

# KHDA gets tough on fee increases

"The KHDA will not entertain fee increase requests of schools that... create problems with the landlord and [then] say they have to relocate," Mohammad Darwish, chief of the Regulations and Compliance Commission at KHDA told Gulf News in an interview.

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Dubai: Schools will not be allowed to increase fees if they relocate without genuine reasons, the Knowledge and Human Development Authority (KHDA) has said.

"The KHDA will not entertain fee increase requests of schools that... create problems with the landlord and [then] say they have to relocate," Mohammad Darwish, chief of the Regulations and Compliance Commission at KHDA told *Gulf News* in an interview.

Darwish was ruling out the possibility of the KHDA caving in to pressure tactics by private school providers who use relocation as a ploy to force a fee increase despite the government barring schools from raising fees this year.

Within a week after the KHDA announced the freezing of fees, Sunny Varkey, chairman of GEMS Education which runs the biggest chain of private schools in the UAE, pushed his case for a fee increase by announcing that their old Asian schools like Our Own English High School were reeling under financial problems.

He said unless authorities give the go-ahead for a fee increase on par with some of the new schools, he would have to close down his loss-making schools.

Varkey maintained that he would be forced to relocate his schools and charge higher fees. Many other private players whose requests for fee increases were also spurned by the KHDA toed the same line and said they need resources to continue functioning.

Varkey's statement triggered panic among Indian parents who count on schools like Our Own that charge an average of Dh5,000 annually to educate their children in Dubai.

Many told *Gulf News* that they will have to leave the country in the event of these schools closing.

According to the current practice, new schools and schools that are forced to relocate to new premises can decide their fee structure without the KHDA's intervention.

## Staggering increase

For instance, Dubai Modern High School, which is owned by GEMS, relocated to Nad Al Sheba from their Al Safa campus in May 2009 and imposed a whopping 90 per cent fee increase.

However, Darwish said Modern High was allowed the fee increase because the school was forced to relocate as their old premises had to be vacated. The old premises were part of a bigger land development project of the Dubai government.

"Our stand is clear on this issue. Not all schools that relocate can get away with a new fee structure," the KHDA licensing chief said.

"It was mostly villa schools that were allowed fee increases due to relocation as they had to move to new campuses after a cabinet decree was enforced. It was enforced and so a fee increase was justified. They had no control over it."

### **Falling rentals**

Darwish said KHDA had clear indications that commercial rents were falling.

"We have a team studying the market trends and our conclusions are accurate. Most of the schools have had an accumulated 30 per cent tuition fee increase in the last three years. There is no justification for these schools to ask for further increases this year," he said.

Darwish said he found it "hard to believe" GEMS' claim that the operational costs of their Asian schools had gone up by 57 per cent in the last three years.

"We do get the basic annual financial reports from all schools. Going by that, I do not think schools are financially unstable. What we expect of private operators like GEMS is to open new schools and not close down schools. And we at the KHDA is ready to offer investors all the possible support and assistance," he added.