	1	2
Wan Chai	2	1	–	3
Eastern	4	–	1	5
Southern	–	1	1	2
Sham Shui Po	4 (Note 5)	–	–	4
Kowloon City	–	3	2	5
Wong Tai Sin	–	1	–	1
Kwun Tong	2	–	–	2
Yau Tsim Mong	2	2	–	4
Kwai Tsing	–	–	–	–
Tsuen Wan	–	1	1	2
Tuen Mun	2	–	–	2
Yuen Long	2	–	1	3
North	2	–	–	2
Tai Po	–	1	–	1
Shatin	2	–	–	2
Sai Kung	–	–	1	1
Islands	–	–	–	–
Total	<u>22</u>	<u>11</u>	<u>8</u>	<u>41</u>

Source: ED's records

Note 1: Districts highlighted are those where a significant excessive supply of public-sector primary school places would appear in 2010 (see para. 2.6 above).

Note 2: These schools were built before the guidelines for the provision of government schools were issued in 1993.

Note 3: These schools were built between 1993 and 2000.

Note 4: Of the 41 government schools, 22 are located in districts where there would be an excessive supply of school places (referred to in para. 6.11 below).

Note 5: One of the four bi-sessional schools in the Sham Shui Po district is being phased out.

6.9 Of the 18 districts, three districts (namely, Tai Po, Sai Kung and Wong Tai Sin) had one government primary school each. Thirteen districts had more than one government primary school. The Kowloon City and Eastern districts each had five government primary schools. However, in the Kwai Tsing and Islands districts, there was no government primary school.

6.10 Moreover, it can be seen from column (c) in Table 19 of paragraph 6.8 above that eight new whole-day government schools were built after the guidelines for the provision of government schools were issued in 1993. Seven of them were built in a district where one or more than one government primary school had already existed. These new schools were built mainly for implementing the whole-day school policy.

6.11 Furthermore, 22 (highlighted in Table 19 of para. 6.8 above) of the 41 government primary schools are located in the seven districts where the projected supply of primary school places in 2010 would exceed the projected demand by 15% or more (see Table 1 in para. 2.6 above).

Objectives of government primary schools need to be reviewed

6.12 Audit notes that the objectives of government schools, as cited by the ED in 1993 (see para. 6.5 above), may not be entirely valid with the lapse of time and changes in circumstances. It is necessary for the ED to revisit the objectives to see whether they are still valid under present-day circumstances and whether the additional expenses for operating them are justified.

6.13 Furthermore, some objectives of government primary schools can be met by other ways. For example, one of the objectives of providing government schools was to gain first-hand experience of running schools and of providing a testing ground for experimental teaching methods and practices (e.g. the activity approach to teaching). This objective can be met by secondment of ED staff to aided schools to gain the required experience. Experimental teaching methods and practices could also be explored in collaboration and partnership with aided schools.

Admission to Primary One of government primary schools

6.14 Audit analysed the number of Primary One applications received during the Discretionary Places Admission stage by all government primary schools for the 2002 POA exercise. The results of the audit analysis are summarised in Table 20 below.

Table 20

**Analysis of applications received
by government primary schools in 2002 POA exercise**

Number of applications received compared to available discretionary places	Number of schools	Percentage
5 times or more	6	15%
3 to 4.99 times more	5	12%
2 to 2.99 times more	6	15%
1.5 to 1.99 times more	7	17%
1 to 1.49 times more	8	19%
Less than available discretionary places	9	22%
Total	41	100%

Source: ED's records

6.15 Audit's analysis shows that in the 41 government primary schools, the number of applications received to enroll students varies greatly (Note 9). One government primary school received 584 applications, or 7.3 times of the 80 available discretionary Primary One places. On the other hand, another government primary school only received 32 applications, or 50% of the 64 available discretionary Primary One places (the remaining 50% of the available places were later filled by the central allocation of Primary One students).

6.16 It is worth noting from Table 20 in paragraph 6.14 above that nine (or 22%) government primary schools did not receive enough POA applications to fill all of the available discretionary places.

Utilisation rates at government primary schools

6.17 Audit also conducted an analysis of the utilisation rates at the 41 government primary schools. The results are summarised in Table 21 below.

Note 9: *The wide variation of number of applications received by government primary school is generally in line with that of aided primary schools. For the 2002 POA exercise, one aided primary school received 650 applications, or 7.4 times of the 88 available discretionary Primary One places. On the other hand, one aided primary school only received two applications, or 13% of the 16 available discretionary Primary One places.*

Table 21

Analysis of the utilisation rates of government primary schools in the 2001-02 school year

Utilisation rate (Note 1)	Number of schools	Percentage
100%	18	44%
90% – 99%	15	37%
80% – 89%	5	12%
70% – 79%	3 (Note 2)	7%
	} 8	} 19%
Total	41	100%

Source: ED's records

Note 1: Utilisation rate is calculated by comparing the number of students enrolled to the number of available places (i.e. 32 class size × available classrooms).

Note 2: One of these schools is an a.m. session school that is being phased out.

6.18 It can be seen from Table 21 above that the utilisation rates of eight (19%) government schools were less than 90% (i.e. 70% – 89%) in the 2001-02 school year. The utilisation rate of three (7%) schools was even less than 80% (i.e. 70% – 79%). In one whole-day government primary school, the utilisation rate was just 72%.

6.19 In response to Audit's enquiries, the ED explained that in some districts, because of the ageing population, difficulties were encountered in enrolling sufficient number of students to maintain a high utilisation rate.

Government primary schools are more costly to operate

6.20 Government primary schools and aided primary schools use a similar manning scale. However, government primary schools cost more to operate than aided primary schools, mainly because the staff in government schools are employed on civil service terms and enjoy better fringe benefits than their counterparts in aided primary schools. For government primary schools, the average operating cost for the financial year 2001-02, was \$27,855 per student, and that of aided

primary schools was \$22,166. The annual cost differential was \$5,689 per student (\$27,855 less \$22,166) or 26%. For a standard government primary school, the annual operating cost would be \$4.6 million lower if it was operated by the aided sector (Note 10).

6.21 The fringe benefits which the teaching staff in government primary schools are entitled to include a non-contributory pension, housing allowance and medical benefits. In 2001-02, the average cost of the fringe benefits provided to teaching staff in government primary schools was 34% of the employee's salary. However, the teaching staff in aided primary schools have fewer fringe benefits. The cost difference in the fringe benefits provided to the teaching staff of government primary schools and aided primary schools accounts for the main difference between the operating costs.

Audit observations on government primary schools

6.22 The intention of the government policy is to reduce the number of government primary schools wherever possible to ensure a more economical use of scarce resources for the expansion of educational facilities. **Audit considers that there is a need for the ED to re-examine the provision of government primary schools. The ED needs to identify government primary schools that will become surplus to requirements, taking into account Audit's recommendation of putting on hold the building of new primary schools in districts where a significant excessive supply of primary school places is projected (see para. 2.21(a) above).**

6.23 On the other hand, actions should be taken to minimise the difference of 26%, or \$4.6 million per school (see para. 6.20 above), in operating cost between government primary schools and aided primary schools. **Government primary schools' higher operating cost is mainly due to the civil service fringe benefits that are offered to government primary school staff. The ED should therefore consider using contract terms of appointment, which have been used for appointing staff in aided schools, for future recruitment of staff in government primary schools.** Audit estimated that this could save \$83 million (\$4.6 million × 18) recurrent cost annually for 18 government schools (i.e. 41 schools less one school that is being phased out by the ED and 22 schools which could also be phased out — see para. 6.11 above).

Audit recommendations on government primary schools

6.24 **Audit has recommended that the Director of Education should:**

Note 10: *The \$4.6 million is calculated by multiplying the cost differential of \$5,689 by 808 (i.e. the average number of school places provided in a standard government primary school).*

- (a) **critically examine the objectives of providing government primary schools to see whether they are still valid, having regard to the present-day circumstances;**
- (b) **critically examine whether the number of government primary schools can be reduced, having regard to the objectives of providing them and the expected significant excessive supply of primary school places in some districts; and**
- (c) **consider using contract terms for hiring future staff of government primary schools, similar to the practice of aided schools.**

Response from the Administration

6.25 The **Director of Education** agrees with the audit recommendations. He has said that:

- (a) the missions and objectives of government schools have been changing in response to changes in educational developments. Government schools are now positioned as pioneers and role models in education reforms. As a matter of fact, government schools have been playing a leading role in implementing or piloting many education initiatives regardless of their nature and complexity. Examples are the opening up of School Management Committee to parents and teachers as well as the opening up of school premises to community use; and
- (b) while government primary schools have served the objectives well, the ED is aware of the drop in the demand for school places due to the decreasing number of children aged six to eleven. In this connection, the ED is critically reviewing the role, provision and the future development of government primary schools in the face of the changing circumstances. The best use of resources (including school accommodation) for implementation of whole-day primary schooling in government schools and more even distribution of government primary schools will be fully considered in the review. He will also consider Audit's recommendation in paragraph 6.24(c) and explore the feasibility of using contract terms to hire future staff in government schools as far as practicable.

PART 7: PRIMARY ONE ADMISSION SYSTEM

7.1 This PART examines the Primary One Admission (POA) system to ascertain how far the information needs of parents have been satisfied and whether the verification process of applications is effective for implementing the principle of vicinity.

The POA system

7.2 Under the current POA system, the Primary One Admission process is divided into two stages, namely:

- (a) Discretionary Places Admission stage; and
- (b) Central Allocation stage.

7.3 *Discretionary Places Admission stage.* In September of the year preceding to the students being admitted into Primary One, parents can apply to any one public-sector primary schools in or outside the school net (Note 11) in which they reside. Children who have not been offered a discretionary place in December will participate in the Central Allocation.

7.4 For each primary school, about 50% of its Primary One places are earmarked for Discretionary Place Admission as follows:

- (a) about 30% are used to accept applicants with siblings studying or parents working in the school. If such applications exceed 30% of a school's Primary One places, the shortfall will be made up by using the places reserved for the Central Allocation; and
- (b) about 20% will be offered to applicants according to a points system, if there is an over-subscription.

7.5 *Central Allocation stage.* Upon completion of the Discretionary Places Admission stage, the remaining 50% of Primary One places are centrally allocated by the ED. The allocation of

Note 11: *The whole territory is divided into 56 primary school nets, based on the broad geographical areas and distribution of public-sector primary schools.*

places is mainly school net based. In March, a parent can choose any three schools from any school net (including the school net in which the student resides), and up to 30 schools from the school net where the student resides.

7.6 About 45% of the Primary One places in each school net are allocated to children residing in that school net so as to follow the principle of vicinity (see paras. 7.21 to 7.23 below). Up to 5% of Primary One places can be allocated to children residing in any school net to allow parents more flexibility in selecting schools.

Meeting the information needs of parents

7.7 In each school year, over 60,000 parents seek information from the ED of various primary schools to assist them in choosing suitable schools for their children taking part in the POA exercise. In September every year, the ED distributes to parents an information package (Note 12). Parents can also use ED's Website (<http://www.ed.gov.hk>) or use the ED 24-hour Automatic Telephone Enquiry System to obtain further information.

7.8 In order to ascertain whether the information provided by the ED satisfies the needs of parents, Audit conducted a survey in May 2002. The survey focused on:

- (a) whether the parents were satisfied with the information provided by the ED;
- (b) areas of additional information which parents wished to have for the POA exercise; and
- (c) whether parents considered that ED's Website is user-friendly for obtaining information of the POA exercise.

7.9 Audit randomly selected 10 kindergartens and obtained their assistance to distribute a total of 1,529 questionnaires to the parents whose children had participated in the 2002 POA exercise. A total of 753 (49%) questionnaires were duly completed and returned. The results of the survey are summarised in paragraphs 7.10 to 7.17 below.

Note 12: *The package contains an application form for admission to Primary One, notes on how to complete the application form, a POA system information leaflet, a VCD on the POA system and a copy of the "Primary School Profiles" which is published by the Committee on Home-School Cooperation of the ED. It contains detailed information (e.g. number of classes, students, etc.) of individual primary schools.*

Sufficiency of information provided by ED

7.10 In the survey, parents were asked about the sufficiency and their satisfaction level of the information provided by the ED. Table 22 below summarises the survey results.

Table 22

Survey results of information provided by the ED

	Response		
	Agreed	Disagreed	No comment
Sufficient information was provided	32%	58%	10%
Satisfied with the information provided	38%	49%	13%

Source: Audit survey

7.11 The survey results in Table 22 above show that about half of the respondents did not consider that the information provided by the ED was sufficient and were not satisfied with the information provided. The survey results indicate that there is room for improving the service to parents.

Need for additional information

7.12 In the survey, parents were asked to choose from a number of areas of additional information not provided by the ED, and to indicate whether they would need the additional information for the POA exercise. They were also asked to indicate additional information they would like to have. The objective was to identify areas of additional information which parents would like to have for the POA exercise, so that the ED could take follow-up action to improve the service. The survey results are summarised in Table 23 below.

Table 23

**Survey results of areas of additional information
which parents would like to have**

Area of information	Percentage of respondents who expressed a need for the additional information
(i) Number of school places available for Central Allocation (individual schools)	95 %
(ii) Number of school places available for Discretionary Places Admission (individual schools)	93 %
(iii) Percentage of students allocated to secondary school of their first three choices in previous year (individual schools)	92 %
(iv) Number of applicants and average points (Note) of successful applicants for Discretionary Places Admission in previous year (individual schools)	89 %
(v) School inspection reports (individual schools)	88 %
(vi) Performance targets and past performance in achieving the targets (individual schools)	86 %
(vii) Resume of core teaching staff (individual schools)	82 %

Source: Audit survey

Note: At the Discretionary Places Admission stage, primary schools that are over-subscribed should select applicants according to the Points System, after accepting those applicants who have siblings studying or parents working in the schools.

7.13 The survey results indicate that more than 80% of the respondents have expressed a need for additional information on those areas listed in Table 23. There is a strong case for the ED to take necessary measures to satisfy the information needs of parents.

7.14 Audit notes that the information for item (v) of Table 23 about school inspection reports of individual schools is already available in ED's Website. However, the survey also found that many respondents had indicated that they had difficulties in obtaining this information from ED's Website (see Table 24 in para. 7.16 below).

User-friendliness of ED's Website

7.15 It is common nowadays to use the Internet to obtain information. The ED launched its Website in 1996. The Website contains a lot of information, including the work of the ED, education and curriculum reforms, and information of individual primary schools. Up to June 2002, ED's Website had recorded over 4.5 million visits.

7.16 Of the 753 parents who responded to the Audit survey, 304 (40%) indicated they used the Internet regularly (i.e. at least a few times a week), and 189 (62%) of these 304 regular users of the Internet indicated they had visited ED's Website. To assess the user-friendliness of ED's Website, Audit analysed the feedback of these 189 respondents. Audit noted that many of them indicated that they had difficulties in obtaining information in three areas related to the POA process from ED's Website. Details are summarised in Table 24 below.

Table 24

**Respondents who had difficulties
in obtaining information from ED's Website**

Description of Information	Number of respondents (out of 189)
Particulars of school governing bodies	59 (31%)
School inspection reports	57 (30%)
Direct Subsidy Scheme	34 (18%)

Source: Audit survey

7.17 In response to Audit's enquiries, the ED explained that during the peak months such as September, December, March and June, a hyperlink to the POA process was put on the front page of ED's Website to facilitate easy access to information. In order to further improve the user-friendliness of its Website, Audit considers that there is a need for the ED to consider providing the hyperlink to the POA process throughout the year. Action should also be taken to ensure that all relevant information and available documents are linked up to facilitate parents in obtaining information from ED's Website.

Audit observation on meeting the information needs of parents

7.18 The results of the Audit survey also show that 93% of the respondents considered that the ED should carry out periodical surveys so as to regularly gauge their information needs and their satisfaction level of the information provided. Audit considers that conducting periodical surveys by the ED will help obtain feedback and expectations from parents so as to take follow-up action to improve the service to parents.

Audit recommendations on meeting the information needs of parents

7.19 **Audit has recommended that the Director of Education should:**

- (a) **take appropriate action to provide additional information to the public relating to the POA process as indicated in the results of the Audit survey in Table 23 above;**
- (b) **provide the hyperlink to the POA of ED's Website throughout the year, and take action to ensure all relevant information and document are linked up to facilitate users to obtain information from the Website; and**
- (c) **conduct periodical surveys to gauge the information needs of parents and to improve the service to parents.**

Response from the Administration

7.20 The **Director of Education** agrees with the audit recommendations. He has said that:

- (a) parents' suggestions are at present collected through various channels such as seminars (e.g. over 50 seminars were conducted for parents in July 2001) and daily contacts with them. The ED may consider conducting small-scale surveys on a need basis to gauge parents' opinions; and

- (b) the ED would explore the feasibility of providing appropriate information for parents' reference in their choices of schools. At present, school inspection reports, summary information on schools' performance targets, the quota of discretionary places and teachers' qualifications as shown in the Primary School Profile are accessible to the public in ED's Website.

Principle of vicinity

7.21 At the Central Allocation stage, about 50% of the total number of Primary One places are earmarked for central allocation. At this stage, the ED earmarks:

- (a) about 45% of the Primary One places in each school net for students residing in that school net. This is equivalent to 90% or more of the available Central Allocation places. This arrangement is to follow the principle of vicinity; and
- (b) about 5% of the Primary One places in each school net for students residing in any school net. This is equivalent to up to 10% of the available Central Allocation places. The arrangement allows parents some flexibility in making school choices outside their school net.

7.22 Allocating 90% of the places available for the Central Allocation stage to children residing in their home school nets is to follow the principle of vicinity. The adoption of this principle was explained by the Secretary for Education and Manpower in response to a Legislative Council question in January 2002. The Secretary said that:

“As the ability difference of children below the age of six is insignificant, most advanced countries and regions have adopted the principle of vicinity in Primary One admission. The EC shares the view that the principle of vicinity should be adopted as far as possible”.

7.23 At the Central Allocation stage of the 2002 POA exercise, a total of 30,994 children have taken part. The ED has allocated 30,317 children to primary schools in the districts in which they reside. This represents about 98% of the available places at the Central Allocation stage. The ED has allocated only 677 children (about 2%) to primary schools outside the districts in which they reside.

Documentary proof of residential addresses

7.24 In allocating the 30,317 children to primary schools on a school net basis, the ED relies on the residential addresses provided by parents in the application forms for the POA exercise. It is not infrequently reported in the media that some parents have made use of false addresses in order to enhance the chance of their children being admitted to the preferred schools at the Central Allocation stage. This malpractice should be discouraged because:

- (a) it violates the principle of vicinity;
- (b) it is unfair to those parents who state their true residential addresses for Central Allocation; and
- (c) it could have an adverse effect on the planning of provision of secondary school places for each district, because the number of primary students in each district is an important factor for such planning.

7.25 Audit examined the current prevention and detection system to see whether it is effective for providing an assurance on the authenticity of the residential addresses as provided to the ED. Audit notes that there is a need to strengthen the verification process.

7.26 At the Discretionary Places Admission stage, parents are required to produce documentary proof of their residential addresses in support of their children's applications. The school to which the parents submitted the applications is required to check the supporting documents to ensure that all the information, including the residential addresses, entered in the application forms is correct. The ED will make use of the residential addresses for the Central Allocation stage, unless the parents report a change of address. To ensure that the checking of information adopted by different schools is consistent, the ED visits schools, on a selective basis, to review the checking procedures. The ED staff will investigate when suspected cases of false residential addresses are identified during school visits. The ED will also act on complaints to carry out an investigation by re-examining the application form and the supporting documents.

7.27 According to the ED's "Notes on how to complete the application form for admission to Primary One", parents may use one of the following documents as proof of their residential addresses:

- (a) a bill of electricity/town gas/residential telephone/water charges;
- (b) a stamped tenancy agreement;
- (c) a demand note for rates issued by the Rating and Valuation Department; or
- (d) a tenant's rent card issued by the HA.

Some documentary evidence of addresses is not reliable

7.28 Audit observes that the addresses shown on bills of electricity/town gas/residential telephone/water charges as proof of residential addresses are not entirely reliable because these bills can be easily obtained. The public utility companies and the Water Supplies Department, on receiving applications, will entertain the request to change the registered user name without demanding any proof. Audit also notes that the Inland Revenue Department normally does not demand any proof of the addresses stated in the tenancy agreements submitted for stamping. Similarly, the Rating and Valuation Department will normally accept notice of change of rate payers' addresses without question. As a result, the addresses of public utility bills, stamped tenancy agreement or demand notes for rates do not provide to the ED concrete evidence of the residential addresses of parents.

7.29 The ED staff select schools that have an over-subscription of applications for discretionary places to review whether the checking procedures have been properly carried out. Audit notes that, in respect of residential addresses reported by parents, the ED staff examine the application forms to see whether supporting documents (e.g. a electricity bill) were attached. When carrying out investigations of a complaint, the ED staff also examine the application form and see whether supporting document (e.g. a electricity bill) was attached.

Audit observations on verification of residential addresses

7.30 The current system of preventing and detecting parents reporting false residential addresses has its limitations. The documents requested by the ED for residential addresses are not entirely reliable. Parents who want their children to be allocated to preferred schools in another school net can easily get, for example, an electricity bill as the required documentary proof. Thus, the system cannot provide sufficient assurance to the ED for ensuring that the principle of vicinity is strictly followed. To ensure that at least 90% of the places available for Central Allocation are allocated to students residing in their home school nets, there is a need for the ED to strengthen the prevention and detection system to enhance its effectiveness.

7.31 Audit notes that the ED does not carry out home visits to deter and detect abuse of services. Home visits are carried out by other government departments (e.g. the Student Financial Assistant Agency, and the Social Welfare Department). The ED should consider including home visits as part of the investigation process. The ED needs to include a provision in the POA applications allowing the ED to make home visits. Audit notes that, while it is not cost-effective to conduct home visits in all cases, it is useful for home visits to be made on doubtful cases. To select cases for home visits, the ED can ask schools to report cases where parents used different residential addresses upon students' admission to the Primary One class, and consider selecting some cases on a random basis. Furthermore, the ED could conduct home visits for complaint cases to investigate whether the residential addresses used are correct.

7.32 Apart from conducting home visits on a selective basis, the ED should also consider taking a tougher stance against those parents who are found to have used false addresses to gain an unfair advantage in the POA exercises. In this connection, Audit notes that no prosecution has ever been taken against dishonest parents who were found to have used false addresses in the POA exercises. The ED's lenient attitude in dealing with false address cases might give a wrong message to the public that the malpractice is tolerated by the ED. In order to provide an effective deterrent, Audit considers that ED should take a tougher stance against those dishonest parents (e.g. prosecuting parents for making false declaration in the POA exercises) who are found to have used false addresses in POA exercises.

Audit recommendations on verification of residential addresses

7.33 **Audit has *recommended* that the Director of Education should:**

- (a) **ensure that parents and schools strictly follow the principle of vicinity by strengthening the procedures of verifying the parents' residential addresses used in the POA exercises;**
- (b) **to deter fraudulent applications and detect cases of abuse, perform home visits on a random basis so as to check the authenticity of the residential addresses provided by parents. The random selection should focus on risk cases, such as on those cases where, at the time of students' admission to the Primary One classes, different residential addresses are used;**
- (c) **incorporate into the POA applications a provision allowing the ED to conduct home visits;**

- (d) **conduct home visits for investigation of complaint cases and other doubtful cases; and**

- (e) **consider taking tougher measures against those dishonest parents who are found to have used false addresses in the POA exercises.**

Response from the Administration

7.34 The **Director of Education** agrees that the prevention and detection system can be further strengthened to enhance the effectiveness of the existing measures. However, he has said that the ED initially considers that home visit is a disproportionately costly measure to detect or deter false addresses. It should be conducted only when the situation warrants doing so. The ED would also consider Audit's recommendation of taking tougher measures against dishonest parents. He has also said that:

- (a) under the existing POA system, about 55% of the Primary 1 places are not subject to restriction on school nets as compared to 35% of unrestricted places under the old system. The incentive for parents to claim false addresses should therefore be reduced. In fact, there were only a few complaints on false addresses in the last POA cycle and none of them was substantiated after investigation; and

- (b) in view of the large number of POA applicants each year (over 60,000), the current practice of submission of documentary proof of residence by parents and verification by schools is considered an appropriate measure that causes least disturbance to schools and parents.

**Projected demand and supply of
public-sector primary school places between 2002 and 2010**

District		2002	2003	2004	2005	2006	2007	2008	2009	2010
Central and Western	Projected population (Note 1)	14,800	14,400	13,900	13,700	13,500	13,000	12,200	11,900	12,300
	Projected demand (Note 2)	12,200	11,900	11,400	11,100	10,900	10,400	9,700	9,500	9,800
	Supply of primary school places (Note 3)	11,200	11,200	11,200	11,200	11,200	11,200	10,600	10,600	10,600
	Additional supply (Note 4)	0	0	0	1,200	2,000	3,100	2,900	2,900	2,900
	Excessive supply/(shortfall) (Note 5)	(1,000)	(700)	(200)	1,300	2,300	3,900	3,800	4,000	3,700
Wan Chai	Projected population	7,800	7,500	7,200	6,900	6,700	6,500	6,300	6,300	6,600
	Projected demand	6,400	6,100	5,800	5,500	5,300	5,100	5,000	5,000	5,300
	Supply of primary school places	9,200	9,200	9,200	9,200	9,200	9,200	8,700	8,700	8,700
	Additional supply	0	0	0	0	600	600	600	600	600
	Excessive supply/(shortfall)	2,800	3,100	3,400	3,700	4,500	4,700	4,300	4,300	4,000
Eastern	Projected population	38,600	37,300	35,300	33,000	31,000	29,200	27,300	26,400	26,800
	Projected demand	31,800	30,500	28,600	26,300	24,300	22,500	20,900	20,000	20,400
	Supply of primary school places	22,200	22,000	22,000	22,000	22,000	22,000	20,700	20,700	20,700
	Additional supply	0	0	800	1,800	3,900	3,900	3,700	3,700	3,700
	Excessive supply/(shortfall)	(9,600)	(8,500)	(5,800)	(2,500)	1,600	3,400	3,500	4,400	4,000
Southern	Projected population	18,900	18,400	17,700	17,000	16,300	15,400	14,300	13,600	13,500
	Projected demand	15,600	15,100	14,400	13,700	13,000	12,100	11,200	10,500	10,400
	Supply of primary school places	10,500	10,500	10,500	10,500	10,500	10,500	9,900	9,900	9,900
	Additional supply	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000
	Excessive supply/(shortfall)	(5,100)	(4,600)	(3,900)	(2,200)	(1,500)	(600)	(300)	400	500
Sham Shui Po	Projected population	23,100	22,400	22,200	22,400	22,800	22,400	23,100	24,600	25,000
	Projected demand	20,900	20,200	20,000	20,100	20,600	20,200	21,000	22,500	22,900
	Supply of primary school places	15,400	15,400	15,400	15,400	15,400	15,400	14,500	14,500	14,500
	Additional supply	0	1,000	1,000	2,200	2,200	2,200	2,200	2,200	2,200
	Excessive supply/(shortfall)	(5,500)	(3,800)	(3,600)	(2,500)	(3,000)	(2,600)	(4,300)	(5,800)	(6,200)
Kowloon City	Projected population	23,800	23,300	22,700	21,700	20,700	20,400	21,200	22,900	23,700
	Projected demand	21,400	20,900	20,400	19,300	18,400	18,100	19,000	20,700	21,500
	Supply of primary school places	21,700	21,700	21,700	21,700	21,700	21,700	20,400	20,400	20,400
	Additional supply	0	1,000	1,000	2,000	6,200	7,400	7,000	7,000	7,000
	Excessive supply/(shortfall)	300	1,800	2,300	4,400	9,500	11,000	8,400	6,700	5,900

Appendix A
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(paras. 2.5, 2.7(a), 2.12,
2.17 and 2.18 refer)

District		2002	2003	2004	2005	2006	2007	2008	2009	2010
Wong Tai Sin	Projected population	32,000	31,100	29,700	27,700	26,000	24,900	24,100	23,900	24,000
	Projected demand	28,900	28,000	26,600	24,600	22,900	21,800	21,200	21,000	21,100
	Supply of primary school places	23,100	23,100	23,100	23,100	23,100	23,100	21,800	21,800	21,800
	Additional supply	0	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
	Excessive supply/(shortfall)	(5,800)	(3,700)	(2,300)	(300)	1,400	2,500	1,800	2,000	1,900
Kwun Tong	Projected population	38,800	39,400	38,400	37,400	36,100	35,000	36,300	38,400	38,700
	Projected demand	35,200	35,800	34,800	33,800	32,400	31,400	32,900	35,000	35,300
	Supply of primary school places	24,200	24,200	24,200	24,200	24,200	24,200	22,800	22,800	22,800
	Additional supply	0	3,100	3,100	5,600	5,600	5,600	5,300	5,300	5,300
	Excessive supply/(shortfall)	(11,000)	(8,500)	(7,500)	(4,000)	(2,600)	(1,600)	(4,800)	(6,900)	(7,200)
Yau Tsim Mong	Projected population	16,400	15,900	16,400	16,600	17,000	16,800	16,500	16,600	17,100
	Projected demand	14,700	14,300	14,700	15,000	15,300	15,100	14,900	15,000	15,500
	Supply of primary school places	18,600	18,600	18,600	18,600	18,600	18,600	17,500	17,500	17,500
	Additional supply	0	0	0	800	800	800	800	800	800
	Excessive supply/(shortfall)	3,900	4,300	3,900	4,400	4,100	4,300	3,400	3,300	2,800
Kwai Tsing	Projected population	33,100	33,800	33,700	33,400	33,100	32,700	31,300	30,600	30,100
	Projected demand	33,000	33,800	33,600	33,300	33,000	32,600	31,200	30,500	30,000
	Supply of primary school places	27,400	27,400	27,400	27,400	27,400	27,400	25,800	25,800	25,800
	Additional supply	0	600	600	2,300	2,900	2,900	2,700	2,700	2,700
	Excessive supply/(shortfall)	(5,600)	(5,800)	(5,600)	(3,600)	(2,700)	(2,300)	(2,700)	(2,000)	(1,500)
Tsuen Wan	Projected population	19,100	18,700	18,400	18,500	17,800	17,000	15,800	15,000	14,900
	Projected demand	19,000	18,600	18,300	18,500	17,700	16,900	15,800	14,900	14,900
	Supply of primary school places	14,800	14,800	14,800	14,800	14,800	14,800	13,900	13,900	13,900
	Additional supply	0	0	1,000	2,000	2,000	3,300	3,100	3,100	3,100
	Excessive supply/(shortfall)	(4,200)	(3,800)	(2,500)	(1,700)	(900)	1,200	1,200	2,100	2,100
Tuen Mun	Projected population	42,600	42,000	39,100	36,000	33,100	30,900	28,600	27,000	26,900
	Projected demand	42,500	41,900	39,000	35,900	33,000	30,800	28,500	26,900	26,800
	Supply of primary school places	29,500	29,500	29,500	29,500	29,500	29,500	27,800	27,800	27,800
	Additional supply	0	1,000	1,900	1,900	4,500	5,600	5,300	5,300	5,300
	Excessive supply/(shortfall)	(13,000)	(11,400)	(7,600)	(4,500)	1,000	4,300	4,600	6,200	6,300
Yuen Long	Projected population	51,400	54,000	53,000	51,000	48,400	46,700	45,300	42,000	40,200
	Projected demand	51,300	53,900	52,900	50,900	48,300	46,600	45,200	41,900	40,100
	Supply of primary school places	31,500	31,500	31,500	31,500	31,500	31,500	29,700	29,700	29,700
	Additional supply	0	2,100	3,100	5,800	10,000	12,900	12,100	12,100	12,100
	Excessive supply/(shortfall)	(19,800)	(20,300)	(18,300)	(13,600)	(6,800)	(2,200)	(3,400)	(100)	1,700

Appendix A
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(paras. 2.5, 2.7(a), 2.12,
2.17 and 2.18 refer)

District		2002	2003	2004	2005	2006	2007	2008	2009	2010
North	Projected population	27,500	26,700	25,600	25,100	25,000	23,700	22,300	21,500	21,300
	Projected demand	27,100	26,300	25,200	24,700	24,600	23,200	21,900	21,100	21,000
	Supply of primary school places	17,600	17,600	17,600	17,600	17,600	17,600	16,600	16,600	16,600
	Additional supply	0	2,100	2,100	3,100	3,100	3,100	2,900	2,900	2,900
	Excessive supply/(shortfall)	(9,500)	(6,600)	(5,500)	(4,000)	(3,900)	(2,500)	(2,400)	(1,600)	(1,500)
Tai Po	Projected population	24,300	22,800	21,100	19,400	17,700	16,400	15,000	14,300	14,600
	Projected demand	23,900	22,400	20,700	19,000	17,300	16,000	14,600	14,000	14,200
	Supply of primary school places	18,200	18,200	18,200	18,200	18,200	18,200	17,100	17,100	17,100
	Additional supply	0	0	0	0	1,000	1,000	1,000	1,000	1,000
	Excessive supply/(shortfall)	(5,700)	(4,200)	(2,500)	(800)	1,900	3,200	3,500	4,100	3,900
Shatin	Projected population	43,600	42,800	40,500	38,000	36,500	35,700	35,100	34,800	35,800
	Projected demand	42,900	42,100	39,900	37,400	35,900	35,000	34,500	34,100	35,200
	Supply of primary school places	39,300	39,300	39,300	39,300	39,300	39,300	37,000	37,000	37,000
	Additional supply	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000
	Excessive supply/(shortfall)	(3,600)	(2,800)	(600)	2,900	4,400	5,300	3,500	3,900	2,800
Sai Kung	Projected population	28,900	30,500	31,800	30,800	29,500	29,000	29,600	28,600	28,200
	Projected demand	26,200	27,800	29,100	28,100	26,900	26,300	27,100	26,000	25,700
	Supply of primary school places	23,700	23,700	23,700	23,700	23,700	23,700	22,300	22,300	22,300
	Additional supply	0	0	3,300	7,400	7,400	7,400	7,000	7,000	7,000
	Excessive supply/(shortfall)	(2,500)	(4,100)	(2,100)	3,000	4,200	4,800	2,200	3,300	3,600
Islands	Projected population	8,500	9,200	10,700	11,600	11,600	11,900	12,000	11,200	10,800
	Projected demand	7,300	8,000	9,500	10,400	10,400	10,700	10,800	10,000	9,600
	Supply of primary school places	7,900	7,900	7,900	7,900	7,900	7,900	7,400	7,400	7,400
	Additional supply	0	2,100	2,100	2,100	3,100	3,100	3,000	3,000	3,000
	Excessive supply/(shortfall)	600	2,000	500	(400)	600	300	(400)	400	800
Overall	Projected population	493,200	490,200	477,400	460,200	442,800	427,600	416,300	409,600	410,500
	Projected demand	460,300	457,600	444,900	427,600	410,200	394,800	385,400	378,600	379,700
	Supply of primary school places	366,000	365,800	365,800	365,800	365,800	365,800	344,500	344,500	344,500
	Additional supply	0	14,200	21,200	41,400	58,500	66,100	62,800	62,800	62,800
	Excessive supply/(shortfall)	(94,300)	(77,600)	(57,900)	(20,400)	14,100	37,100	21,900	28,700	27,600

Source: Audit projection based on the ED's and the Planning Department's records

Note 1: In this Appendix, the projected population figures of children aged 6–11 in each district are based on the WGPD projections released in August 2002 and adjusted by taking into account the number of cross-border students as per the ED's advice.

Note 2: All projected demand figures were provided by the ED (equivalent to projected population less 60% of available non-public school places).

Note 3: In calculating all the supply of primary school places figures, Audit took into account the fact that the Government had decided to convert all bi-sessional primary schools into whole-day primary schools by 2007, but the progress between 2002 and 2007 is not known. Audit used a conservative estimate in computing the existing supply of primary school places. Audit assumed that all existing bi-sessional schools would be converted into whole-day primary schools by 2002. The supply figures computed by Audit equalled to the sum of 100% of existing whole-day primary school places and 50% of existing bi-sessional primary school places.

Note 4: Audit's projections were based on the ED's school building programme of March 2002. The programme included 69 new primary schools, providing 62,800 school places.

Note 5: Excessive supply/(shortfall) = the sum of supply of primary school places in that year and additional supply less the projected demand.

**Cost savings by merging
four public-sector primary schools into two schools**

Description	Amount to be saved by merging two schools into one
	(\$'000)
Deletion of a principal post (monthly salary = \$46,442)	557
$\$46,442 \times 12 \text{ months} = \0.56 million	
 School-based annual grants:	
Capacity enhancement grant (\$450,000)	450
School based management supplement grant (\$87,300)	87
Other miscellaneous grants	168

Total	1,262
	Say \$1.26 million

**Annual saving by merging
four schools into two schools**

$\$1.26 \text{ million} \times 2 = \underline{\underline{\$2.52 \text{ million}}}$

Source: Audit calculation based on ED's records

Calculation of annual operating cost of rural schools

Information about annual operating cost of individual rural schools was not readily available. For the sake of prudence, Audit used the annual salary cost of established teaching posts to estimate the annual operation cost.

(A) Annual operating cost of the four rural schools (para. 5.7)

$$\begin{aligned} \$14 \text{ million} &= [\$26,583 \text{ (Average monthly salary per teaching staff)} \times 12 \text{ months} \\ &\quad \times 44 \text{ (Number of teaching staff in the four schools concerned)}] \end{aligned}$$

(B) Annual operating cost of the rural school in Sha Tau Kok (para. 5.11)

$$\begin{aligned} \$2 \text{ million} &= [\$26,583 \text{ (Average monthly salary per teaching staff)} \times 12 \text{ months} \\ &\quad \times 6 \text{ (Number of teaching staff at the rural school concerned)}] \end{aligned}$$

Appendix D

Acronyms and abbreviations

CRP	Comprehensive Redevelopment Programme
EC	Education Commission
ECR5	Education Commission Report No. 5
ED	Education Department
HA	Housing Authority
HD	Housing Department
PAC	Public Accounts Committee
POA	Primary One Admission
SIP	School Improvement Programme
SSPA	Secondary School Places Allocation
VCD	Video Compact Disc
WGPD	Working Group on Population Distribution