

Report on the Supply and Demand of Textbooks in Hong Kong

Consumer Council
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REPORT ON THE SUPPLY AND DEMAND OF TEXTBOOKS IN HONG KONG

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SECTION ONE - INTRODUCTION

Background

1.1 This Council research paper follows previous Council studies into two separate marketing practices in the textbook industry - a standard retail discount rate collectively applied by major textbook retailers; and publishers offering incentives to schools to influence the textbook selection process¹.

Scope of research

1.2 This part of the Councils' work expands the scope of research by providing an overview of the supply and demand for textbooks, examining government policy, and making a number of recommendations and policy suggestions.

1.3 The issues identified for consideration are:

- (a) what are the structural and competitive features of the relevant markets;
- (b) to what extent is government educational policy affecting the structure and competitiveness of the market;
- (c) what if any detrimental effects to the welfare of consumers/ schools arise from the current market structure; and
- (d) what improvements can be made to maintain an adequate supply of high quality and affordable primary and secondary school textbooks.

Report structure

1.4 The report is divided into the following sections.

Section Two – Executive Summary and Recommendations

Section Three – Supply and Demand Characteristics

Section Four – The Publisher Market

Section Five – The Retail Market

Section Six – Government Policies

Section Seven – Textbook Selection

Section Eight – Overseas Examples of Textbook Policy

Section Nine – Textbook Loan Library Option

¹ The Council released a paper on the study of market practice of standard discount rate by booksellers and the offering of incentives by publishers to schools on 30 March 1999. Another paper was released in response to a joint announcement of a standard discount rate to be offered to consumers by some booksellers was issued by the Council on 22 September 1999. Both papers can be found on the Council's website <www.consumer.org.hk>.

Information sources

1.5 The Council made use of information previously found in surveys with textbook publishers, booksellers and schools, in order to gather information from market participants at different levels in the textbook industry². During the information collection stage, the Council held interviews with the Anglo-Chinese Textbook Publishers Organisation, the Hong Kong Educational Publishers Association, and the Educational Booksellers' Association. Information was also sought from the Education Department (ED).

1.6 The Council also contacted overseas organisations³ with a view to examining how they develop instructional materials, monitor textbook prices and provide educational funding. The information on overseas textbook policy may stimulate further discussion on areas for improvement in Hong Kong. The information covered the provisions of school textbooks in 19 countries/places: Australia, Canada, France, Germany, Hungary, Italy, Japan, Korea, Mainland China, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, Taiwan, UK, USA.

1.7 The Council would like to take this opportunity to express its gratitude to ED for the provision of its research materials to assist us in better understanding the textbook policies in different countries/places.

² The surveys covering market practice conducted from August to October 1998 have been released in the previous study.

³ Information was largely gathered from consumer associations or government information sources in Australia, Canada, Mainland China, New Zealand, Singapore and Taiwan.

SECTION TWO – EXECUTIVE SUMMARY AND RECOMMENDATIONS

Industry overview

2.1 The information outlined in the Council's report highlights two important characteristics of the textbook industry in Hong Kong.

2.2 The first concerns the economies of scope and scale for the textbook industry. There is limited opportunity for publishers to market Hong Kong targeted textbooks outside the SAR. The consequence of this is that the costs to publishers in meeting demand will be borne only by Hong Kong consumers.

2.3 The second characteristic is that under the current system the demand for textbooks is different from demand for many other products, where end users exercise choice over the products to be consumed. In the case of textbooks, schools exercise choice, and once a textbook has been chosen from a Government recommended list, the end user, i.e. the student, has no other course of action but to purchase that particular textbook.

The need for change

2.4 The Council considers that it is in relation to this particular demand characteristic that change is required, in order to bring about efficient purchasing decisions. This is particularly important because Government is playing an increasing role in using public funds for the purchase of textbooks.

2.5 Government exercises influence in the industry through developing an education curriculum, recommending textbooks for schools to choose from, and issuing guidelines for schools to follow in selecting textbooks. Importantly, it also administers a scheme of assistance for students in financial need, by providing those students with a subsidy to purchase textbooks⁴. The cost of administering the scheme is substantial, increasing from a level of \$94M in 1996/97, to \$341M in 2000/01. The breadth of coverage of the scheme is also significant. At present, almost 40% of the student population are recipients of financial assistance to purchase textbooks. Those students receive either a full grant, or half the amount required to purchase the textbooks chosen by their particular schools.

2.6 However, while the Government plays an important part in the consumption of textbooks, it exercises no control over deciding whether the cost of purchasing a particular textbook is justified. In the context of this free market, ED does give guidelines to schools on selection of textbooks bearing in mind quality of textbooks and financial burden of parents⁵.

2.7 Nevertheless, it is understandable that when schools are faced with making a choice within a Recommended Textbook List, the primary concern will be intellectual content and presentation. This is in order to satisfy the school's main concern with the textbook as a valuable educational resource. It is also understandable that because the party who pays for the textbook is absent from the selection process (i.e. either indirectly by Government or directly by students) the pressure to consider price in the selection process will be marginal; if at all.

⁴ School Textbook Assistance Scheme administered by the Student Financial Assistance Agency.

⁵ ED also cooperates with the Council on annual surveys on textbook price and costs of textbooks for the information of the public.

Extending textbook life and transferring roles

2.8 In this regard, the Council considers that the Government has to consider a major reevaluation of the role it plays in the industry. In particular, how it maximizes its current use of public funding to subsidize the purchase of textbooks, and its level of involvement in the textbook purchasing decision. The Council considers that the Government has the ability to increase the efficient functioning of the market approach that is currently used to distribute textbooks, by undertaking the following.

- (a) First, to direct current and future Government financial assistance used in funding textbook purchases, towards the creation of textbook loan libraries. This would entail the creation of an adequate store of textbooks that would be made available for loan to students during the schooling period, and that would be kept for a number of years for use by other students in subsequent schooling periods.
- (b) Second, to transfer responsibility for the actual purchase of textbooks away from students, and onto schools themselves. For example, by providing schools with periodic financial grants that they can use to create and maintain stocks of textbooks for use by their students.

2.9 The Council considers that transferring responsibility for making textbook purchases to schools will redress the anomaly where existing purchasers play no part in the selection process. The current system of distribution is based on the notion of a competitive marketplace. A competitive marketplace assumes that informed buyers make decisions on sources of supply taking into account the three dimensions of price, product range, and product quality. Under the current system the normal condition of a buyer in selecting a product where there is pressure to choose the lowest price (all other factors being satisfied) is lacking. The proposal by the Council, as noted above, would introduce this necessary condition and thereby resolve the required circumstances for a market to function as efficiently as possible. In addition, schools would also be more likely to consider price seriously if they could benefit from savings in the textbook financial grant, e.g. savings from this grant could be re-deployed by the school for other educational purposes in the school.

An incremental approach and variations

2.10 Section Nine of this report outlines in detail the current cost of administering financial assistance for textbook purchases. The section also outlines one option for using funds currently assigned to provide financial assistance, to create stores of textbooks for loan to students. There are a number of permutations in which the concept of creating a store of textbooks for loan to students can be brought into fruition.

2.11 In view of the novelty of this concept (at least as far as Hong Kong is concerned) it may be preferable to undertake a pilot study where its effects can be closely studied. This is particularly important because the extended life of textbooks will mean a reduction in the volume of sales; with a corresponding impact on publishers and retailers. Taking an incremental approach would therefore provide publishers and retailers with time to adjust to the changes and lead to a more managed restructuring of industry.

2.12 The concept of a loan library is offered by the Council as a means to address a problem of increasing costs of school textbooks, while at the same time,

maintaining as much as possible the current freedom of schools to choose textbooks from a wide range of choices. There are further changes that could be contemplated in terms of education policy, that could have an effect on the demand and supply of textbooks.

2.13 Section Eight summarizes different approaches that governments in other jurisdictions take in relation to how textbooks are supplied to satisfy their education policies. These can range from direct government involvement in nominating textbooks and funding all purchases, to allowing a degree of freedom of choice, with limited or no government financial assistance.

2.14 There is therefore, a range of options that the Hong Kong Government can take in regard to school textbook policy. In the final analysis it is up to the Government to decide on how far it should intervene in the market, or whether market based mechanisms should be used in the supply of textbooks at all. It is clear from current levels of Government involvement that education is not a matter that will be left solely to the open market. The Council itself does not consider that the open market is the best means to serve all aspects of an education policy. The task at hand for the Council, given current government policy, is to identify those benefits that a market based approach can bring in terms of lowering costs, increasing choices and maintaining high standards of quality, while at the same time recognizing that the Government has an important role to play.

Improving the industry generally

2.15 In examining the industry as it currently stands, the Council identified a number of matters that should be addressed to improve efficiency. These matters have been identified, and recommendations made, notwithstanding the Council's major recommendation to create loan libraries. Some of the recommendations may become redundant if the loan library concept is taken on board, while others will be important regardless. On the other hand, if loan libraries are constructed on a pilot basis, then there will in effect be two systems for some period of time. In these circumstances, the Council's other recommendations will be relevant for those parties involved with maintaining the current system of textbook supply and demand. The recommendations are as follows.

Publisher recommendations

2.16 Publishers should be further encouraged to produce addenda to update minor revisions in textbook contents. To extend the reusability of textbooks, publishers should also consider separating exercise sheets, workbooks, and supplementary materials that students need to fill in or write on, from textbooks. These measures would assist the viability of a second-hand textbook market.

2.17 Publishers should furnish price lists (for both new editions and revised editions) for schools' consideration during the textbook selection stage, and for the information to be given to ED to put on the Recommended Textbook List for easy reference by teachers.

2.18 Publishers should reduce superfluous pictures, excessive spaces, or unnecessary supplementary exercises in the textbooks (recommended in Choice Magazine of September 2000). In addition publishers could use loose leaf presentation, to allow for the separation of different textbook sections, so as to reduce the weight burden for students and provide flexibility in future changes.

2.19 Teaching aids that do not come as a package (an integral part of the textbook) and other items of teaching equipment should be treated as separate from textbooks. Accordingly, separate invoices should be issued to schools for them to purchase the equipment as individual items. (Section Four and Appendix Five).

Government recommendations

2.20 The Education Department should consider the various concerns that publishers have expressed with regard to the lead time allowed for submitting textbooks for approval. In addition, recognition should be given as to the costs incurred by publishers where there are changes to the teaching language used and the teaching method. (Section Six).

2.21 The Education Department could also consider applying a strict needs based approach to the Three-Year Rule for Revised Editions. Approval should not be automatic. Revision should not be approved if there is not sufficient improvement or significant change. (Section Six).

2.22 Consideration could be given to the monitoring of compliance by schools with the various guidelines that Education Department has issued relating to the selection of textbooks. All Education Department frontline staff in contact with schools have a role in advising and monitoring the guidelines. Better dissemination through seminars to school staff involved in selecting textbooks will be helpful.

School recommendations

2.23 Schools should be urged to use their bargaining power, through the selection process, to exercise preference for low cost features in textbooks, including reduction in superfluous pictures or other features that may unnecessarily contribute to high costs of production. Schools could consider enlisting the support and advice of parents associations to assist in this process.

2.24 Schools should indicate prominently that any prices quoted on the booklist are for reference only, and that parents are free to purchase textbooks from any booksellers.

2.25 Where schools are involved either directly or indirectly via designated booksellers in the sale of textbooks to students, they should stress to parents and students that purchase from these outlets is discretionary. (Section Six).

2.26 A number of recommendations have previously been made in the Council's Choice Magazine (issue of September 2000) following a survey of textbook prices at the time. The recommendations were:

- (a) Non-profit making organisations and schools could undertake to organise sales of secondhand textbooks.
- (b) Wording such as 'optional' or 'for reference only' should be printed on the booklists for non-compulsory books /workbooks. Schools can play a role by providing more copies of these materials in their libraries.

Use of information technology

2.27 Regardless of what policy options are chosen in terms of using market based principles or Government intervention in purchasing hard copy textbooks,

greater use of information technology should be explored. (Section Four)

2.28 For example, the Curriculum Development Institute could support schools to devise their own teaching materials, along the lines of web-based learning resources. In the long run, teaching materials could then be tailor-made to match students' learning abilities, and the updating of teaching materials could be greatly facilitated. This implies that the role of the Curriculum Development Institute would gradually evolve from centralised control on curriculum to supportive monitoring of schools in developing a flexible curriculum. Nevertheless, copyright considerations in sharing materials which may be copied or adapted, would need to be taken into account.

2.29 Greater use of the Internet could be made in terms of making soft copies of textbooks available by publishers.

SECTION THREE - SUPPLY AND DEMAND CHARACTERISTICS

The markets

3.1 The Council chose to only examine the supply and demand for primary and secondary textbooks and not tertiary textbooks. The markets for the latter are commonly viewed as subject to fierce competition from imported textbooks, as tertiary level texts can be generally satisfied by using foreign works without adaptation. Moreover, the concern with prices of textbooks over the years has been directed at the primary and secondary sectors.

3.2 Accordingly, the two markets of direct relevance to the study are:

- the market for supply of primary and secondary school textbooks (the publisher market); and
- the market for retailing of textbooks (the retail market).

Textbook supply and demand

3.3 Based on the Council's estimation, annual sales turnover for new textbooks is over \$1 billion⁶. This estimate does not take into account the sale of second-hand textbooks.

3.4 The demand for textbooks is different from demand for many other products where end users exercise choice of products to be consumed. In the purchase of textbooks, individual schools exercise discretion in the choice of textbooks. Once a textbook has been selected by a school it falls into the category of a product for which no substitute is available, and demand is therefore completely inelastic. There is also a high reliance in most schools on textbooks in teaching methods, with textbooks being prescribed for all subjects in the curriculum.

3.5 The latest available statistics from ED show that in 2000/01, there were 1,302 schools (816 primary schools and 486 secondary schools), with a total enrolment of 950,672 students.

3.6 It is clear that because Hong Kong publishers' have little or no opportunity to distribute Hong Kong textbooks outside the SAR, the size of the local student population against the number of publishers is important to achieve scale economies in textbook production. In a highly congested market, publishers might face difficulties in securing an economically viable share of the total demand for textbooks. Some smaller publishers with low production volumes could find it difficult to recoup their investment. It can be assumed that in these circumstances, competition will eventually force those small-volume publishers from the market.

⁶ This estimation is based on 90% of primary school students and 70% of secondary school students buying new texts. Details can be found in the Choice magazine (pps. 23-28, no. 263, September 1998). In fact, one of the publishers associations estimated that the industry made \$1.2 billion a year.

SECTION FOUR - THE PUBLISHER MARKET

4.1 There are no officially published or prescribed textbooks⁷ in Hong Kong. The supply of textbooks is derived solely from private or commercial publishers, and the Curriculum Development Institute (CDI) provides guidelines on different subject syllabuses, then evaluates privately prepared textbooks for suitability against the CDI syllabuses. Publishing in Hong Kong is quite localised, with most textbooks in Hong Kong being written by local teachers, sometimes in collaboration with tertiary-level academics, and produced by local publishers. A few international educational publishers are also represented in publishing locally used texts, including local adaptations of foreign works.

4.2 Many of the textbook publishers belong to either one of two publisher associations, namely the Anglo-Chinese Textbook Publishers Organisation and the Hong Kong Educational Publishers Association. From information provided by ED, there are currently 99 publishers of primary and secondary textbooks in the industry. Of these a number of publishers have not produced any textbooks over the past few years, and ED estimates the number of active publishers, i.e. those who publish on a regular basis, is 40 to 50.

Market shares

4.3 Tables 1 and 2 indicate publishers' shares in primary and secondary school categories, based on the 2000/2001 textbook lists provided by 23 primary schools and 49 secondary schools. For previous year statistics see Appendix 1.

Table 1**Primary Segment by Sales Turnover – 2000/2001**

	Publishers	Market Shares (%)
1	A	24.4
2	B	22.1
3	C	17.4
4	D	12.6
5	E	6.3
6	F	5.3
7	G	2.6
8	H	2.0
9	I	1.9
10	J	1.0
	Others (Market share <1.0%)	4.4
	Total [36]:	100.0

⁷ For subjects with small markets (e.g. Technology Education), the Curriculum Development Institute (CDI) invites interested parties to submit tender to develop teaching kits. CDI also prepares Educational Television (ETV) for the use of primary school students. ETV is categorised as teaching materials.

Table 2
Secondary Segment by Sales Turnover – 2000/2001

	Publishers	Market Shares (%)
1	E	14.5
2	K	12.5
3	A	11.9
4	L	7.5
5	M	7.1
6	N	7.0
7	O	5.3
8	P	4.9
9	Q	4.5
10	R	3.7
11	S	3.0
12	T	2.5
13	D	2.1
14	U	2.0
15	V	1.6
16	W	1.4
17	X	1.0
	Others (market share <1.0%)	7.5
	Total [59]:	100.0

Note: Figures may not add up to 100% due to rounding off.
% shares are calculated by multiplying book count and sales price per book then dividing by total sales turnover.
Market shares of publishers for primary textbooks are estimated by taking the first term only and those for secondary textbooks are estimated by taking the whole school year data.

Source: Figures are based on booklists supplied by 23 primary schools and 49 secondary schools.

4.4 From the results of the survey of schools, four publishers have by far the major share in terms of primary school textbook sales turnover, altogether accounting for 76.5% of the primary school segment in school year 2000/2001. The fourth publisher achieved close to 13% (it had less than 10% in 1999/2000). The top four publishers owned a cumulative share of 76.5% of the primary school textbook segment while most of the remaining publishers each had a share of less than 3%. The market shares of the four publishers ranged from 12.6% to 24.4%. The situations in 1999/2000 and 1998/1999 were almost the same - with the top four positions remaining in the hands of the same four publishers and the respective cumulative shares being 75.4% and 68.2%.

4.5 The secondary school textbook segment, on the other hand, has more publishers with none holding more than 15% share by turnover. Similar findings are observed for both school years 1999/2000 and 1998/1999.

4.6 However, the scenario of market distribution when categorised by subject shows a different picture. From the following tables, it is observed that both the primary and secondary textbook segments are highly concentrated within individual subject category, having a small number of publishers holding substantial shares by subject. For instance, publishers A and N respectively held the major share (above 75%) in the primary English textbook segment and secondary Mathematics textbook segment in both academic years 1999/2000 and 2000/2001. For a more detailed

breakdown and previous year statistics see Appendix 2. It is also noted that some publishers, generally the large publishing houses, supplied a wide range of texts, producing both science and humanities textbooks.

Table 3
Primary Segment by Subject – 2000/2001

Subject	No. of major publishers*	No. of publishers	Publisher - Market Share (%)	
Chin. Language	2	5	B	45.2
			D	40.8
			Others	14.0
Chin. Language TOC	4	4	B	38.0
			E	24.5
			D	21.6
			C	15.6
English	2	3	A	81.9
			E	13.8
			Others	4.2
English TOC	2	2	A	85.2
			E	14.8
Maths	2	4	D	76.8
			C	13.8
			Others	9.4
Maths TOC	4	5	A	44.6
			D	17.5
			B	15.6
			C	14.5
			Others	7.8
General Studies	2	4	B	51.3
			C	40.5
			Others	8.2
Putonghua	4	8	C	35.5
			Y	18.5
			D	15.1
			B	11.8
			Others	19.1
Music	4	8	F	43.2
			G	20.7
			B	11.7
			A	11.6
			Others	13.1

Table 4
Secondary Segment by Subject – 2000/2001

Subject	No. of major publishers*	No. of publishers	Publishers - Market Share (%)
Chin. Language	3	8	E 58.0 M 25.1 U 10.9 Others 6.0
English	4	6	A 45.1 L 25.2 E 15.2 P 13.3 Others 1.2
Maths	2	8	N 78.0 S 17.7 Others 4.3
Integrated Science	4	7	L 34.4 Q 25.3 A 23.5 P 10.3 Others 6.5
Putonghua	4	7	Z 34.1 Y 24.5 T 17.9 K 14.8 Others 8.7
Computing	3	14	P 22.3 W 21.8 A 21.7 Others 34.2
Chin. History	5	9	K 44.3 D 17.9 M 15.4 U 10.9 R 10.3 Others 1.2
History	3	8	L 33.2 M 29.1 R 24.2 Others 13.5
Geography	2	6	K 65.3 E 17.7 Others 17.0
E. P. A.	3	7	R 49.0 K 25.1 Q 17.3 Others 8.6
Economics	2	10	O 48.3 A 37.3 Others 14.4
Chin. Literature	4	6	M 32.8 K 25.3 X 20.1 E 15.1 Others 6.7

Subject	No. of major publishers*	No. of publishers	Publishers - Market Share (%)
Eng. Literature	1	1	I 100.0
A. Maths	3	6	K 54.6 S 24.4 N 10.6 Others 10.4
Physics	2	10	E 40.0 P 26.1 Others 33.9
Chemistry	3	5	Q 59.6 AA 23.7 P 14.1 Others 2.6
Biology	2	7	E 52.1 L 37.5 Others 10.4
Commerce	2	10	A 59.2 T 16.4 Others 24.4
Music	3	5	BB 59.4 O 26.3 CC 12.1 Others 2.2

Note: * Major publishers are those with market shares >10%.
Figures may not add up to 100% due to rounding off.

Source: Figures are based on the 2000/2001 booklists supplied by 23 primary schools and 49 secondary schools.

Competition concerns based on market share

4.7 A high concentration of suppliers in a market will raise a prima facie competition concern. In jurisdictions with laws that prohibit anti-competitive mergers or acquisitions, a benchmark test based on arbitrary market concentration ratios is generally applied to determine whether an acquisition or merger might be at risk of breaching the law. If a proposed acquisition or merger satisfies the test, i.e. that it would result in a concentration level at or above the arbitrary level, the merger or acquisition would therefore be scrutinized to see whether in fact the authority is of the opinion that the concern is well founded.

4.8 Taking one jurisdiction as an example⁸, if a proposed merger will result in a post-merger combined market share of 75% or more, for the four (or fewer) largest firms, and the merged firm will supply at least 15% of the relevant market, the competition authority will want to give further consideration to the proposal before being satisfied that it will not result in a substantial lessening of competition. In any event, if the merged firm will supply 40% or more of the market, the competition authority will want to give the merger further consideration. The twofold thresholds in the competition authority's benchmark test reflect concerns with the potential exercise

⁸ Australian Competition and Consumer Commission, "Merger Guidelines – A guide to the Commission's administration of the merger provisions (ss50, 50A) of the Trade Practices Act", 16 July 1996.

of both coordinated market power⁹ and unilateral market power.

4.9 Applying the above benchmark test (which is set at a more lenient level than competition authorities in comparable advanced economies) to the primary school textbook segment in Hong Kong, and to subject areas in the secondary segment, would give a prima facie reason for concern as to the state of competition. This would particularly be the case should there be further concentration of publishers; for example through merger or joint venture.

4.10 However, whether the concern would be justified, depends on the facts that exist at the time. For example, what is the relevant market to be assessed (i.e. a separate primary textbook market) and how contestable is that market¹⁰. There are a number of factors that would need to be closely assessed, such as the degree of supply side substitutability (imports and competing technology) and barriers to entry. A brief summary of these follows.

Imports

4.11 The importation of textbooks simply requires a customs declaration and no import license. It is noted that some schools, mainly international schools, use imported storybooks in their teaching, but the number of books is small when compared with locally produced texts. It seems clear that local publishers can easily satisfy market demand whereas foreign works cannot match the local curriculum without adaptation. There would seem to be little incentive to adapt foreign works when local authorship is readily available and local materials can be adjusted and amended swiftly in response to curriculum requirements. Nevertheless, given that Mathematics, English, and Science texts have universal application, extensive adaptations in these subjects may not be necessary.

Supply side substitutability

4.12 While there is some specialisation as to subjects, publishers in Hong Kong generally supply a wide range of texts between different subjects, such as science and humanities. Having regard to the number of publishers, and the range of texts supplied, it can be assumed there is little impediment to Hong Kong publishers moving between different types of textbooks. Supply side substitutability between these participants in the publisher market would therefore appear to be high. For most subjects at most levels, there is a wide choice of approved textbooks. With reference

⁹ The ACCC's Mergers Guideline at para 5.167, op cit, makes the following observation in respect of coordinated market power: "One factor which is of general relevance is the extent to which the market is characterized by conditions conducive to coordinated conduct. While the exercise of unilateral market power does not require accommodating action by remaining firms in a market, the exercise of coordinated market power does. This does not necessarily involve collusion of the kind covered by s. 45 [prohibition of collusive contracts, arrangements or understandings] but may simply involve signaling or conscious parallelism. Features of the market which impinge on the likely rewards from co-ordination, the likelihood of reaching an agreement, and the ability of the parties to detect and punish deviations from the agreement, are all relevant to the likelihood of such conduct occurring and being successful in the future."

¹⁰ See Competition Policy Advisory Group Report 2000 - 2001, at paragraph 4.1 where it is stated "As a general rule, investigations into and follow up actions on [competition] complaints are carried out by the relevant bureaux and departments." This report is accessible from <<http://www.info.gov.hk/esp/refer/papers/report.htm>>. In these circumstances, due to the general sector specific competition role given to government agencies in the Government's Statement on Competition Policy, May 1998 <<http://www.info.gov.hk>>, the Education and Manpower Bureau or the Education Department would seem to have a role in ascertaining whether any action would need to be taken.

to the book counts in the Recommended Textbook List 2000/2001, there is a choice of approximately nine textbooks available for each core subject in each level of primary schools, and even more in the case of secondary schools. See Appendix 3 for a detailed breakdown.

4.13 However, as noted in Tables 3 and 4 there are high concentration ratios for individual subjects. The Council is unable to ascertain the reasons for this. In a joint submission to the Council by the Anglo-Chinese Textbook Publishers Organisation and the Hong Kong Educational Publishers Association it was noted that one of the factors affecting the incentive for entry into market segments was the presence of 'donations' or other incentives demanded by schools. The ability for some publishers to meet requests such as these might therefore account for their position¹¹. The two associations also noted that with regard to switching between subjects, publishers need to employ separate writers and supporting staff to work on new subjects which require extensive training and market research. Another reason for high market share might also be the quality of the texts themselves. For example, through publishers aligning themselves with sought after authors or otherwise having a higher quality, in terms of academic excellence.

Barriers to entry

4.14 Entry into the publisher market is affected by a number of factors. On the one hand there are those factors that contribute directly to the fixed and variable costs of operation, such as printing, distributing and marketing the textbooks. On the other hand there is the ability to satisfy government that the publisher's textbook is adequate as a means of instruction for curriculum requirements, and therefore to be placed on the Recommended Textbook List; and to satisfy individual schools that their recommended textbook is best for that school¹².

4.15 On the first point, obtaining access to printing, distribution and marketing services are not considered problematic. Comments were made to the Council that publishers can reduce printing costs for example, by utilizing printing houses in Mainland China. On the second point, any academic or commercial publisher is free to develop textbooks or learning materials for any subject or any level in local schools by utilising their own in house creative capacity, or by seeking those services from academics and other education specialists. Satisfying government criteria, and those of schools have their own separate problems as far as entry into the market is concerned.

Satisfying government criteria

4.16 Under the existing regime, the CDI provides guidelines on different subject syllabuses, then evaluates privately prepared textbooks for suitability against the CDI syllabuses. The evaluation criteria include coverage, content, sequence, exercises, language, illustration and format of textbooks. To facilitate schools in choosing quality textbooks, CDI maintains a set of Recommended Textbook List for schools' reference. Schools are encouraged to choose suitable textbooks from the Recommended Textbook List although there is no requirement to do so¹³. ED stated

¹¹ ED has published a guideline to address the issues arising from schools receiving donations from publishers. See ED Schools Curriculum Circular No. 1/2001, "Notes on Selection of Textbooks and Learning Materials for Use in schools."

¹² As noted in Section One, the Council issued a report in March 1999 on incentives offered by publishers to influence schools in their purchasing decisions. These would also be a matter new entrants would have to consider when entering the market.

¹³ Previously, schools have to provide ED with justifications if they do not choose from the Lists. This may

to the Council that it is common practice for the panel of subject teachers within schools to provide reasons for selecting certain textbooks, on the basis of suitability for their students. It was also noted that most schools still choose textbooks from the Recommended Textbook List.

4.17 To assist publishers in preparing new syllabus textbooks, ED has improved the transparency of its curriculum development by putting new syllabuses on the website of the CDI, where information is updated at regular intervals. As a result, all interested parties can easily obtain new syllabuses and prepare their textbooks accordingly. This arrangement now provides equal access to information for potential and existing publishers in the market.

4.18 In the course of the study, publishers complained to the Council that some government policies affect their ability to create textbooks in time for selection by schools, well before the beginning of the school year. For example, the production of textbooks for schools' selection can be subject to the efficiency or otherwise of ED in issuing its requirements as to textbook subject matter etc. If ED does not give sufficient time in setting out its requirements for publishers to create the textbooks, and they are therefore unable to meet deadlines for submission of textbooks, and for the textbook to be included in the Recommended Textbook List, they could suffer significant investment losses as a result. See Appendix 4 for a breakdown of the production schedule of textbooks for the new syllabuses.

4.19 Publishers also complained that in submitting textbooks for review, ED requires the whole series of textbooks for a subject curriculum to be submitted at the same time. Publishers argued that having to develop and submit a whole series of textbooks at the beginning of their entry means that resulting cost increases would eventually be passed on in the price paid by students and their parents for textbooks. Nevertheless, ED sees this requirement as important so that consistency and continuity of a series is maintained and the textbook coverage of that curriculum can be properly appraised.

Satisfying schools' criteria

4.20 As noted above, market participant's other concerns are to satisfy the criteria that schools have in the textbook selection process. Apart from the need to satisfy the demands of the school in terms of a textbook's educational function, there is also the issue of incentives. A study undertaken by the Council in 1999 indicated that it was common practice for publishers to provide complimentary teaching aids and sponsorships, and make donations to influence school's decisions on which textbook publisher to select. Examples given were supplementary learning materials such as teacher manuals, progress charts, cassette tapes, and computer software. There were also other gifts to schools, or sponsorship of some extracurricular activities and events. Apart from these incentives, it was noted that there had been cases of schools requesting substantial additional numbers of copies of teachers' desk copies of textbooks and teaching manuals.

4.21 The Council's view of the practice at the time was that

- the efficient operation of the market may be impaired; and
- students and their parents may be paying higher prices for textbooks

prevent schools from selecting quality textbooks from a wider source such as those books published in other places.

than would otherwise be the case.

4.22 The Council noted in its report that the practice of offering sponsorships or incentives could be viewed as a legitimate cost of marketing school textbooks, because of the benefit ultimately derived by schools in educating their students. In addition, the value of certain teaching aids cannot be arbitrarily dismissed. Some of the teaching aids might not be critical to the use of a textbook and could be substantiated by teaching materials developed by teachers or schools. Ultimately it is a matter for the school to decide whether the offer supports the primary responsibility of schools, which is to educate students to the best possible standard.

4.23 The Council's study made a number of recommendations to address the concerns. A copy of the recommendations can be found at Appendix 5. In summary, the Council recommended that increasing transparency in the provision of teaching aids and donations, and that their provision should be within acceptable limits, would assist competing publishers to be aware of the possible costs of doing business. This transparency was also necessary in order that other interested parties within society in general are aware of the extent of payments to schools that could raise issues of conflict of interest. In addition, the Council recommended that teaching aids (i.e. those that are not an integral part of the textbook) should be invoiced separately to the schools for their purchase, rather than be given to schools without cost. The concern in this respect was that the provision of free teaching aids added to the cost of textbooks borne by students/parents.

4.24 From discussions with publishers, it appears that the industry is still characterised by market participants having to counter the offers made by their competitors on incentives and donations when attempting to convince schools to choose their textbooks. However, from discussions with school councils, it appears that many schools are of the view that teachers do not need to take the contents or quality of teaching aids and supplementary materials into consideration when making a choice on textbooks. Moreover, it was said that schools are willing to buy teaching aids and teaching materials from publishers on a needs basis, instead of obtaining them by donation.

History of entry and exit

4.25 Annual price surveys have been carried out by the Council, on a regular basis, for the last 24 years. The Council's observation over that period of time is that the industry has had a significant history of entry and exit. In their joint submission to the Council the Anglo-Chinese Textbook Publishers Organisation and the Hong Kong Educational Publishers Association noted that in recent years, the number of publishers in the industry had remained rather constant and newcomers were relatively few. The observation was made that some 'inactive' publishers prefer to adopt a wait and see attitude. This suggests the market in general is contestable and that entry would be easy.

4.26 The entry of new players is generally associated with the introduction of new subjects; whereas exit is usually linked to a change in curriculum and consolidation of subjects. For example, the newly created computer science subject has attracted many new players into the publisher market, Digital Vision Educational Publishing Company being one prominent example. On the other hand, there are publishers losing significant market share and having a diminishing role in the market. Faced with the Government's implementation of Target Oriented Curriculum some years ago, and the consolidation of subjects, such as combining social science and health studies into general studies, it was observed that some publishers were no

longer developing new textbooks. Examples are Evergreen Publications Ltd, Good Earth Publishing Company Ltd, Sheep's Publication (HK) Ltd. These publishers at present only supply reprinted textbooks to the market.

Information technology

4.27 It should also be recognized that the transfer of knowledge no longer takes place simply in paper format. The use of information technology is also playing an important part in the education system with the result that the Internet, and similar applications of information technology could become closer substitutes or supplements to textbooks.

4.28 The Government has taken many initiatives in information technology in education, including the provision of hardware, equipment, IT coordinators and technical support services to schools. To enhance the use of information technology in teaching and learning, the Government set up an Information Technology Education Resource Centre in September 1998, to provide a collection of resource materials, including educational software, computer assisted learning packages and useful websites for teaching and learning by subjects and levels.

4.29 Software developers are commissioned by the Government to develop educational software on some selected topics for the use of schools. As the application of information technology gains momentum, it can be expected that their substitutability for paper textbooks will be correspondingly higher.

Centralized textbook publishing

4.30 In June 1999, rumours were circulating that ED planned to author some textbooks in co-operation with tertiary institutes. According to ED, the idea was raised with a view to better control and improve the quality of textbooks. However, there was neither a concrete plan nor a feasibility study on the issue. The rumours did provoke strong response from the publishing industry and academics. It was feared that should the idea become a reality, ED would be overwhelmingly influential and cause a bias in the schools' textbook selection process. The concern was that ED's influence would distort the competitive rivalry that characterises the present market where commercial publishers compete amongst themselves on the basis of their own attributes for the custom of schools. It was also suspected that ED could not take a neutral stand towards sensitive topics taught in schools (17 June 1999, Mingpao).

SECTION FIVE - THE RETAIL MARKET

5.1 In the retailing sector, there are roughly 100 booksellers¹⁴ selling school texts in Hong Kong. About 40, comprising some major booksellers, are members of the Educational Booksellers' Association (EBA). Independent retailers operate most of the bookstores although some booksellers are also vertically integrated into textbook publishing, e.g. Ling Kee and Commercial Press. There is no suggestion that these vertically integrated booksellers exhibit any anti-competitive practices such as refusing to stock competitors' texts on their shelves. It is unlikely that such conduct would occur, or be profitable, due to the fact that the books would in any event be available at other booksellers, and the main field of rivalry for publishers in securing a share of the textbook market is in convincing schools to select their texts.

5.2 According to EBA, booksellers are passive in the supply chain, where publishers have control of both marketing and pricing. Publishers stated that since they undertake almost all of the marketing effort in obtaining selection as a school text, the discount rate generally offered by them to booksellers is 20% off the list price. Discounts off the list price is a prevalent practice by retailers, and the most common discount at retail level during 1999 was 10%¹⁵.

5.3 In the case of textbooks, there is neither volume discount nor consignment, as opposed to books of general categories. Textbook retailers have to face seasonal demands, bear slow-moving stocks and risk dead stocks. Booksellers' cost of carry is further increased by the need to source from a number of publishers as there are often over 10 recommended textbooks per subject per level.

5.4 In the present economic downturn, EBA submitted that publishers would withhold supply from those booksellers perceived to have cash flow problems. Particularly vulnerable are those viewed by publishers as being unable to make ends meet (such as those operating on very slim gross margins due to high retail discounts). EBA added also that some booksellers cherry-picked fast moving items to reduce the cost of carry, thereby enabling them to afford a higher discount. That explained why some booksellers did not carry the full line of textbooks.

5.5 On the printing of textbook lists, EBA commented that it was a service rendered free to schools, but could in no way influence the market demand. In textbook selection, subject panels recommend shortlists of textbooks for the schools' eventual choice. The shortlists may, to some extent, be influenced by publishers; but not by booksellers.

Second hand textbooks

5.6 A second hand textbook market exists in Hong Kong, although it is of a smaller scale than new textbooks. One of the publishers associations stated that the sale of new textbooks generally falls by 30% in the subsequent year following first year of publication. The association further submitted that the second hand textbooks market, especially for upper form textbooks, has a significant impact on the publisher market. In a rough estimation, the split of the textbook market for new and second hand textbooks was stated to be around 70:30.

¹⁴ Figures are estimated by the Educational Booksellers' Association.

¹⁵ Op Cit, Consumer Council 22 September 1999 Report on a recommended discount agreement between Hong Kong booksellers.

5.7 Some second hand booksellers attributed the small share of the overall retail market for second hand textbooks to the low substitutability of second hand textbooks with new texts partly due to the revision of textbooks which rendered second hand texts relatively valueless. There was also a suggestion that there might be a reluctance on the part of some parents or students to purchase second hand goods¹⁶. The Council is unable to ascertain whether the reason why the majority of students buy new texts is simply because they prefer new texts over used texts. Nevertheless, in view of the fact that second hand textbooks, where they are direct substitutes for new texts, generally cost 40% to 50% less than new texts, the existence of a second hand market would be important in relieving the financial burden of purchasing textbooks. The extent to which there are frequent changes/revisions in existing textbooks would play a large part in determining the viability of such a market.

Retail market shares

5.8 The Council was unable to obtain market shares between various booksellers due to an apparent lack of information maintained by the industry. EBA, which is believed to represent a sizeable section of the retail sector, was unable to provide an estimate of its members' market share, in terms of aggregate turnover, due to a claimed lack of research. Nevertheless, the Council is of the view that its members' presence would not be insignificant, as EBA is the only booksellers' association in Hong Kong comprising major booksellers. Some of its members have large-scale operations, e.g. Hon Wing Book Co, Jing Kung Book Store, Ling Kee Bookstore, T.H. Lee Book Co and the World Book Store.

Retail profitability

5.9 EBA claimed that the textbook retail market is contracting and for two decades there had been no newcomers willing to invest in the retailing sector. While this could be seen as an indicator of low profitability, it could also indicate that the retailing of textbooks may need to evolve towards other more efficient means of distribution, such as direct sales by retailers in schools or using other modes of delivery¹⁷. Any impediments that prevent restructuring would need to be closely examined and addressed¹⁸.

Recent innovations in retailing

5.10 On the publisher side, as far as the Council is aware, Ling Kee started selling textbooks by Internet in 1999. In the same year, the multi-product retailing outlet adMart joined the textbook retail market, along with the sale of other commodities, through internet/call centres/retail stores to sell secondary textbooks. However, it was noted that adMart had not gained sufficient momentum given the unavailability of certain textbooks and some students who were relying on supply from that retail outlet ended up with no texts when schools started (1 September 1999, AppleDaily News)¹⁹. Some schools also allow direct sales of both new and old textbooks on school premises, although this is on a small scale.

¹⁶ ED opined that possible reasons for the majority of students buying new textbooks may be the culture of use of textbooks (making personal notations), the importance parents place on textbooks, and the fear of labeling effect.

¹⁷ ED opined that schools are not encouraged to involve in sales of textbooks directly as they should be focus on teaching and learning and conflict of interest might arise.

¹⁸ See footnote 2.

¹⁹ adMart closed operations in late 2000.

5.11 Recently, Commercial Press launched its CP1897.com service, selling textbooks via the Internet. Ordered textbooks are collected at Commercial Press stores, 7-ELEVEN stores, or certain real estate agencies.

SECTION SIX – GOVERNMENT POLICIES

6.1 This section of the Council's paper examines current government policy in relation to textbook supply and demand, in terms of the textbook selection process, and the effect on publishers being able to meet that demand.

Educational policies

6.2 During the course of the Council's study, both individual publishers and the publishers' associations claimed escalating prices of textbooks were the result of the government's implementation of 'Target Oriented Curriculum' (TOC) some years ago, coupled with separating schools into English and Chinese streams. Each of the policies resulted in a smaller market for particular types of textbooks.

6.3 According to the publishers, they had to produce assessment exercises, teacher's manuals, progress charts, and other supplementary teaching material for teachers and students in addition to producing TOC textbooks. This, it was claimed, had incurred substantial costs through investment in resources and manpower. However, ED stated that in the Recommended Textbook List, no extra materials were required to be produced other than TOC textbooks and work sheets. While not on the Recommended Textbook List, those supplementary materials might be indispensable to assist teachers in their adjustment process to the TOC scheme. The Council's study found that TOC textbooks were generally higher in price²⁰ than those of the traditional curriculum.

6.4 Publishers submitted that the 'mother tongue teaching policy' compelled the production of a new set of Chinese language textbooks and instructional materials. It was claimed that publication of texts in both English and Chinese not only increased production costs, but also decreased the circulation volume of each version, consequently leading to higher unit prices.

6.5 In regard to curriculum changes, publishers noted that in some cases a textbook may be produced to serve what is ostensibly a trial change in curriculum; although it may not have been characterised in these terms. In some circumstances, the investment by publishers in producing related textbooks, and competing with each other for selection by schools, might not be recovered because the curriculum change is later abandoned. Given these circumstances it was felt that ED could consider that where textbooks are being sought for what is ostensibly a trial educational purpose, measures could be adopted to balance the risks associated with producing material against the costs. For example, that one publisher be selected to produce the initial material rather than having publishers compete against each other at that stage. The market could then be opened up when the curriculum change has been established as long term policy.

6.6 It is outside the scope of this paper to examine whether the Government's implementation of TOC and the separation of schools into English and Chinese streams are justified in terms of cost-benefit considerations. Nevertheless, it is clear that ED would need to constantly keep in mind the requirement to formulate a coherent set of principles on education policy, that takes into account the cost

²⁰ Take for instance the Primary Five textbooks in 1999/2000, the Council's survey gathered that the TOC textbooks for Chinese, English and Mathematics were respectively 25%, 8% and 42% higher in price than the traditional curriculum textbooks. Other levels were not chosen for comparison because of the unevenness in the two curricula taken among the schools sampled, but the price differentials appeared similar, if not more marked.

implications for publishers, and the impact on parents' financial burdens.

Curriculum development

6.7 According to the publishers, one of the causes of increases in the cost of production is ED's periodic revamp of the curriculum. Furthermore, it was stated that the lead-in time from announcement of a new curriculum to approving a final list of textbooks by ED exerted great pressure on publishers. Hence, they had to work on a tight schedule which in turn increased production costs.

6.8 The Council was informed by ED that a curriculum is revised on a need basis upon advice of the Curriculum Development Council (CDC). There is no fixed period cycle. Similar to the case of Singapore, revision of curriculum is according to actual needs; there is no specific period for curriculum review.

6.9 ED also stated that CDC adopt a multi-stage consultation for curriculum development where publishers are kept informed of up-to-date development of the new/revised curriculum matters and policies with regard to the writing of textbooks. In an attempt to map out the lead-in time for textbook revisions in different subjects, the Council examined ongoing revisions in CDI syllabuses (based on information provided by ED) and tabulated the textbook production schedule in Appendix 4. It can be observed from the data collected by the Council that the time span available for publishers to produce drafts of textbooks for review is normally 14 months²¹ for most subjects.

6.10 However, problems still arise. For example, a newspaper article at the time revealed a delay in the publishing of computer textbooks for the school year 1999/2000. The computer textbooks for secondary forms 4-5 were not available in August, when the new school year was only one month away. In response to questions on the adequacy of the lead-in time, ED argued that they had informed publishers of the subject curriculum at all stages beginning in the year of 1998. From their point of view the prospective publishers should have started their information gathering process, which would allow them sufficient time to the implementation of the new syllabus for computer studies subject. ED commented further that the system operates to serve the best interest of students, but not the interests of publishers.

Periodic revisions

6.11 It was stated that ED adopts a Three-Year Rule for Revised Editions, which means that once a textbook is graded "A", i.e. to be included in the Recommended Textbook List, it will not normally be reviewed again for a period of three years, save for certain subjects that necessitate up-to-date materials. To avoid unnecessary revision of textbooks, ED's practice is that Textbook Review Panels (created for different subject areas) will go through proposed revised editions of textbooks to ensure that the revision is substantial enough to merit a revised edition.

6.12 At first glance the Three-Year Rule appears a sound policy. However, it is equally valid to query why a specific period is taken for conducting a review of a textbook, as opposed to monitoring the necessity for revision on a needs basis. This is particularly so because the period of three years might not necessarily be the usual period of time over which educational material for a particular subject will become

²¹ The recent revision for new syllabuses is implemented by levels, and therefore allows more ample time for S4-5 revisions than S1-3 revisions. The revised S4-5 syllabuses for English and Mathematics allow up to 50 months for publishers to turn in a draft for review. Publishers may start publishing the new textbooks earlier than scheduled to match the preference of certain schools.

redundant. The stipulation of a specific review period more or less invites a revision of the text and therefore increases the likelihood of a new edition that will make previous texts redundant. This can impair the viability of a second hand retail market, and add to the costs for the industry.

6.13 Nevertheless, while agreeing that removing the Three Year Rule may attract unnecessary submission of review of revised textbooks, the Council considers a strict needs based approach should be applied to the Rule. Approval should not be automatic. Revision should not be approved if there is not sufficient improvement or significant change.

Production schedules

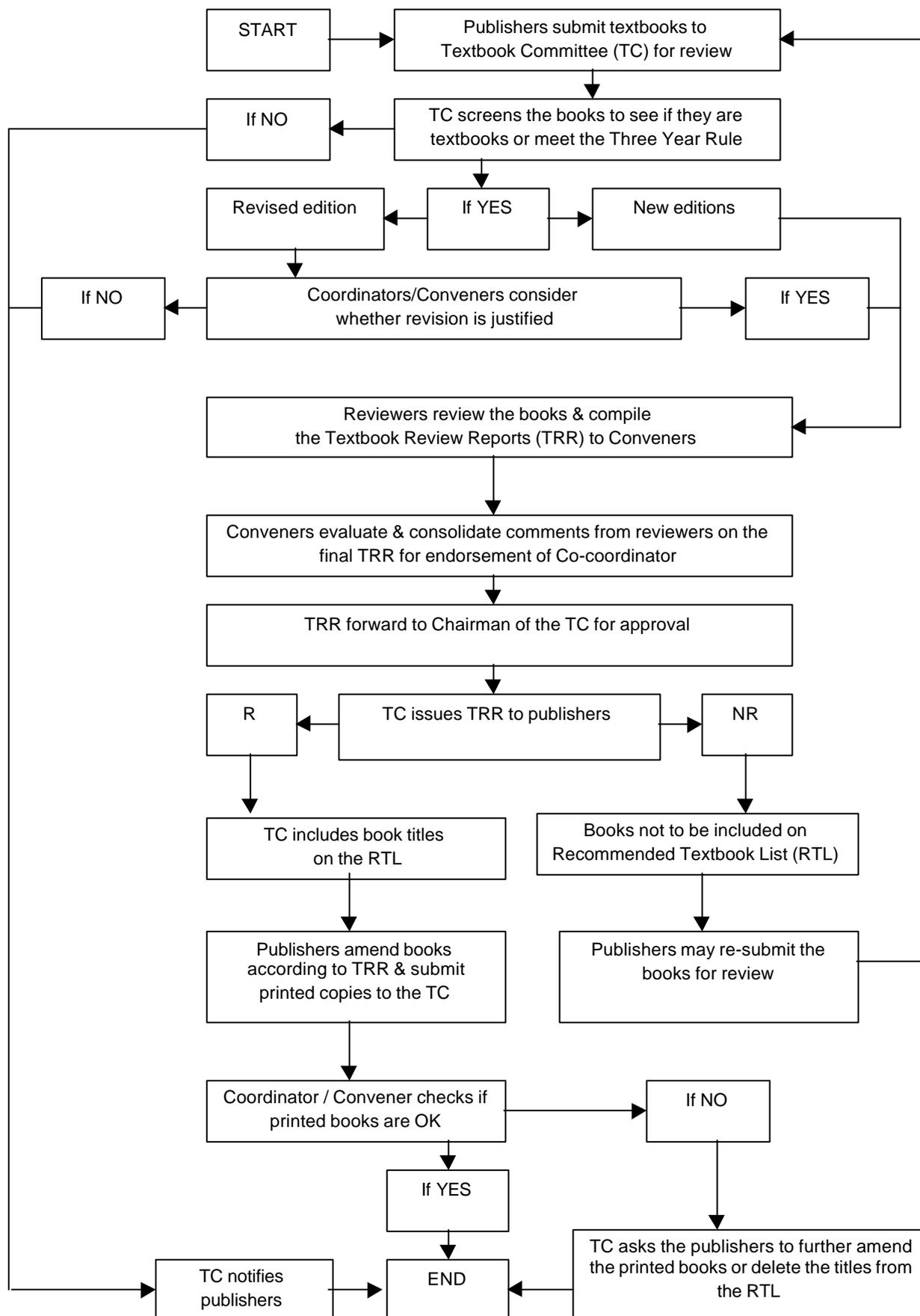
6.14 With advances in printing technology that facilitate quick modifications to textbooks, the lead-in time schedule does not appear to be particularly tight for textbook production. According to ED, the review system has in general been working well to ensure that textbook material is up-to-standard and reasonably up-to-date. To improve the efficiency in the operational flow, a quarterly submission schedule (the deadlines for submission are the end of February, May, August and November) has recently been adopted, whereby review reports are issued and approved textbooks are updated to the Recommended Textbook List on the ED website after three months from submission.

6.15 For publishers to have their textbooks included in the Recommended Textbook List, they must submit drafts of their textbooks to one of the relevant Textbook Review Panels for review through the Textbook Committee Secretariat, following a quarterly submission schedule. It is essential that for textbooks to be graded "A" they be written in accordance with the requirements in the relevant subject curriculum guide/syllabus and the general and subject specific textbook guidelines. Taking into consideration the comments of the reviewers, the convener of a Textbook Review Panel will then make a recommendation to the relevant co-coordinator for an overall grading of the textbook in the Textbook Review Report. Textbooks graded "A" will be included in the Recommended Textbook List. Textbooks graded "B" will not be included on the Recommended Textbook List²². Broadly speaking, textbooks may be graded "B" either because they are not written in line with the CDC subject curriculum guide/syllabus; or they contain inadequate coverage of curriculum guide/syllabus; or the content, arrangement of topics, concepts, appropriateness of language and other errors of the submitted copies etc. are not considered up to the required standard by the Textbook Review Panels. According to ED's records, in most cases the resubmitted versions meet the stipulated requirements.

6.16 The following flow chart describes the procedures of ED's Textbook Review System (information provided by ED).

²² Grades 'A' and 'B' will not appear in the Textbook Review Report with effect from 1 September 2001. They will be substituted by 'Recommended' (R) and 'Not Recommended' (NR) to avoid misunderstanding of grades being given to textbooks reviewed.

Flow of Procedures of the Textbook Review System



School Guidelines from ED

6.17 ED has issued and regularly updates circulars in relation to the selection of textbooks for use in schools²³.

6.18 To assist schools in making appropriate selection of textbooks, ED requires schools to set up subject textbook committees for conducting annual review of textbooks. The main focus of the review aims at evaluating the relevance and suitability of textbooks in meeting the educational needs and abilities of students. In the course of selection of textbooks/ learning materials, all members of a subject textbook committee are required to avoid or declare any conflicts of interest that may arise.

6.19 Furthermore, ED gives schools some guidance on the change of textbooks. If change of textbooks is found necessary, the subject committees are encouraged to work out a set of pre-determined subject-based selection criteria and keep a proper record of their final decision and recommendation. This is to provide a safeguard against any allegations of unfairness or impropriety. Frequent change of textbooks/ learning materials could impose an undue financial burden upon parents and schools are thus advised to make changes only if those currently in use are found unsuitable.

6.20 In its Schools Curriculum Circular, ED advises schools to give preference to textbooks which are lower in price and lighter in weight. Nevertheless, the eventual selection is still at the schools' discretion. As noted in Table 5 (Section 7), not all schools, as revealed in the Council's survey, formally consider the price and weight of textbooks as major evaluation criteria.

6.21 CDI has lately released new Guiding Principles²⁴ to provide criteria for schools/teachers to use in selecting quality textbooks for their students. The Guiding Principles include criteria for assessing quality in four areas: content, learning and teaching, language, and technical design. For instance, textbook content should only include core elements of the subject curriculum and not excessive and unnecessary information, so as to avoid overload in content and to leave room for students to 'learn how to learn'. This in turn would help reduce the weight of the textbooks and thereby the cost. On technical design, font type and font size, and quality of paper are also addressed in the Guiding Principles. For example, instead of white or glossy finish, cream and matt finished paper should be used.

6.22 In addition to providing criteria for schools and teachers in selecting quality textbooks for their students, the Guiding Principles aim to serve as a reference for textbook writers and to provide criteria for reviewers for the inclusion of textbooks in the Recommended Textbook List. The last point is important as this may imply that for any textbook writers who do not follow the criteria set out in the Guiding Principles, their textbooks will not be posted on the Recommended Textbook List.

6.23 Since 1990, schools have been allowed greater autonomy such that they are no longer required to submit textbook lists to ED for approval before a school year begins; except for new schools opened for the first year. School authorities, however, can approach ED for advice on textbooks. Reference to the Recommended Textbook

²³ Notes on Selection of Textbooks and Learning Materials for Use in Schools – Schools Curriculum Circular No. 1/2001, 2 April 2001. ED has previously conveyed similar principles to schools in various forms.

²⁴ Guiding Principles for Quality Textbooks by CDC Ad Hoc Committee on Textbook Quality, 26 July 2001.

List is encouraged and a standing arrangement with a particular publisher is to be avoided.

6.24 With regard to textbook lists, the Council considers that schools should indicate prominently that the prices quoted are for reference only, and that parents are free to purchase the textbooks from any booksellers. Where schools are either directly or indirectly involved with booksellers in the sale of textbooks, parents' rights to free choice should be upheld and they should be informed that purchases from those booksellers is not compulsory.

6.25 ED requires schools, through the issue of circulars, to follow certain guidelines and assumes an advisory role as to other activities relating to the choice of textbook. From information available to the Council, it appears that ED has not taken any direct monitoring or enforcement role on the guidelines, but has relied on the schools for implementation.

Textbook policy in other jurisdictions

6.26 In section eight of this paper is a summary of textbook policy in a number of other countries against which Hong Kong's practice and procedure can be compared.

6.27 In summary, as far as textbook selection is concerned, most countries adopt the 'review system' (where textbooks are reviewed against a set of established education principles). Only a few countries, such as Mainland China, adopt 'centralised textbook publishing' or 'state published' textbooks. The trend appears to be one of moving gradually towards free choice. Textbooks in these countries are mostly published commercially and publishers submit textbooks for government approval. It is very common for there to be an official recommended list of approved titles for school reference.

SECTION SEVEN - TEXTBOOK SELECTION

7.1 During the course of the study, there were two market practices regarding textbook selection that in the Councils' view affected the extent of competition in the relevant markets. These were:

- the disclosure of textbook prices during textbook selection process; and
- the revision of textbooks.

Disclosure of pricing information

7.2 In the textbook selection process, all schools surveyed by the Council responded that it was the subject teachers who were mainly, if not solely, responsible for the choice of textbooks. As observed from their rating of discriminating factors (Table 5), the schools put special emphasis on the textbook contents – their overall quality and their suitability for students.

Table 5

Rating of Discriminating Factors in Textbook Selection

Discriminating Factors	Primary Schools	Secondary Schools
Textbook Contents	3.00	2.96
Suitability for students	2.81	2.90
Content Quality	2.70	2.55
Availability of Teaching Aids	2.08	1.86
Printing Quality	1.51	1.22
Textbook Weight	1.35	1.02
Textbook Price	1.19	1.35

Note: Rating "3" – very important; Rating "2" – important;
Rating "1" – average important; Rating "0" – not important.

Source: Information obtained from the Council's previous surveys of 50 primary schools and 58 secondary schools.

7.3 One of the major reasons quoted for the low rating of price as a factor in selecting a textbook, was that textbook prices were mostly unavailable at the time of textbook selection. However, this would not apply for textbooks that had not been revised since the last edition. In the Council's survey, nearly all school respondents stated they would like to have list prices for reference in textbook selection. The Council's study showed that there was a margin of difference in textbook prices. In particular, the variation of prices was somewhat more pronounced in secondary schools. Tables listing primary and secondary textbook prices are set out in Appendix 6.

7.4 The unavailability of textbook prices at the time of textbook selection tends to distort the selection process. Based on the principle of promoting fair competition, publishers should provide price information as one of the criteria for consideration in the selection process. While not understating the importance of textbook contents in the textbook selection process, schools should be responsive to the fact that textbook

prices may impose a financial burden on parents²⁵. Moreover, schools are also consumers and hence it is important for them that publishers make price information available at the time of choice. Some publishers claimed that there would be difficulties in submitting a price list for new editions as they may not know the actual circulation volume of a textbook which could affect unit price. The Council can understand that printing volumes would impact on the cost of textbooks, and therefore the prices available to consumers. Nevertheless, some indication of price (such as an indicative price range) would seem to be a prerequisite for any textbook selection process.

Pricing pressure in the selection process

7.5 Notwithstanding the difficulties schools may have in obtaining pricing information, there is an inherent problem in the selection process due to the lack of pressure on the party selecting the textbook to closely consider price. The current system of textbook selection, and distribution is based on the notion of a competitive marketplace. A competitive marketplace assumes that informed buyers make decisions on sources of supply taking into account the three dimensions of price, product range, and product quality.

7.6 Under the current selection system the expected condition of a buyer being under pressure to choose the lowest price (all other factors being satisfied) is lacking. Finding the means to place pressure on schools to make textbook purchases at the lowest price, will redress this anomaly. The Council proposes one option, i.e. requiring schools to construct textbook loan libraries, as one means of introducing pricing pressure into the textbook selection process, thereby resolving the required circumstances for a market to function as efficiently as possible. Details of this proposal are outlined in Section Nine.

Textbook revisions

7.7 In addition to revisions that might be undertaken by ED (as noted earlier in this paper) textbook contents are also revised by publishers, without being prompted by curriculum changes. This would have a direct effect on students who require textbooks for prolonged periods of time which overlap with revisions. The changes would make existing versions redundant, and necessitate a new purchase.

7.8 A high incidence of changes to text can also have an effect on the development of second-hand textbook market, because older versions would become redundant and lose their utility. The absence of such a market, or one that is of limited size, would, it follows, be advantageous to publishers. It cannot be ignored that by simply revising the contents of a textbook, publishers could produce a new version with no second-hand substitute, and thereby limit the share of sales that would be lost to the second-hand market.

7.9 The Council conducted a survey in October 2000 on nine revised textbooks comparing the new editions against their old editions. In the survey, the assessment criteria was based on opinions from school principals, parents and teachers. The major findings were:

²⁵ Council survey indicated primary textbooks increased 13 fold in 2 decades, secondary by 7 times. The median monthly household income for the same period increased only by 3.9 times. Another survey indicated that prices since 1993 has doubled in 9 years by 108% in the primary and 95% in the secondary sectors. CPI for the corresponding period increased only 49%.

On necessity of revision, of the nine revised textbooks, only three were assessed conclusively as "necessary to revise". Of the remainder, five textbooks were assessed as "quite necessary" and one as "should be treated as reprint with minor amendments".

Illustration: "Reprint with Minor Amendments"

應作重印兼修訂處理的例子

(左:舊版 右:新版)

(左:舊版 右:新版)

作者

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修改部分

新版刪減了括弧內的文字

學習重點

- 一、認識軼事和寓言的特點。
- 二、學習運用對話以敘事寫人的寫作手法。
- 三、認識文言文中的一詞多義。

學習重點

- 一、認識兩篇短文的含義。
- 二、學習運用對話以敘事寫人的寫作手法。
- 三、認識文言文中的一詞多義。

修改部分

- (一)直排轉橫排
- (二)「軼事和寓言的特點」改為「兩篇短文的含義」

(左:舊版 右:新版)

預習

- 一、本文的寫作背景是怎樣的？
- 二、作者在陋室除了和讀書人文交往外，還做些甚麼？
- 三、文中作者用了哪些古人來自比？

預習

- 一、本文的寫作背景是怎樣的？

- 二、作者在陋室有甚麼活動？在適當的空格內加上✓號。

<input type="checkbox"/> 和讀書人交往	<input type="checkbox"/> 和百姓交往
<input type="checkbox"/> 與清學事	<input type="checkbox"/> 寫字作畫
<input type="checkbox"/> 閱讀《詩經》	<input type="checkbox"/> 閱讀佛經
- 三、文中作者用了哪些古人來自比？
 - (1) _____
 - (2) _____

修改部分

- (一)直排轉橫排
- (二)問題二改以「選項」形式列出

7.10 The survey also found that in the majority of cases, the revised editions contained more pages and their prices were increased accordingly. The Council considers use of old edition textbooks with only minor revision would reduce parent burden.

7.11 Responses from schools, when this issue was raised, suggested their common desire for publishers to produce addenda when making minor revisions in contents, to spare the need for replacement purchases. In fact, this is also a criteria set by ED that textbooks should be bound in loose-leaves.

SECTION EIGHT - OVERSEAS EXAMPLES OF TEXTBOOK POLICY

8.1 This section provides a brief summary of the characteristics of textbook supply policy in 19 countries/places: Australia, Canada, France, Germany, Hungary, Italy, Japan, Korea, Mainland China, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, Taiwan, UK and USA. Information in this section provided by ED and various overseas consumer associations, and government information sources.

8.2 The following section does not reflect a detailed overview of textbook policy in the above jurisdictions but serves as a stimulant to provoke further discussion. A table summarising the policies against common variables is also provided at Table 6.

Summary

8.3 In summary, as far as textbook selection is concerned, most countries adopt the 'review system' (where textbooks are reviewed against a set of established education principles). Only a few countries, such as Mainland China, adopt 'centralised textbook publishing' or 'state published' textbooks. In Mainland China the education authorities are responsible for editing and publishing textbooks for primary and secondary schools. Textbooks are prepared in accordance with curriculum syllabuses laid down by the authorities.

8.4 The trend overseas appears to be one of moving gradually towards free choice, although it is common for there to be some sort of recommended list of 'approved' titles for school reference.

8.5 The degree of approval can vary. In some jurisdictions, such as Hong Kong, ED gives a passing grade to the textbooks reviewed instead of giving a 'quality mark'. The Netherlands has a consumer guide, while in Australia source books are published to assist schools and teachers in textbook selection.

8.6 The way in which textbooks are made available to students can be classified into three kinds. There is 'free provision' which means the government provides textbooks to students for free and students do not have to return the textbooks after use. There is a 'loan system' which means the government or school authorities provide textbooks to students for free. In some circumstances there may be a small rental fee or deposit. With the loan system, as the name implies, students have to return the books after use. Last, there is the 'purchasing system' which means students have to buy textbooks themselves; as in Hong Kong.

8.7 As 'free provision' incurs a heavy financial burden on the government, very few countries, such as Japan, are using this system.

8.8 Under the 'loan system', government provides funding for textbook purchases which are made available to students but they have to return the textbooks at the end of school year to let other students re-use them. Normally, the textbooks will be re-used for 3-4 years. 'Loan system' is practiced in many western countries such as Canada, USA and Germany as part of free education. The 'loan system' is usually more common at primary and lower secondary levels. At upper secondary levels, in some jurisdictions parents may need to buy textbooks themselves.

8.9 With regard to the 'purchasing system', assistance may be provided for

those students who are accepted by the authorities as being in need of financial assistance. The purchasing system is more commonly practiced in Asia (e.g. Hong Kong, Mainland China, Singapore and Taiwan).

Details on individual country/place

Australia

8.10 In Australia, the annual sales turnover of textbooks is estimated to be AUS\$76,100,000 for primary schools and AUS\$71,200,000 for secondary schools.

8.11 Education policy is a responsibility of each state or territory government, and there are no regulatory bodies overseeing the price and content of textbooks. The selection of textbooks is largely determined by teachers, although practice can vary between state governments and schools. For example, in Queensland, the Department of Education publishes source books to support the mathematics and social education syllabuses.

8.12 In the eight states and territories that make up Australia, curriculum revision is underway on a constant basis.

8.13 Textbooks are mostly commercially produced. As normal market practice, publishers do not provide free teaching aids or gifts, but only give out complimentary copies to schools. In relation to textbook prices, there are recommended retail prices but discount rates vary among publishers. The textbook market is competitive with no one publisher being dominant.

8.14 Governments fund compulsory schooling in Australia to varying degrees, depending on the type of school. Only public schools can spend funding on textbooks. Textbooks are usually recycled amongst students, in effect, borrowing textbooks from schools. There may be some request for parents' contributions, and communities often contribute to the expenses of their local schools. Private schools may receive a level of government subsidy, but still charge fees to students for borrowing textbooks, or require them to be purchased. Some schools also develop sponsorship arrangements with local businesses to provide extra funding.

8.15 Choice of textbooks largely rests with teachers, having regard to the established curriculum.

Canada

8.16 Textbooks are commercially produced in Canada. The Ministry of Education evaluates the learning resources and provides the Provincially Recommended Resources List. For example, in British Columbia, learning resources, including books, videos, and electronic resources, etc., are evaluated by the Curriculum Branch, Ministry of Education under the Continuous Submission Process.

8.17 Schools select the teaching materials from the Provincially Recommended Resources List. Instead of using a single textbook in each subject, there is a trend of using a variety of materials selected from the List.

8.18 Schools usually provide textbooks on loan to students without parents' contribution.

8.19 In calendar year 1996, the total education expenditure amounted to CAN\$14.50 billion, with books and supplies taking up only 1% of the share in Ontario. In addition to a one-time CAN\$100 million investment in the purchase of textbooks and other learning materials, Ontario committed CAN\$150 per elementary pupil for books in 1998-99.

France

8.20 Textbooks are commercially produced. All textbooks must conform to the agreed curriculum and be approved by the national Minister of Education. The Minister of Education issues official recommendations/guidelines for the textbook publishers.

8.21 Schools/teachers choose their required textbooks from the recommended/approval list or in accordance with course syllabus in upper secondary. Selection of textbooks is made together by the groups of teachers and school head.

8.22 Schools provide textbooks on loan without parents' contribution, except when the books are damaged or lost. At post-compulsory levels, i.e. upper secondary levels, parents purchase textbooks individually from bookshops (which may offer retail discounts, e.g. 5% off list price) or through PTA (parents & teachers associations, in which case the discounted price may be as much as 20-45% off the list price)

8.23 Textbooks are normally re-used for a period of 4 years.

Germany

8.24 Textbooks are commercially produced. Education authority prescribes cost, content, format and quality and provides a recommended list. The Ministry of Education and Cultural Affairs publishes the recommended list regularly. Teachers select textbooks from the recommended list. The selection of textbooks is made collectively by subject teachers, which in some cases, have to consult parents' and students' representatives and to gain approval from schools' inspectorate.

8.25 School provides textbooks to students on loan without parents' contribution.

8.26 Textbooks can normally be re-used for several years.

Hungary

8.27 Textbooks are commercially produced. Education authority generally prescribes content, approves and provides recommended list. The recommended list is published each year. Teachers choose textbooks from the list. Selection of textbooks is by individual teachers or school altogether.

8.28 Parents buy textbooks. Government provides assistance for those in need of financial assistance.

Italy

8.29 Textbooks are produced by commercial publishers. Government issues a circular every year on textbook price and frequency of updates, but does not prescribe or approve textbooks. Government takes steps to reduce financial burden on families by recommending that given the same educational value, less expensive books

should be chosen; forbid any change in textbooks during the course for which they have been adopted; and allow students to use earlier editions of textbooks.

8.30 Selection of textbooks is by teacher councils comprising all school teachers and parents' representatives.

8.31 Textbooks are provided free to students at primary level. Parents buy textbooks thereafter; some financial assistances are available.

Japan

8.32 Textbooks are state/commercially produced (with state approval). The School Education Law stipulates that all textbooks must either be authorized by the Minister of Education, Science and Culture or published under the Ministry's copyright. The Ministry of Education has the power to reject or to revise the unsuitable texts.

8.33 Selection of textbooks is at the discretion of local boards of education, school principals or head teachers. Choice is limited to the list of authorized textbooks.

8.34 Textbooks are offered free to public school students at the expense of the national treasury from 1969. Students in compulsory primary and lower secondary education are given a complete set of new textbooks at the beginning of each school year. These books are students' own property. Students in post-compulsory levels buy their own textbooks,

Korea

8.35 Textbooks are state/commercially produced (with state authorization). Education authority compiles some and authorizes and approves other textbooks. Selection of textbooks must be chosen from authorized or approved textbooks

8.36 School provides textbooks free to students at primary level and students may keep the textbooks. Thereafter, parents buy textbooks but costs are kept low.

Mainland China

8.37 The education authorities in Mainland China are responsible for editing and publishing textbooks for the use of primary and secondary school pupils²⁶. Textbooks are prepared in accordance with curriculum syllabuses laid down by the authorities. In order to ensure quality textbooks, review of textbooks is done at both central and provincial levels. A selected company undertakes the printing and retailing of textbooks. Students in Mainland China use uniform textbooks.

8.38 With regard to textbook prices, all students pay a standard price as determined by government.

8.39 With regard to teaching aids, government restricts publishers to providing only free desk copies of pupils' texts and teachers' guides. Students or parents need to buy their textbooks from bookstores.

²⁶ 由人民教育出版社(直屬國家教育委員會)負責根據教學大綱編輯出版各中小學之教科書,發行單位是新華書局。

Netherlands

8.40 Textbooks are commercially produced. Commercial publishers pay the National Institute for Curriculum Development (NICL) to offer them consultation services.

8.41 A consumer guide is issued to assist schools in selecting teaching materials in the market place. NICL provides and renews the list of evaluated teaching materials (including textbooks and educational software) every year. Information such as abstracts of the materials, year of publication and the price of items are also included in the list for convenient searching by teachers.

8.42 Selection of textbooks is determined by teachers.

8.43 Textbooks are purchased by schools on the free market with reference to the consumer guide (noted above) and information offered by NICL.

8.44 School provides textbooks on loan to students at primary level. Some secondary schools also provide textbooks to students. At upper secondary level, students often contribute to the cost.

New Zealand

8.45 New Zealand adopts a non-textbook-based curriculum. Curriculum-related materials are produced both by public and commercial sources. For public-published materials, they are developed either by the Learning Media or the New Zealand Council for Educational Research, under the government funding on a contractual basis.

8.46 The curriculum-related materials of both sources, i.e. public and commercial, are all available from the Ministry of Education's web site.

8.47 Owing to a non-textbook based curriculum, teachers themselves have the discretion to choose textbooks, if any, to be used in their lessons.

8.48 Schools may provide set textbooks in the above circumstances. If students have other textbooks recommended to them, these are bought by parents.

Norway

8.49 In Norway, local and regional education authorities grant resources for teaching materials in primary and secondary schools including maps, overheads, computer hardware and software. Some expenses are also covered by the state.

8.50 During compulsory schooling, notebooks and pencils are supplied to pupils free of charge, and textbooks are provided on loan by schools (also free of charge). Only students in upper secondary education have to buy their own materials and textbooks. Textbooks for primary and secondary education must be officially approved.

8.51 A special system provides support for the production of textbooks in areas with a small number of students, e.g. specialised vocational subjects and parallel language editions in New Norwegian (Norway's second official language). The support schemes only apply to upper secondary education.

Singapore

8.52 The Ministry of Education authors some subject titles related to National Education, Civics & Moral Education and the Mother Tongue Languages. Publishers are invited through open tenders to co-publish with the Ministry. Tenders are awarded on the lowest price, to reflect competitive pricing.

8.53 For other subjects, textbooks are commercially produced. Publishers are bound to produce quality instructional materials within a stipulated timeframe, at reasonable prices. The Ministry reviews and approves textbooks produced by commercial publishers before they are included in the approved textbook list. The commercial titles are reviewed for suitability against the Ministry's curriculum syllabuses.

8.54 Schools/teachers choose textbooks from the recommended list.

8.55 Revision of curriculum is according to actual needs. There is no specific period for curriculum review. Based on past trends, the Ministry curriculum goes through a 6-8 year cycle in Singapore.

8.56 As far as textbook prices are concerned, all students pay a standard price as approved by the Ministry. Students in need of financial assistance can apply for free textbooks. With regard to teaching aids, schools in principle have to buy their own. Publishers will provide free desk copies of pupils' materials and teachers' guides, if any.

Spain

8.57 Textbooks are commercially produced under the supervision of the Ministry of Education and Culture. Educational material publishers have to produce textbooks in adherence to the Royal Decree 388/1992. The Ministry provides a recommended textbook list and schools/teachers select their textbooks from the list. Books are not normally replaced within 4 years unless they have the approval of the Ministry.

8.58 Parents buy textbooks, with mean-tested grants available to assist those in need.

Sweden

8.59 Textbooks are usually published by commercial publishers. No approved/Recommended Textbook List. Schools/teachers are free to select their textbooks. Schools provide textbooks for compulsory levels. At post-compulsory levels, some schools may occasionally request a parental contribution for certain items.

Switzerland

8.60 Textbooks are commercially produced with educational authorities approval. Educational authorities prescribe content and provide recommended lists for textbooks used up to the compulsory level of education. Educational authorities also write up teaching materials in collaboration with other regional authorities. Teachers choose materials from the recommended list and are not allowed to create their own teaching materials. Schools provide textbooks to students at primary and junior secondary levels. At upper secondary levels, no national body regulates

material used. Teachers are free to choose from the market and parents buy textbooks at upper secondary levels.

Taiwan

8.61 Taiwan implements nine years' compulsory education for primary and junior high schools.

8.62 The Taiwan Book Store is a government agency under the Taiwan Provincial Department of Education, which is responsible for editing and publishing elementary and high school textbooks. However, there are currently publicly and privately published textbooks in use. Both are written and reviewed in accordance with the government's approved syllabuses.

8.63 The curriculum currently goes through a 10-year cycle but the frequency of revision is expected to be reduced in due course.

8.64 Since 1996, the Taiwan government's market liberalisation policy has enabled private publishers to secure a larger share of the textbook market. The policy has commenced in elementary schools and the government has planned to implement the policy to all high schools in the near future. The Department is responsible for evaluating and approving privately prepared textbooks. Publishers are bound to produce quality educational materials in accordance with the stipulated syllabus at reasonable prices. There are approximately four to five privately prepared textbooks for each subject.

8.65 The Department of Education is also a regulatory body which oversees the price of textbooks. Textbook prices to schools are set out at the beginning of the school year. However, this practice is being changed for privately prepared textbooks. Textbook prices for elementary schools are determined through negotiation between government/schools and publishers, as publishers are free to set recommended retail prices.

8.66 For over 30 years of time, Taiwan adopted a purchase system, i.e. students buy their own textbooks. But it had once changed to free provision due to political reason. It however turned back to purchase system. Nowadays, students buy their textbooks in most elementary and junior high schools. Sixteen provinces have changed to purchase system and nine remained on free provision, as at year 2000.

8.67 Cheng Chung has long been a leader in the publishing industry, and about ten private publishers have also played important roles. To promote the sale of textbooks in the textbook market, it is common practice for publishers to provide free teaching aids or teaching equipment to schools.

UK

8.68 Textbooks are commercially produced and there is no system to review them. Over 1,000 educational packages available on CD-ROM have been evaluated by Becta (British Educational Communications and Technology Agency), which is formed by teams of teachers and school librarians nominated by local education authorities, professional bodies and subject associations.

8.69 Teachers are free to choose their required textbooks. They may even set texts for certain examination syllabuses. Schools provide textbooks on loan to

students without parents' contribution. Textbooks will normally be re-used for 2-4 years. The financial burden on government is not considered heavy, comprising only 1% of education expenses.

USA

8.70 Textbooks are produced by commercial publishers, with about ten having the major share of the industry. Selection of textbooks is either governments recommending textbooks based on curriculum guidelines, or teachers selecting textbooks from an approved list.

8.71 In most states, schools provide textbooks to students on loan without parents' contribution. Some states do charge students but the most needy will be exempted. Schools will prepare a sufficient amount of money in their annual budget for purchasing textbooks. Textbooks will normally be re-used for 3-6 years.

Table 6

Comparison of the Textbook Supply Policies in Hong Kong and Other Jurisdictions

	Compulsory education	Provision of textbooks			Gov't Control on Textbook		Recommended / Approved Textbook List	Curriculum Revision	Publishers Offer Free Teaching Aids	Production of Textbooks		Textbook Price
		On loan	Purchase	Free provision	Review content	Price control				Publicly published	Commercially produced	
Australia	Yes (depends on the type of schools)	Yes (public schools)	Yes (private schools)	No	No (source books)	No	N/A	Constantly	No (only supplementary copies)	Yes (source books for some subjects)	Yes (mostly commercially produced)	Publishers recommend retail prices but discount rates vary among publishers.
Canada	Yes	Yes	Yes	No	Yes	No	Yes	N/A	N/A	No	Yes	N/A
France	Yes	Yes (in compulsory education)	Yes (upper secondary levels)	No	Yes	No	Yes	N/A	N/A	No	Yes	Bookshops offer 5% discount for individual purchase. 20-45% discount if purchase via PTA.
Germany	N/A	Yes	No	No	Yes	Yes	Yes	N/A	N/A	No	Yes	Price prescribes by state.
Hong Kong	Yes (9 years)	No	Yes (textbook assistance for needy students)	No	Yes	No	Yes	On need basis	Yes (only accept complimentary copies & teachers' guides & teaching resources support for the use of textbooks)	No (tender for subjects with small markets to develop teaching kits, e.g. TE subjects)	Yes	Publishers recommend retail prices & alleged standard discount rates among booksellers.
Hungary	N/A	No	Yes (assistance for needy)	No	Yes	No	Yes	N/A	N/A	No	Yes	Subsidised price.
Italy	N/A	Yes	Yes	No	No	No	No	N/A	N/A	No	Yes	govt issues circular on price.
Japan	Yes	No	Yes	Yes (primary & lower secondary education)	Yes	N/A	Yes (authorised textbook list)	N/A	N/A	Yes	Yes	N/A
Korea	N/A	No	Yes	Yes	Yes (state compile)	Yes	Yes	N/A	N/A	Yes	Yes	Cost kept low by govt
Mainland China	No	No	Yes (most common)	No	Yes (uniform textbooks)	Yes	N/A	N/A	No (only free desk copies of pupils' texts and teachers' guides)	Yes (public publishing & private printing & retailing)	No	Set by gov't.
Netherlands	N/A	Yes	Yes	No	No	No	Yes (consumer guide & info list)	N/A	N/A	No	Yes	N/A
New Zealand	Yes	Yes (non-textbook based curriculum)	Yes (for other recommended books)	N/A	No	No	Yes (available on ed authority website)	N/A	N/A	Yes	Yes	N/A

Report on the Supply and Demand of Textbooks in Hong Kong *Consumer Council*

	Compulsory education	Provision of textbooks			Gov't Control on Textbook		Recommended / Approved Textbook List	Curriculum Revision	Publishers Offer Free Teaching Aids	Production of Textbooks		Textbook Price
		On loan	Purchase	Free provision	Review content	Price control				Publicly published	Commercially produced	
Norway	Yes	Yes	Yes (upper form students buy own texts)	No	Yes	No	N/A	N/A	N/A	Yes	Yes	N/A
Singapore	Yes (10 years)	No	Yes (free textbooks to needy students)	No	Yes	Yes	Yes (approved list)	6-8 years	Yes (schools have to buy their own but teachers' guides are provided free)	Yes (subjects related to national ed and moral development)	Yes	Pay standard price as approved by Gov't.
Spain	N/A	No	Yes	No	Yes	N/A	Yes	N/A	N/A	No	Yes	N/A
Sweden	Yes	Yes	Yes (for non-compulsory level)	No	No	No	N/A	N/A	N/A	No	Yes	N/A
Switzerland	Yes	Yes (in primary & junior high levels)	Yes (in upper level)	No	Yes	No	Yes	N/A	N/A	Yes (in primary & junior high levels)	Yes	N/A
Taiwan	Yes (9 years)	No	Yes	Yes	Yes	Yes	N/A	10 years	Yes (common practice)	Yes (high school texts)	Yes (elementary school texts)	Private publishers recommend retail price through negotiation with schools and Gov't.
UK	N/A	Yes	No	No	No	No	No	N/A	N/A	No	Yes	N/A
USA	N/A	Yes	Yes	No	Yes	No	Yes (approved list)	N/A	N/A	No	Yes	N/A

Note: "N/A" Data not available.

SECTION NINE - TEXTBOOK LOAN LIBRARY

9.1 As noted in Section Seven, there is an inherent problem in the current textbook selection process due to the lack of pressure on the party selecting the textbook, i.e. schools, to closely consider price. Under the current textbook selection system the expected competitive market condition of a buyer being under pressure to choose the lowest price (all other factors being satisfied) is lacking. The Council considers that finding the means to place pressure on schools to make textbook purchases at the lowest price, will address this anomaly. One option would be to require schools to construct textbook loan libraries from funds allocated to them for that purpose.

9.2 Accordingly, the Council is proposing, as one option, that Government fund schools to purchase textbooks from publishers and set up textbook libraries²⁷ to lend textbooks to all students, by using the public funds currently allocated to provide assistance for the purchase of textbooks by means tested students.

The existing textbook assistance scheme in Hong Kong

9.3 Government currently provides several publicly funded schemes²⁸ to ensure that students are not denied access to education due to a lack of means. The Student Financial Assistance Agency (SFAA) is the responsible body for administering these schemes, including the School Textbook Assistance Scheme (STAS). STAS provides cash grants, on a means-tested basis, to needy primary and secondary students in public sector schools and local private schools under the Direct Subsidy Scheme for the purchase of essential textbooks and stationery.

9.4 There are two elements under the present STAS, i.e. the textbook element and the non-textbook element (to pay for miscellaneous school-related expenses including various types of stationery, study aids, other tuition fees, etc)²⁹.

9.5 The existing rates of the textbook element are set at 100% of the average surveyed costs of textbooks. Prior to 1999/2000, the rates for secondary students were set at 80% of the average costs. This was based on the assumption that secondary school textbooks are longer lasting and students may sell them, or they may be inherited by others at the end of the school year. In recognising that this assumption may not necessarily happen in practice and to simplify the arrangements, the SFAA removed the 20% discount in 2000-2001.

9.6 Based on the available statistics³⁰, it is observed that current government

²⁷ For example by using the existing library system. The concept of schools having 'loan libraries' is not entirely new. ED launched a pilot project called Cross Level Subject Setting (CLSS) in some primary schools, effective from April 2000. CLSS is a curriculum system where a student moves to another classroom during English lesson, to learn together with other students of similar standards, who may come from other grade-levels. Under CLSS, it may be difficult for a student to own all of the textbooks to be used for the whole year. In these circumstances the school buys sets of books to cover the range of standards for students, and store them in a what is termed a 'textbook bank'. Sometimes textbooks may be taken home, and sometimes they may be used only for 1 lesson. They are returned to the textbook bank afterwards, so that other sets of students may use them.

²⁸ These include student travel subsidy, textbook assistance, fee remission, local student financial scheme, non-means tests loan scheme, student finance assistance scheme, Sir Edward Youde Memorial Fund, and other scholarship and assistance schemes.

²⁹ Effective from 2000-2001, an annual flat rate of HK\$400 of non-textbook allowance will be given to the needy receiving full grant, with HK\$200 for those receiving half grant.

³⁰ Grant rates for the coming school year 2001/2002 will be available by late August 2001. The number of students obtained textbook assistance and the fund disbursed will only be ready by end of December

grants for textbook purchase assistance have close to tripled over the last few years, i.e. from \$94 million in 1996-1997 to \$341 million³¹ in 2000-2001. This was partly contributed by extending the ambit of the STAS to include students attending secondary 4 to 7 and local private schools under the Direct Subsidy Scheme. Another reason might be due to the growth in numbers of needy students, as a result of the recent economic downturn. With the removal of the 20% discount on the rate of grant for secondary student textbook purchases, the total amount of assistance provided to students was further increased, with effect from 2000-2001 school year. A spokesman for the SFAA said in 2001, the increase in the rate for primary students is also due to an increase in number and price of textbooks.

9.7 Outlined in Appendix 7 are the current costs of the existing textbook purchase assistance scheme in Hong Kong and the financial aspect of setting up a textbook loan library scheme based partly on those funds, and some contribution from students who currently pay for textbooks.

Textbook Loan Libraries

9.8 At present, almost 40% of the student population are recipients of textbook purchase grants. Taking into account the fact that government expenditure on textbook assistance amounts to approximately \$341 million p.a. and the textbook publishing industry is estimated to be worth \$1.5 billion a year³², it can be observed government is subsidizing students by contributing approximately one quarter (23%) of the textbook market.

9.9 In view of the role government is playing in the textbook market through the existing assistance scheme, an option to consider is providing financial assistance directly to schools to bulk purchase³³ books for the purposes of setting up school textbook loan libraries. The loan libraries would operate on the basis of providing textbooks to students on loan, for either no payment for means tested students, or for payment of a notional amount to others. The notional amount could be set at a level to cover any shortfall between the cost of textbooks and the amount of government grant. Textbook loan libraries operated by schools are common in many other jurisdictions.

Overseas experience

9.10 A brief summary of the varying degrees of textbook assistance given in other jurisdictions, including details on textbook loan libraries, is as follows:

2001.

³¹ The SFAA advised that the annual cost of \$341 million (textbook element) includes the cost of workbooks and course books which individual students use to write down answers, etc. For primary students, they account for about 45% of the textbook cost element, 20% for junior secondary students and about 22% at the senior secondary level. These workbooks presumably cannot be re-used and thus may not constitute a loan item. Nevertheless the SFAA commented that while the loan fee may become slightly higher, it would seem that if the assumptions are valid the cost to be borne by half grant recipients would still be far less than what they would need to pay themselves.

³² The Council estimated that the industry turnover is close to \$1.5 billion a year. This figure is calculated by multiplying the number of students and the corresponding government's textbook grant rates in each class levels. The figure is assuming all students purchase new textbooks.

³³ For example, as a single buyer of a large number of textbooks, schools could seek tenders for the supply of certain textbooks at the lowest price.

	Gov' t / Schools provide textbooks or Students borrow textbooks from schools	Remark
Australia	✓	- In public schools, textbooks are usually recycled with students, in effect, borrowing textbooks from schools, without parents' contribution. - In private schools, parents buy textbooks for their children.
Canada	✓	- Schools provide textbooks to students on loan without parents' contribution.
France	✓	- Schools provide textbooks to students on loan without parents' contribution in compulsory education. - Textbooks will normally be re-used for 4 years.
Germany	✓	- Schools provide textbooks to students on loan without parents' contribution. - Textbooks will normally be re-used for several years.
Hungary	✗	- Parents buy textbooks. - Govt provides textbook assistance to needy.
Italy	✓	- Textbooks are provided free to primary students. - Parents buy textbooks thereafter.
Japan	✓	- Textbooks are provided free to students in compulsory primary and lower secondary education. - These books are students' own property.
Korea	✓	- Schools provide textbooks free to primary students ..
Mainland China	✗	- Students buy their own textbooks from stores. - Students pay a standard textbook price as determined by govt.
Netherlands	✓	- Schools provide textbooks on loan to students.
New Zealand	✓	- Running textbook loan programs.
Norway	✓	- Textbooks are lent out by schools (free of charge) during compulsory schooling. - Students in upper secondary education have to buy their own textbooks.
Singapore	✗	- Students have to purchase their own textbooks. - Needy can apply for free textbooks. - Students pay a standard price as approved by the Ministry for new textbooks. - Schools use the same textbooks with seldom revisions – so a mature market for second hand textbooks is available.
Spain	✗	- Parents buy textbooks with textbook grants to assist those in need.
Sweden	✓	- Schools provide textbooks for compulsory levels. - Parents buy textbooks for post-compulsory levels.
Switzerland	✓	- Schools provide textbooks in primary and lower secondary levels.
Taiwan	✗	- Students buy textbooks in most elementary and junior high schools.
UK	✓	- For govt. funded schools, students will be provided textbooks free but have to return them to school after use; while for non-govt. funded schools, textbooks are included as part of the school fees paid by students, i.e. students purchase new books from schools. - Textbooks will normally be re-used for 2-4 years.
US	✓	- For govt. funded schools, students will be provided textbook free but have to return them to school after use; while for non-govt. funded schools, students either purchase new or used books, or rent books from school library at a fee. - Textbooks will normally re-used for 3-6 years.

Source: Information was gathered from Education Department and various overseas consumer associations and government information sources.

9.11 From the above research, provision of textbooks can be broadly classified into three kinds. They are 'free provision' which means the government provides textbooks to students freely and students do not have to return the textbooks after use, 'loan system' which means the government provides textbooks to students freely but students have to return the books after use (some may subject to a small rental fee or deposit) and 'purchasing system' which means students have to buy textbooks themselves.

9.12 As 'free provision' incurs heavy financial burden on the government, very few countries/places such as Japan are using this system. Under 'loan system', government provides textbooks to students but they have to return the textbooks at the end of school year to let other students re-use them. Normally, the textbooks will be re-used for 3-4 years. 'Loan system' is practiced in many western countries such as Canada, USA and Germany as part of free education. However, the 'loan system' is usually more common at primary and lower secondary levels. At upper secondary levels, parents usually need to buy textbooks themselves. As for the 'purchasing system', students have to buy textbooks themselves but assistance will be provided for those in need. This practice is more commonly practiced in Asian countries/places such as Hong Kong, Mainland China, Singapore and Taiwan.

Alternative Options

9.13 There are a number of permutations of the method outlined in Appendix 7 that could be devised to cater for the basic concept of a requiring schools to maintain a textbook loan library, and thereby place pressure on them to consider price in the selection process. For example, another option could be that only those students who would be eligible to receive textbook grants would be able to borrow from a textbook loan library. Under this option, funding would be directly injected into schools for the purchase of textbooks to be used by this group of students. Students who do not currently receive financial assistance would not be subsidised; as would be the case under the option described in Appendix 7. A difficulty in using the loan library concept selectively within schools, rather than applying it to all students raises two problems. One problem is that there would be a consequential 'labeling' of those students who need financial assistance. The other is that schools may have difficulty in predicting demand for textbooks unless they are informed beforehand how many students need financial assistance.

9.14 Another alternative is that the loan library concept could be introduced on a trial basis. For example, beginning with those schools with a large number of students who currently receive financial assistance. The labeling effect may still be an issue, but in these circumstances it would be applied to schools not to individuals.

Impact of loan library

Impact on government

9.15 From the calculations in the option outlined in Appendix 7, it can be assumed that the setting up of a loan library for all students is, in general, financially viable. Under the option outlined in the Appendix there is no additional government expenditure and the majority of students (about 63%) will pay only \$215 rental a year instead of about \$1,589³⁴ a year for the purchase of textbooks. The rest of the

³⁴ This is a weighted-average figure derived from the number of students by class level and their respective grant rates.

students will either pay half of the rental or do not pay at all. These figures could change depending on the cost of textbooks in the future, the life span of textbooks (durability) and any extra administrative costs incurred by schools that need to be covered.

Impact on schools

9.16 It can be expected that the creation of loan libraries will increase the administrative burden on schools, in terms of making storage facilities available, maintaining records on borrowings, collecting the nominal fees, and repairing textbooks for reuse. Some financial assistance would therefore need to be considered. As an alternative, school representatives suggested to the Council that if the loan library concept was taken up by government, it could give consideration to utilizing the public library facilities in Hong Kong for storing and distributing the textbooks.

Impact on students/parents

9.17 Some parents or students might not like the idea of borrowing textbooks because of an aversion to second hand goods. However, it should be noted that a substantial number of parents and students currently purchase second hand textbooks, and in any event, if an aversion to second hand goods is an issue, parents and students would not be precluded from buying their own, should they so desire. If substantial numbers of students choose to buy textbooks rather than borrow, the administrative costs in maintaining stocks for loan might outweigh the advantages that are only received by a few students.

Impact on publishers/retailers

9.18 Depending on the extent to which the concept is taken up, the creation of loan libraries will impact publishers and retailers as volumes will lessen because of the longer life span. Retail sales will be more focused on meeting school demand tied largely to the physical life of a textbook, rather than student demand tied to the school year. However, as noted in Section Five, one of the publisher associations noted that there was an increasing trend towards lower volumes in the industry as the growth of a second hand textbook market had already impacted on the sales of new textbooks. The Council expects that as the industry has adjusted to the presence of a second hand textbook market, it will correspondingly adjust to the presence of loan libraries.

9.19 In response to the loan library concept, both publisher associations accepted that the Council's ultimate reason for raising the option was to assist the consumers of textbooks. However, they expressed a concern for their industry if the concept was to be adopted by government, and had doubts that it would satisfy the Council's expectations of lowering textbook costs. The associations also felt that the implementation costs, as far as the industry was concerned, should be fully detailed, in view of their perception that the concept would cause substantial disruption in the industry.

9.20 The associations considered that the problems with textbook pricing were structural and that over the last months there had been dialogue with ED

- to sort out some of the problems with textbook review schedules and curriculum reform (see Council recommendation in Section Six);
- to separate the supply of teaching aids from the supply of textbooks

(see Council recommendation in Section Four); and

- regarding the use of information technology (see Council recommendation in Section Four).

9.21 The Council accepts that there are structural problems as noted by the publishers, and has made recommendations to address them. As for the view that prices will not be lowered, the Council considers that the price of textbooks is a function of not only fixed and variable costs of producing textbooks, but the pressure from purchasers in seeking lower prices, and the pressure from competitors in seeking market share and striving for efficiency. If the market remains contestable, there should be adequate downward pressure on prices³⁵.

9.22 Adoption of the loan library concept will also affect the existence of a second-hand textbook market. However, the loan library concept is in effect replicating the functionality of second hand textbooks, which as noted by publishers is in increasing demand.

9.23 In this regard, it should be noted that textbooks that are currently purchased by students who have been given financial assistance to make those purchases, would be available for sale into the second-hand textbook market, thereby providing those recipients of financial assistance with unintended financial gain. The creation of loan libraries would remove this unintended use of public funds.

³⁵ An important point with regard to the theory of contestable markets is that there should be some competitive safeguards to ensure that collusive agreements between competitors do not arise, or that competitors in a dominant position do not abuse that position. The Hong Kong Government has decided not to implement a general competition law administered by a competition authority for these safeguards, but relies instead on the processes noted in its 'Statement on Competition Policy' (See discussion on 'market shares' in Section Four).

Appendix 1: Estimated Market Shares of Publishers in Textbook Market – by Sales Turnover

a) Shares in Primary Segment

Publishers	2000/2001 % Shares	1999/2000 % Shares	1998/1999 % Shares
A	24.4 [1]	23.0 [2]	25.0 [1]
B	22.1 [2]	17.7 [3]	12.9 [4]
C	17.4 [3]	25.8 [1]	14.4 [3]
D	12.6 [4]	8.9 [4]	15.9 [2]
E	6.3 [5]	7.0 [5]	7.6 [5]
F	5.3 [6]	4.7 [6]	2.3 [10]
G	2.6 [7]	2.8 [7]	3.8 [7]
H	2.0 [8]	0.3 [17]	0.1 [23]
I	1.9 [9]	1.3 [10]	4.1 [6]
J	1.0 [10]	1.1 [11]	1.5 [11]
Others (Shares <1.0%)	4.4	7.4	12.3
Total:	100.0	100.0	100.0
# of publishers:	36	22	24

b) Shares in Secondary Segment

Publishers	2000/2001 % Shares	1999/2000 % Shares	1998/1999 % Shares
E	14.5 [1]	14.2 [1]	16.6 [1]
K	12.5 [2]	10.5 [3]	10.4 [3]
A	11.9 [3]	11.7 [2]	11.4 [2]
L	7.5 [4]	7.4 [5]	8.2 [4]
M	7.1 [5]	7.7 [4]	7.4 [5]
N	7.0 [6]	7.2 [6]	2.7 [13]
O	5.3 [7]	5.0 [8]	3.5 [9]
P	4.9 [8]	6.5 [7]	6.2 [6]
Q	4.5 [9]	4.8 [9]	6.2 [7]
R	3.7 [10]	3.9 [10]	4.9 [8]
S	3.0 [11]	2.7 [12]	1.8 [16]
T	2.5 [12]	2.6 [14]	2.9 [12]
D	2.1 [13]	2.6 [13]	2.9 [11]
U	2.0 [14]	3.1 [11]	3.1 [10]
V	1.6 [15]	2.0 [15]	2.2 [15]
W	1.4 [16]	0.5 [23]	-
X	1.0 [17]	0.5 [19]	1.4 [17]
Others (Shares <1.0%)	7.6	7.1	8.1
Total:	100.0	100.0	100.0
# of publishers:	59	50	57

Note: [] – indicated market position of the company in that year
 Figures may not add up to 100% due to rounding off.
 $\% \text{ Shares} = (\text{Book Count} \times \text{Sales Price per Book}) / \text{Total Sales Turnover}$
 Shares of publishers in primary school textbooks market are taken for the first term only and shares for secondary school textbooks market are taken for the whole school year.

Source: The 2000/2001 figures are based on booklists supplied by 23 primary schools and 49 secondary schools; the 1999/2000 figures are based on booklists supplied by 29 primary schools and 52 secondary schools; the 1998/1999 figures are based on booklists supplied by 26 primary schools and 56 secondary schools.

Appendix 2: Estimated Market Shares of Publishers in Textbook Market – by Subject

a) Shares in Primary Segment

Subject	Publishers	2000/2001 % Shares	1999/2000 % Shares	1998/1999 % Shares
Chin. Lang	B	45.2	37.9	21.1
	D	40.8	37.2	38.0
	DD	6.3	-	-
	U	5.2	6.9	11.2
	E	5.1	10.2	25.1
	F	-	6.4	3.1
	EE	-	1.5	-
	M	-	-	1.5
	Total:	100.0	100.0	100.0
Chin. Lang TOC	B	38.0	25.5	35.3
	E	24.5	26.8	16.6
	D	21.9	16.1	36.0
	C	15.6	31.5	12.1
		Total:	100.0	100.0
English	A	81.9	72.0	53.2
	E	13.8	11.7	16.4
	R	4.2	16.3	30.4
		Total:	100.0	100.0
English TOC	A	85.2	88.9	88.4
	E	14.8	11.1	11.6
		Total:	100.0	100.0
Maths	D	76.8	10.2	20.9
	C	13.8	25.6	17.0
	I	4.8	6.2	15.6
	B	4.6	34.8	34.6
	FF	-	12.0	-
	GG	-	7.1	5.1
	HH	-	-	3.0
	R	-	4.1	2.9
		Total:	100.0	100.0
Maths TOC	A	44.6	40.7	46.0
	D	17.5	9.4	8.6
	B	15.6	17.5	22.8
	C	14.5	26.2	4.7
	I	7.8	6.4	18.0
		Total:	100.0	100.0
General Studies	B	51.3	39.6	-
	C	40.5	53.7	51.5
	A	4.5	3.5	24.4
	D	3.7	3.2	24.1
		Total:	100.0	100.0
Putonghua	C	35.5	42.1	31.3
	H	18.5	3.1	1.4
	D	15.1	22.6	35.2
	B	11.8	4.6	5.4
	A	9.6	12.5	1.2
	EE	4.9	5.2	13.3
	Z	2.8	-	1.5
	R	1.9	3.6	3.1
	II	-	4.7	-
	E	-	1.7	1.4
		Total:	100.0	100.0
Music	F	43.2	35.4	13.4
	G	20.7	23.1	26.8
	B	11.7	8.0	21.7
	A	11.6	11.9	12.9
	JJ	4.4	-	-
	C	4.0	13.2	17.8
	I	3.9	1.1	3.7
	KK	0.5	-	-
	E	-	7.4	3.7
		Total:	100.0	100.0

b) Shares in Secondary Segment

Subject	Publishers	2000/2001 % Shares	1999/2000 % Shares	1998/1999 % Shares	
Chin. Lang.	E	58.0	49.1	53.7	
	M	25.1	25.6	21.2	
	U	10.9	13.6	14.3	
	D	4.0	8.5	7.2	
	X	1.9	0.7	2.1	
	P	0.7	-	1.0	
	T	0.4	-	0.4	
	LL	0.1	-	-	
	R	-	1.8	-	
	MM	-	0.7	-	
	Total:	100.0	100.0	100.0	
English	A	45.1	34.8	26.4	
	L	25.2	18.3	25.3	
	E	15.2	30.1	31.1	
	P	13.3	16.7	17.2	
	NN	1.0	-	-	
	OO	0.2	-	-	
	Total:	100.0	100.0	100.0	
Maths	N	78.0	76.8	55.2	
	S	17.7	15.1	11.3	
	PP	1.2	2.4	15.4	
	O	0.9	-	-	
	A	0.8	0.9	5.4	
	K	0.6	-	3.7	
	X	0.6	1.6	5.3	
	P	0.2	2.1	2.0	
	QQ	-	1.1	1.7	
		Total:	100.0	100.0	100.0
Integrated Science	L	34.4	40.2	39.9	
	Q	25.3	28.5	38.2	
	A	23.5	17.5	11.3	
	E	10.3	-	-	
	O	5.2	-	-	
	R	0.9	-	-	
	P	0.4	13.8	10.7	
	Total:	100.0	100.0	100.0	
Putonghua	Z	34.1	24.8	29.3	
	H	24.5	13.2	7.9	
	T	17.9	34.8	34.4	
	K	14.8	7.2	7.2	
	B	4.5	5.9	6.8	
	II	3.2	5.6	2.3	
	D	1.0	2.3	7.8	
	M	-	2.3	-	
	RR	-	1.3	1.1	
	Q	-	1.0	-	
	P	-	0.8	-	
	A	-	0.7	-	
		Total:	100.0	100.0	100.0
	Computer Science	P	22.3	12.6	23.7
W		21.8	6.7	-	
A		21.7	27.7	21.6	
O		9.9	7.2	9.5	
S		9.8	8.5	2.7	
D		6.4	13.4	20.7	
K		2.3	1.6	-	
Q		1.8	-	-	
SS		1.0	1.2	-	
R		0.7	1.3	-	
TT		0.7	-	-	
T		0.6	3.1	5.8	
UU		0.6	3.9	8.4	
VV		0.4	3.9	2.0	
QQ		-	6.5	3.4	
WW		-	1.5	1.6	
XX		-	0.5	0.7	
YY	-	0.4	-		
	Total:	100.0	100.0	100.0	
Chin. History	K	44.3	39.7	17.8	
	D	17.9	10.9	11.8	

	M	15.4	13.9	20.8
	U	10.9	20.2	20.1
	R	10.3	14.9	25.3
	MM	0.4	-	0.8
	X	0.4	-	3.4
	O	0.2	0.4	-
	LL	0.2	-	-
	Total:	100.0	100.0	100.0
History	L	33.2	37.2	33.7
	M	29.1	25.4	20.2
	R	24.2	13.5	17.4
	ZZ	4.6	1.9	1.9
	P	3.9	16.7	8.9
	E	2.9	1.7	6.6
	SS	1.3	-	-
	Q	0.8	1.0	1.1
	A	-	2.2	5.9
	U	-	0.5	-
	AA	-	-	2.9
	AAA	-	-	0.9
	BBB	-	-	0.5
	Total:	100.0	100.0	100.0
Geography	K	65.3	64.3	68.6
	E	17.7	11.7	4.8
	Q	7.8	12.1	19.0
	A	7.1	7.0	3.3
	L	1.6	1.5	-
	R	0.4	2.8	4.3
	P	-	0.7	-
	Total:	100.0	100.0	100.0
E. P. A.	R	49.0	50.6	38.1
	K	25.1	2.0	-
	Q	17.3	18.3	27.8
	E	4.7	24.3	13.7
	A	3.8	1.4	5.8
	O	-	-	13.2
	P	-	3.3	1.5
	Total:	100.0	100.0	100.0
Economics	O	48.3	53.5	40.6
	A	37.3	42.6	42.2
	CCC	8.8	-	-
	T	3.9	1.9	4.1
	R	1.0	-	-
	K	0.6	-	-
	E	-	-	7.9
	P	-	2.1	3.5
	DDD	-	-	1.0
	SS	-	-	0.8
	Total:	100.0	100.0	100.0
Chin. Literature	M	32.8	31.0	32.7
	K	25.3	29.8	21.0
	X	20.1	8.3	19.0
	E	15.1	6.3	13.9
	P	4.2	-	6.5
	U	2.5	7.4	7.0
	O	-	17.2	-
	Total:	100.0	100.0	100.0
A. Maths	K	54.6	38.2	45.3
	S	24.4	25.6	37.5
	N	10.6	12.5	10.1
	M	5.6	23.8	7.1
	C	2.8	-	-
	EEE	2.1	-	-
	Total	100.0	100.0	100.0
Physics	E	40.0	37.3	45.5
	P	26.1	22.6	12.6
	A	8.6	13.1	11.9
	L	7.1	8.3	14.5
	YY	5.6	15.0	-
	WW	4.0	-	2.4
	O	2.8	3.2	2.9
	M	2.2	0.6	-
	D	2.0	-	1.4

	QQ	1.6	-	-
	K	-	-	1.2
	Total:	100.0	100.0	100.0
Chemistry	Q	59.6	59.3	26.9
	AA	23.7	19.2	48.5
	P	14.1	16.3	12.0
	S	1.7	-	-
	M	1.0	-	6.1
	A	-	5.3	1.8
	K	-	-	4.7
	Total:	100.0	100.0	100.0
Biology	E	52.1	57.4	59.0
	L	37.5	27.3	24.7
	P	5.5	6.5	8.0
	A	1.9	1.0	-
	O	1.6	-	1.0
	SS	0.9	7.8	5.2
	FFF	0.5	-	0.5
	G	-	-	1.6
	Total:	100.0	100.0	100.0
Commerce	A	59.2	55.5	67.3
	T	16.4	11.2	5.9
	E	6.6	6.5	9.3
	BBB	5.1	5.7	3.9
	O	3.9	8.0	5.4
	DDD	3.5	4.4	0.9
	TT	2.6	2.7	1.6
	YY	1.3	-	0.7
	P	1.0	4.2	2.4
	X	0.4	0.4	1.1
	HHH	-	0.2	-
	M	-	-	0.9
	Total:	100.0	100.0	100.0
Music	V	59.4	65.7	77.7
	O	26.3	29.8	12.3
	DDD	12.1	2.3	6.8
	III	1.7	2.2	0.7
	JJJ	0.5	-	-
	CCC	-	-	1.7
	KKK	-	-	0.6
	LLL	-	-	0.3
	Total:	100.0	100.0	100.0

Note: '-' – not applicable

Figures may not add up to 100% due to rounding off

% Shares = (Book Count X Sales Price per Book) / Total Sales Turnover.

Shares of publishers in primary school textbooks market are taken for the first term only and shares for secondary schools are taken for the whole year.

Source: The 2000/2001 figures are based on booklists supplied by 23 primary schools and 49 secondary schools.

The 1999/2000 figures are based on booklists supplied by 29 primary schools and 52 secondary schools.

The 1998/1999 figures are based on booklists supplied by 26 primary schools and 56 secondary schools.

Appendix 3: Number of Books on the Recommended Textbook List

a) Primary schools

Subject	Level	No. of sets of recommended textbooks	
		Traditional	TOC
Chinese language	P1-6	11	6
English	P1-6	7	5
Mathematics	P1-6	11	7
General Studies	P1-6	7	
Science	P1-6	5	
Social Studies	P1-6	4	
Health Education	P1-6	4	
Music	P1-6	9	
Putonghua	P1-6	22	

b) Secondary schools

Subject	Level	No. of sets of recommended textbooks	
		English Language	Chinese Language
Chinese Language	S1-3	18	
	S4-5	18	
Chinese Literature	S4-5	12	
Chinese History	S1-3	15	
	S4-5	13	
English	S1-3	22	
	S4-5	13	
Putongua	S1-5	15	
		English Language	Chinese Language
Mathematics	S1-3	17	26
	S4-5	17	11
Additional Maths.	S4-5	10	6
Integrated Science	S1-3	12	18
Biology	S4-5	15	10
Chemistry	S4-5	7	5
Physics	S4-5	14	8
Economics	S1-3	8	9
	S4-5	9	7
History	S1-3	6	7
	S4-5	9	7
Geography	S1-3	11	8
	S4-5	4	3
Computer Science	S1-3	9	9
	S4-5	8	4

Note: Some subjects are not included in the above.
 'Sets' mean series of the same title for the specified levels.
 Figures include incomplete sets, e.g. one level only.

Source: The figures are derived from the Recommended Textbook List issued by the Education Department as at June 2001.

Appendix 4: Production Schedule of Textbooks for the Revised CDI Syllabuses

Subject	Level	Date of Announcement of Revision	Submission Schedules for Review	Lead-in Time for Draft Production (# of months)	Update of "Recommended Textbook List"	Date of Implementation of Curriculum
Geography	S4-5	8/2000	11/2002	27	2/2003	9/2003
Chinese Language	S1-3	12/2000	11/2001	11	2/2002	S1: 9/2002 S2: 9/2003 S3: 9/2004
	S4-5	12/2000	11/2001	11	2/2002	S4: 9/2005 S5: 9/2006
Mathematics	P1-3	9/2000	11/2001	14	3/2002	9/2002
	P4-6	9/2000	11/2004	50	3/2005	9/2005
English Language	S1-3	9/99	11/2000	14	2/2001	9/2001
	S4-5	9/99	11/2003	50	2/2004	9/2004
Mathematics	S1-3	9/99	11/2000	14	2/2001	9/2001
	S4-5	9/99	11/2003	50	2/2004	9/2004
Integrated Science ^	S1-3	6/98	12/99 or	18	3/2000	9/2000
			11/99	17	2/2000	
Computer Literacy ^	S1	6/98	2/99	8	Before 5/99 After 9/99	9/99
	S2-3	6/98	2/99-12/99	8-18		9/99
Computer Studies ^	S4-5	6/98	2/99	8	8/99	9/99
Chinese History ^	S1	11/97	10/98	11	5/99	9/98*
	S2-3	11/97	10/99	23	5/2000	9/98*
Putonghua	P1	2/97	12/97	10	5/98	P1: 9/98
	P2-3	2/97	7/98	17	2/99	P2: 9/99
	P4-6	2/97	12/98	22	7/99	P3: 9/2000 P4: 9/2001 P5: 9/2002 P6: 9/2003
Putonghua	S1	2/97	12/97	10	5/98	S1: 9/98
	S2-3	2/97	7/98	17	2/99	S2: 9/99
	S4-5	2/97	1/98	11	6/98	S3: 9/2000 S4: 9/98 S5: 9/99
Art & Design	S1	1/97	5/98	16	3/99	S1: 9/99
	S2-3	1/97	5/99	28	3/2000	S2: 9/2000 S3: 9/2001
Geography	S1	12/96	12/97	12	11/98	9/99
	S2	12/96	12/98	24	11/99	9/2000
	S3	12/96	12/99	36	11/2000	9/2001

Note: * schools can use old textbooks for the implementation of the revised syllabus.
^ special time tables.

Source: Raw data from the Education Department.

Appendix 5: Consumer Council Recommendations on the Issue of the Provision of Sponsorship, Teaching Aids and Donations to Schools by Textbook Publishers

(Extracted from the Council's March 1999 Report 'Study of Market Practice in the Textbook Industry')

RECOMMENDATIONS

Having regard to the results of the above study, the following measures are proposed for consideration.

- a)
- b)
- c) The Education Department, the ICAC and schools should devise guidelines that differentiate between essential teaching aids and equipment, as well as sponsorship and donations, and set out an acceptable limit that schools can accept.
- d) The Education Department should undertake a study into the costs of, and the utility of various teaching aids. This is to gauge how much the provision of teaching aids adds to the cost of textbooks and what extra resources would be required if the provision of teaching aids was separated from the supply of textbooks.
- e) Teaching aids that do not come as a package, and other items of teaching equipment should be treated as separate items from textbooks. If they are unpaid, the schools should record these items as donations in a public inventory of donations. Alternatively, publishers could issue invoices for them as individual items.
- f) The Education Department should be requested to add the following provisions to their guidelines:
 - i. Schools should record, in a public inventory of donations, made available for inspection on request to the public, any incentives received from suppliers in the form of goods or services such as teaching aids, equipment, sponsorship or other donations.
 - ii. Acceptance of complimentary textbooks should be confined to teachers' desk copies as this would add costs to textbooks. Schools are encouraged to record additional complimentary copies in the public inventory of donations.

Appendix 6: Textbook Prices in Primary and Secondary Schools

a) Primary Schools 2000/2001 (23 schools)

Level	Subject	Sets of Textbooks	Minimum*	Maximum*	Range	Mean	Average Deviation
P1	Chinese	2	\$66.00	\$84.00	\$18.00	\$75.00	\$12.73
	Chinese(TOC)	3	\$81.00	\$88.00	\$7.00	\$84.33	\$3.51
	English	1	\$59.00	\$59.00	N/A	\$59.00	N/A
	English(TOC)	3	\$54.00	\$57.25	\$3.25	\$56.08	\$1.81
	Maths	1	\$59.00	\$59.00	N/A	\$59.00	N/A
	Maths(TOC)	5	\$68.00	\$88.00	\$20.00	\$81.40	\$7.73
	General Studies	4	\$73.00	\$86.00	\$13.00	\$79.25	\$5.56
	Putonghua	6	\$51.00	\$55.00	\$4.00	\$52.83	\$1.44
	Music	8	\$47.00	\$57.00	\$10.00	\$51.81	\$3.88
P2	Chinese	1	\$66.00	\$66.00	N/A	\$66.00	N/A
	Chinese(TOC)	3	\$81.00	\$88.00	\$7.00	\$84.33	\$3.51
	English	1	\$59.00	\$59.00	N/A	\$59.00	N/A
	English(TOC)	3	\$57.00	\$57.00	\$0.00	\$0.00	\$0.00
	Maths	1	\$59.00	\$59.00	N/A	\$59.00	N/A
	Maths(TOC)	5	\$68.00	\$88.00	\$20.00	\$81.40	\$7.73
	General Studies	4	\$73.00	\$86.00	\$13.00	\$79.25	\$5.56
	Putonghua	6	\$51.00	\$55.00	\$4.00	\$52.83	\$1.44
	Music	8	\$47.00	\$57.00	\$10.00	\$51.81	\$3.88
P3	Chinese	1	\$66.00	\$66.00	N/A	\$66.00	N/A
	Chinese(TOC)	3	\$81.00	\$88.00	\$7.00	\$84.33	\$3.51
	English	2	\$54.00	\$59.00	\$5.00	\$56.50	\$3.54
	English(TOC)	3	\$57.00	\$67.00	\$10.00	\$59.20	\$4.38
	Maths	1	\$59.25	\$59.25	N/A	\$59.25	N/A
	Maths(TOC)	5	\$68.00	\$88.00	\$20.00	\$81.40	\$7.73
	General Studies	4	\$73.00	\$86.00	\$13.00	\$79.25	\$5.56
	Putonghua	6	\$51.00	\$55.00	\$4.00	\$52.83	\$1.44
	Music	9	\$38.00	\$57.00	\$19.00	\$50.28	\$5.86
P4	Chinese	1	\$65.50	\$65.50	N/A	\$65.50	N/A
	Chinese(TOC)	3	\$81.00	\$88.00	\$7.00	\$84.33	\$3.51
	English	1	\$117.00	\$117.00	N/A	\$117.00	N/A
	English(TOC)	3	\$60.00	\$67.00	\$7.00	\$63.50	\$4.04
	Maths	1	\$59.25	\$59.25	N/A	\$59.25	N/A
	Maths(TOC)	5	\$81.00	\$136.00	\$55.00	\$95.40	\$23.06
	General Studies	4	\$73.00	\$86.00	\$13.00	\$79.25	\$5.56

P5	Putonghua	10	\$34.50	\$55.00	\$20.50	\$46.45	\$8.35
	Music	9	\$47.00	\$57.00	\$10.00	\$52.00	\$3.67
	Chinese	1	\$65.67	\$65.67	N/A	\$65.67	N/A
	Chinese(TOC)	3	\$81.00	\$88.00	\$7.00	\$84.33	\$3.51
	English	2	\$68.00	\$117.00	\$49.00	\$92.50	\$34.65
	English(TOC)	3	\$60.00	\$67.00	\$7.00	\$64.00	\$3.56
	Maths	2	\$57.00	\$59.33	\$2.33	\$58.17	\$1.65
	Maths(TOC)	5	\$81.00	\$136.00	\$55.00	\$95.40	\$23.06
	General Studies	4	\$73.00	\$86.00	\$13.00	\$79.25	\$5.56
	Putonghua	10	\$34.50	\$55.00	\$20.50	\$46.45	\$8.35
P6	Music	9	\$47.00	\$57.00	\$10.00	\$52.00	\$3.67
	Chinese	1	\$65.95	\$65.95	N/A	\$65.95	N/A
	Chinese(TOC)	3	\$81.00	\$94.00	\$13.00	\$87.67	\$6.51
	Maths	3	\$57.00	\$59.50	\$2.50	\$58.17	\$1.26
	Maths(TOC)	5	\$83.00	\$136.00	\$53.00	\$95.40	\$23.06
	English	5	\$105.00	\$174.00	\$69.00	\$129.20	\$27.47
	English(TOC)	3	\$60.00	\$67.00	\$7.00	\$63.67	\$3.51
	General Studies	4	\$73.00	\$86.00	\$13.00	\$79.25	\$5.56
	Putonghua	10	\$34.50	\$55.00	\$20.50	\$46.45	\$8.35
	Music	9	\$47.00	\$57.00	\$10.00	\$52.00	\$3.67

b) Secondary schools 2000/2001 (49 schools)

Level	Subject	Sets of Textbooks	Minimum	Maximum	Range	Mean	Average Deviation
S1	Chinese	3	\$197	\$240	\$43.00	\$224.00	\$23.52
	English	10	\$173	\$198	\$25.00	\$185.00	\$7.57
	Maths	8	\$150	\$195	\$45.00	\$175.88	\$16.57
	Chinese History	5	\$109	\$127	\$18.00	\$119.25	\$7.58
	History	8	\$160	\$170	\$10.50	\$163.94	\$4.00
	Geography	9	\$134	\$174	\$40.00	\$152.11	\$14.68
	EPA	7	\$133	\$150	\$17.50	\$143.86	\$7.96
	Integrated Science	11	\$180	\$212	\$32.00	\$196.27	\$8.79
	Music	9	\$114	\$117	\$3.00	\$115.11	\$1.17
	Putonghua	4	\$80	\$92	\$12.00	\$86.06	\$4.95
S2	Chinese	3	\$197	\$240	\$43.00	\$223.92	\$23.46
	English	10	\$173	\$198	\$25.00	\$185.80	\$8.52
	Maths	8	\$150	\$195	\$45.00	\$176.38	\$16.42
	Chinese History	4	\$115	\$140	\$25.00	\$126.31	\$10.77
	History	9	\$103	\$178	\$75.00	\$159.39	\$22.25
	Geography	10	\$145	\$184	\$39.00	\$158.80	\$14.32
	EPA	6	\$142	\$158	\$16.00	\$150.67	\$7.34

	Integrated Science	13	\$187	\$212	\$25.00	\$198.15	\$5.97
	Music	8	\$115	\$119	\$4.00	\$117.13	\$1.55
	Putonghua	5	\$80	\$112	\$32.00	\$91.40	\$12.40
	Computer Science	12	\$87	\$188	\$101.00	\$132.71	\$25.62
S3	Chinese	2	\$235	\$240	\$5.02	\$237.49	\$3.55
	English	11	\$166	\$198	\$32.00	\$184.00	\$10.05
	Maths	9	\$150	\$200	\$50.00	\$179.00	\$17.26
	Chinese History	7	\$108	\$145	\$37.00	\$125.94	\$11.13
	History	9	\$110	\$168	\$58.00	\$158.13	\$18.31
	Geography	10	\$155	\$174	\$19.00	\$161.50	\$7.65
	Commerce	4	\$83	\$204	\$121.50	\$161.75	\$56.13
	EPA	7	\$147	\$203	\$56.00	\$161.57	\$19.41
	Physics	5	\$119	\$193	\$74.00	\$142.15	\$30.50
	Chemistry	5	\$180	\$224	\$44.00	\$193.40	\$19.79
	Biology	6	\$112	\$192	\$80.00	\$145.33	\$36.60
	Integrated Science	7	\$180	\$204	\$24.00	\$196.14	\$10.41
	Music	8	\$115	\$117	\$2.00	\$116.13	\$0.99
	Putonghua	5	\$80	\$112	\$32.00	\$91.44	\$12.64
	Computer Science	11	\$84	\$184	\$100.00	\$118.32	\$26.64
	S4&5	Chinese	3	\$448	\$480	\$32.00	\$459.67
English		9	\$306	\$402	\$96.00	\$359.67	\$28.29
Maths		9	\$308	\$408	\$100.50	\$351.11	\$44.93
Chinese Literature		2	\$384	\$388	\$3.86	\$386.07	\$2.73
Chinese History		6	\$200	\$306	\$105.71	\$257.28	\$43.97
History		6	\$280	\$340	\$60.00	\$312.58	\$25.02
Geography		5	\$352	\$448	\$96.00	\$421.40	\$39.88
Commerce		14	\$161	\$408	\$246.51	\$281.39	\$75.25
Economics		8	\$317	\$406	\$89.00	\$339.63	\$29.68
Eng. Literature		1	\$76	\$76	N/A	\$76.00	N/A
Physics		12	\$331	\$404	\$73.00	\$374.50	\$23.84
Chemistry		5	\$354	\$364	\$10.50	\$359.60	\$5.58
Biology		11	\$196	\$410	\$214.00	\$335.45	\$73.85
A. Maths		6	\$268	\$373	\$105.00	\$299.00	\$37.71
Music		5	\$105	\$117	\$12.00	\$112.00	\$6.40
Putonghua		2	\$164	\$166	\$2.00	\$165.00	\$1.41
Computer Science		17	\$90	\$206	\$116.30	\$161.43	\$31.71

Note: TOC – Target Oriented Curriculum

N/A – not applicable

* – weighted average figures

Textbook prices for primary schools are taken for the first term only while those for secondary schools are taken for the whole year. S4 & S5 textbooks are combined for price analysis, as the two years of study are regarded as the certificate course.

Appendix 7: Option of using existing textbook assistance funds to create textbook loan libraries

Current government funding

1. There are two elements under the present School Textbook Assistance Scheme (STAS) i.e. the textbook element and the non-textbook element (to pay for miscellaneous school-related expenses including various types of stationery, study aids, other tuition fees, etc)³⁶. In this option, the non-textbook element of the assistance will not be examined as this does not directly relate to the purchase of textbooks.

2. The existing rates of the textbook element are set at 100% of the average surveyed costs of textbooks. Prior to 1999/2000, the rates for secondary students were set at 80% of the average costs. This was based on the assumption that secondary school textbooks are longer lasting and students may sell them, or they may be inherited by others at the end of the school year. In recognising that this assumption may not necessarily happen in practice and to simplify the arrangements, the SFAA removed the 20% discount in 2000-2001.

3. Statistics on textbook purchase assistance for the past few years are as follows:

	1996-97	1997-98	1998-99 [^]	1999-00	2000-01
Eligible student enrolment	n/a	653,907	867,636	880,227	885,412
No. of Applications Received	157,582	163,473	311,517	339,608	373,578
No. of Successful Applications Primary, P1-P6	157,240	162,986	289,169	319,156	348,839
Full grant:	10,009	9,273	14,431	27,900	33,816
Half grant:	64,441	71,670	93,609	102,927	121,395
Total:	74,450	80,943	108,040	130,827	155,211
Secondary, S1-S7					
Full grant:	8,173	7,153	22,305	38,014	41,892
Half grant:	74,617	74,890	158,824	150,315	151,736
Total:	82,790	82,043	181,129	188,329	193,628
% of students obtained grants	n/a	24.9%	33.3%	36.3%	39.4%
Grant Rates*, per student					
P1-P6	\$ 810 (\$ 726)	\$1,029 (\$ 930)	\$1,221 (\$1,109)	\$1,332 (\$1,224)	\$1,790 (\$1,390)
S1-S3	\$1,477 (\$1,399)	\$1,683 (\$1,602)	\$1,766 (\$1,683)	\$1,756 (\$1,661)	\$2,546 (\$2,146)
S4	-	-	\$1,592 (\$1,543)	\$1,632 (\$1,562)	\$2,382 (\$1,982)
S5	-	-	\$ 978 (\$ 903)	\$ 960 (\$ 898)	\$1,516 (\$1,116)
S6	-	-	\$1,463 (\$1,400)	\$1,492 (\$1,438)	\$2,144 (\$1,744)
S7	-	-	\$ 416 (\$ 347)	\$ 422 (\$ 371)	\$ 840 (\$ 440)
Textbook assistance:	\$ 94M	\$113M	\$210M	\$254M	\$341M
Total:	\$101M	\$121M	\$224M	\$272M	\$426M

³⁶ Effective from 2000-2001, an annual flat rate of HK\$400 of non-textbook allowance will be given to the needy receiving full grant, with HK\$200 for those receiving half grant.

- Note: ^ STAS was extended to cover senior secondary students and students in local private schools under the Direct Subsidy Scheme, with effect from 1998-1999 school year.
- * Grant rates were based on an annual survey on the average costs of textbooks.
- () Figures excluded non-textbook elements.

Source: SFAA

Cost estimate of setting up a textbook loan library scheme³⁷

4. In estimating the cost of the loan library option, and examining the ambit of a scheme, the following assumptions are made:

- government will not increase total expenditure on textbook assistance, based on current costs; and
- whether receiving grants or not, students must not be required to pay more for the loan of textbooks than purchases made under the existing scheme.

5. According to SFAA's statistics, the number of students who benefited from the textbook assistance scheme in 2000-2001 was 348,839³⁸. In this school year, 22% of grant recipients received a full grant, and 78% received a half grant. That is, 75,708 students (33,816 primary students and 41,892 secondary students) received a full grant, and 273,131 students (i.e. 121,395 primary students and 151,736 secondary students) will receive a half grant, in 2001-2002.

6. The economic life of a textbook is assumed to be three years (whether through normal wear and tear or revision). The Government's expenditure under the current STAS over a period of three years is \$1,023M. The current industry estimate is that annual textbook turnover is \$1,500M. Therefore, 68% of the approximate amount that would be required to provide assistance to schools to make initial purchases of textbooks for their loan libraries is the amount that is spent per annum on subsidies to a minority of means tested Hong Kong students for textbook purchases.

7. If the amount spent per annum was allocated to constructing loan libraries, Hong Kong students would only need to pay for the shortfall that schools would incur in the purchase of textbooks, i.e., \$477M over three years, rather than the total industry turnover of \$1,500M.

³⁷ The calculations have not taken into account other costs in relation to the setting up of textbook loan libraries in schools, such as replacement costs for torn copies, administrative and storage costs.

³⁸ Figure as at 31 May 2001.

	Present STAS	Proposed Loan Library
	A proportion of students received govt textbook assistance; Govt pays out \$341M ³⁹ a year.	All (100%) students covered; govt finances \$1,500 M* in the first year.
1 st Year	\$ 341 M	\$1,500 M
2 nd Year	\$ 341 M	\$ 0 M
3 rd Year	\$ 341 M	\$ 0 M
Total:	\$1,023 M	\$1,500 M
Shortfall:		\$ 477 M

Note: * Figures are derived from the number of students by class level and the corresponding new grant rates in 2000-2001. The grant rates were based on an annual survey on the average costs of textbooks.

8. Assuming that government will make a one-off pre-payment of \$1,023M for purchase of new textbooks at the start, but not the shortfall of \$477M, it is proposed that students who would not, under the current system, receive the means tested assistance, would pay a rental fee for textbooks. Students who would receive a full grant under the existing scheme would be exempted from paying the rental, and those students who would receive a half grant would be required to pay half the rental fee.

9. Using the above projected estimates of running the SFAA, it is estimated that those who receive no grant now will have to pay \$215 per year, and those on half grant will have to pay \$107.5 per year⁴⁰.

10. As noted above, the calculations are based on the assumption that the economic life of a textbook is three years and government will not cover the shortfall. If there is any change in these assumptions, for example, textbooks have a longer life span or government is willing to pay the full amount in the beginning, the rental to be paid by students will be minimised or nil.

³⁹ As noted in Section Nine, the SFAA advised that the annual cost of \$341 million (textbook element) includes the cost of workbooks and course books which individual students use to write down answers, etc. For primary students, they account for about 45% of the textbook cost element, 20% for junior secondary students and about 22% at the senior secondary level. These workbooks presumably cannot be re-used and thus may not constitute a loan item. Nevertheless the SFAA commented that while the loan fee may become slightly higher, it would seem that if the assumptions are valid the cost to be borne by half grant recipients would still be far less than what they would need to pay themselves.

⁴⁰ When calculating the rental required, students receiving full grant under the existing scheme will be exempted from paying the rental, students receiving half grant will be required to pay half the rental and the rest of the students are required to pay full rental. Using SFAA's estimates:

	No of students X rental	Total amount
Full grant	75,708 X 0	\$0
Half grant	273,131 X (1/2 A)	\$136,566 A
No grant	601,833 X A	\$601,833 A
Total:	950,672 (student population in 2000-01)	\$477M

Note: A = total rental that students paid in the first three years; the economic life of books. = about \$646, i.e. by assuming students receive no grant will pay \$215 per year, those on half grant will pay about \$107.5 a year.

消費者委員會

教科書供求市場研究報告

報告摘要

引言

1. 消委會一向關注教科書供求的各樣情況。二十七年來(消委會於1974年成立),對課本的價格變動、家長購買課本負擔、課本的改版、教科書零售商指定折扣、出版商向學校提供的捐贈等問題,經常都有研究,並不時向政府及業界提供意見,以期改善這個市場的運作。近年來,社會各界對教科書的市場運作更加關注,消委會遂在這課題作一個全面的研究,研究範圍包括:
 - (1) 市場供求;
 - (2) 政府政策的影響;
 - (3) 市場扭曲對消費者的損害;及
 - (4) 如維持目前自由市場機制不變,有甚麼地方可改進?

2. 本報告內容共九章,包括:
 - 第一章:引言
 - 第二章:摘要及建議
 - 第三章:市場特徵
 - 第四章:出版商市場
 - 第五章:零售商市場
 - 第六章:政府政策
 - 第七章:選用教科書程序
 - 第八章:境外教科書政策
 - 第九章:學生借用課本計劃
 - 附表: - 出版商市場佔有率
- 教科書送審時間
- 教科書價格比較

3. 報告有以下三項的主要建議:
 - (1) 改進現行教科書市場的運作模式;
 - (2) 改變現行教科書的供求模式;及
 - (3) 拓展資訊科技在教學方面的應用。

市場概覽

4. 報告指出教科書市場有兩項特徵。
5. 第一項特徵涉及教科書市場的經營範圍及規模經濟。香港的教科書市場銷售對象局限於本土的中小學生，教科書的製作亦以切合香港學生的學習需要為主，故此未必適合境外市場，發展空間相對有限，未能達到規模經濟效益（理論上教科書產銷量越高、每本教科書的單一成本價格將會越低）。由於沒有其他市場分攤本港教科書出版商之製作成本，這製作費用最終由本土學生所承擔。
6. 第二項特徵是教科書的需求有異於其它商品的需求。不同之處在於教科書買家未能自由行使選擇權以決定購買哪個出版商的教科書。以教科書而言，當學校從教育署的「適用書目表」揀選課本後，作為最終用家亦是付錢的學生或家長，只可以按學校的選擇購買教科書。

改變現行的供求模式

7. 因應上述的市場需求特徵，消委會認為讓買家參予購買決定是最理想的做法。這尤其是當政府對教科書方面的資助日益增多，改變現況顯得更為重要。
8. 現時政府在教科書市場有一定的影響力，影響的途徑包括：編訂各科課程、提供「適用書目表」讓學校從中選用教科書，及發出選用課本指引。更為重要的是，政府透過學生資助辦事處向有需要的中小學生提供課本津貼。該資助計劃涉及的津貼金額龐大，由一九九六/九七年的九千四百萬元增加至二〇〇〇/〇一年的三億四千一百萬元。目前，大約有百分之四十的學生人口領取課本津貼，可見資助計劃覆蓋廣泛。這些領取課本津貼的學生，不論是獲全費或半費資助的，亦如之前所言，他們所購買的教科書統統是由學校作出決定的。
9. 雖然政府在購買教科書方面扮演一個重要角色，但卻未有明確規定學校在選擇教科書時必須考慮某一課本的價格是合理。在自由市場的基制下，教育署祇能發出指引，建議學校在評選課本時，應考慮課本質素及課本價格對家長的經濟負擔。
10. 誠然，當學校在「適用書目表」內選擇教科書時，可以理解到他們最重要的考慮自當是課本的內容質素及編排，原因是教科書向被視為十分重要的教學工具。更何況，當付錢購買

教科書的一方（政府間接付錢或學生直接付錢）在挑選過程中並未有參予其中，負責評選課本者自然缺少考慮價格的壓力。

延長教科書使用期及轉換購買責任

11. 基於上述分析，消委會認為政府應重新考慮其在教科書市場所扮演的角色，特別是如更有效利用現時每年支付購買教科書的公帑，及參與購買教科書決定的程度，增強市場的運作效率。消委會提出的建議包括：
 - (a) 利用學生資助辦事處資助學生購買教科書的資金，推行學生借用課本計劃。在該計劃下，由學校提供教科書給學生借用，教科書循環再用借予下一學年度學生使用。
 - (b) 將購買教科書的責任，由學生轉往學校。政府定期向學校注資作為推行學生借用課本計劃及購買教科書之用。
12. 消委會認為把購買教科書的責任轉移往學校身上，能改正目前購買者沒有行駛決定權的情況。在一個具競爭力的市場，購買者獲得完全資訊（包括貨品價格、種類及質素）才作出購買決定。但在目前制度下，學校缺乏誘因去選擇價格較便宜的教科書（假設其他因素相同）。消委會提出的建議目的為市場引入一個必須考慮價格的條件，讓市場能有效地運作。為吸引學校在評選教科書時加入考慮價格，可考慮把學校課本津貼計劃節省得來的資金，交由學校調配用作其他教育用途。

分階段轉變

13. 報告列舉一個可供考慮的方案，即利用課本津貼的資金設立學生借用課本計劃。這方案只是一些初步看法，到實行時，可能仍有很多因素（例如：學校行政、課本儲存及損耗須重置費用等）需要加入考慮。
14. 由於學生借用課本計劃在香港而言是頗新的概念，消委會建議在開始時可以以試驗形式進行，一方面可密切注視計劃的進展情況，以了解計劃是否能夠達到預期效果。這點尤其重要，因為延長教科書的使用期即變相減少教科書的銷售量，可能會影響教科書出版及零售業。採取分階段方式進行，可讓學校、出版及零售商多些時間去適應轉變，以及可以較容易進行市場重整。

試驗計劃

15. 試驗計劃可以由數間學校開始試行。有興趣參予的學校亦可參加。由學校在開學時提供教科書給學生借用，學生在學期

完結時才須向學校交回課本，讓課本循環再借予下一學年度學生使用。可考慮是否需要收取學生小額的按金（作為課本損壞之用）或租用費（作為津貼推行借用計劃的行政費用）。

16. 政府定期向學校注資作為推行學生借用課本計劃及購買教科書之用。為吸引學校在評選教科書時考慮價格，建議政府容許學校把從課本津貼計劃節省得來的資金，調配用作學校其他教育用途，例如：多購參考書或其他的課本給學生借用。
17. 長遠而言，此計劃在全港所有小中學校推行。報告列舉其中一個可供參考的方案。由政府預先撥款相當於三年的課本津貼予學校，用來購買首批課本供所有學生借用。按簡略估計，以目前的資助為基礎，部份學生大約每年要繳交\$100-\$200的費用作為學校行政費；部份學生可獲豁免。

計劃好處

18. 好處包括：
 - 延長教科書使用年期：培養學生愛護公物及環保意識。
 - 減輕家長及學生負擔：減輕家庭的經濟負擔，及家長/學生在開學時四出奔波購買課本的時間。
 - 增加學校議價能力、增加減價壓力：由於大批購買可獲折扣，及要求出版商製作按學校所須課本（例如：沒有過多插圖或過份精美的課本）。
 - 學校可採用更多課本及參考書：由於課本可以以借閱形式給學生使用，一套書可給多人在不同時間使用。
 - 有效使用每年支付購買教科書的公帑：以往支付資助金額時不會理會學生是否用作購書之用，亦未有理會學生如何處置舊書，資源未能盡其所用。
19. 據外國的經驗，家長/學生參與幫助學校翻新舊書。這不單讓家長/學生有機會參與學校活動，更可加強親子關係。太殘舊的課本應予替補。家長/學校亦應教導學生愛護公物、盡量保持課本清潔。另可考慮以分冊或活頁形式出版教科書，以助維持書本的耐用程度。
20. 消委會希望藉推出學生借用課本計劃，來減輕教科書價格高昂的問題，並與此同時保持學校目前自由選用教科書的做法。當然教育政策的任何改變，都對教科書的供求會有影響。
21. 報告綜合了各地政府因應其教育政策所採用的不同教科書

供應政策。有部分地方的政府直接參與教科書供應，例如：由指定出版商負責編書或免費提供教科書；有些則容許出版商某程度上的自由供應教科書，例如：提供有限度或沒有提供任何政府資助。

22. 如上所言，政府在教科書供應政策方面可以有很多不同的選擇。最後，政府需要考慮參與市場的程度，又或是否沿用以市場為基礎的機制來決定教科書供應。以目前政府的參與程度來說，教育與一般事宜不同，不可能完全任由市場決定。更何況自由市場並不能完全解決教育政策所涉及的問題。消委會認為以市場為基礎的方式，可帶來的好處包括：降低生產成本、增加選擇及提高質素，但不能漠視政府在市場的重要角色。

改進現行教科書市場的運作模作

23. 報告內指出，目前教科書市場確實存在一些影響市場有效運作的問題。消委會覺得有需要提出一些改進市場運作的建議。有部分建議可能會因推行學生借用課本計劃而變得不適用；有部分建議則不受影響。反之，若以試驗形式推行學生借用課本計劃，兩類建議會並存一段時間。消委會提出如下建議：

出版商

24. 就教科書輕微的修訂，出版商應繼續以補編形式代替改版。為延長教科書使用期，出版商應把作業/補充材料等分開，不應連同課本一起出售。此舉可使教師有更大的自由去決定是否採用該等教材，亦可使課本循環再用及幫助發展二手書市場。
25. 在學校挑選教科書期間，出版商應向其披露教科書價格（新版及改版書價）以作比較。出版商亦應向教育署提供教科書價格以列在「適用書目表」內供教師參考。
26. 出版商在製作教科書時應避免加入過多插圖、減少多餘空白部份，或不必要的補充練習，以及採用分冊或活頁形式出版教科書。這有助減省教科書的成本及減低書本的重量。
27. 出版商應以「用者自付」的原則，為學校提供的教師手冊，教材資料及其他輔助教學用品，出版商不應把這些用品作為推銷教科書之用，更不應把製作這些用品的成本加入課本的銷售成本之內。這樣會減少浪費，也會減輕家長的負擔。

政府

28. 教育署宜多加考慮出版商對送審時間不足以編寫教科書的意見，及應深入探討改變教學語言及教學方法增加出版商成本的問題。
29. 教育署應嚴格執行「三年不改版」的限制。若出版商未能提供充分理由證明有改版需要或有大幅度改善，就不應獲批准改版。
30. 教育署應考慮如何使學校確切遵從該署發出有關選用教科書的指引。教育署的前線人員應向學校提供有關意見及監察學校有否遵從通告。教育署可舉辦研討會向揀選教科書的教師介紹通告內容。

學校

31. 學校應盡量行使其議價能力，在評選課本過程中要求出版商減少可能導致教科書成本昂貴的印刷。例如，少用貴價的紙張或無需的彩色插圖等。學校在揀選教科書時，應讓家長的參與其事，提供意見及尋求他們的支持。
32. 學校應明確在書單內列明教科書價錢只供參考，家長可往任何一間書店購買教科書。
33. 若學校與有指定安排的書商售賣教科書給學生，應讓家長/學生清楚知道他們有權可從其他途徑購入課本。
34. 學校及非謀利團體應舉辦二手書買賣。
35. 一些非必需的參考書/補考習作，應在書單上印上"可選擇"或"供參考"字樣。學校可購買這些參考書放置在學校圖書館內供學生使用。

資訊科技的應用

36. 政府應積極拓展資訊科技在教學方面的應用，以減低學生對以紙張印刷教科書的倚賴。
37. 舉例說，課程發展處應支持學校發展網上教材。長遠而言，網上教材多元化、更新容易，相信更適合學生不同的需求。課程發展處的職能亦可由中央制定課程演變為支持學校發展靈活的課程。
38. 出版商亦可考慮利用互聯網向學生提供電子課本。

其他意見

39. 此外，在研究的過程中，消委會得到很多方面提供如何可以減低教科書價格的意見。意見如下：
- (1) 以分冊或活頁形式出版教科書，增加更改書本的靈活性，延長書本的使用期。
 - (2) 由政府統一每科的教材，每科的教科書由一個指定出版商負責編制出版。
 - (3) 長遠解決方法是由學校自編教材，但教育署須制訂更多及更詳盡的指引，協助教師編寫教材。
 - (4) 長遠來說，學校應減少倚賴以紙張印刷的教科書，改為採用電子課本。
 - (5) 既然政府已資助了四成學生人口，何不免費提供課本給予全港學生。
 - (6) 面對學校行政及儲存問題，政府可考慮利用公共圖書館推行學生借用課本計劃。
40. 由於這些建議涉及的政策及範疇較為廣泛，消委會認為應由政府當局作詳細研究其可行性。

二〇〇一年九月十二日