

**Report of  
The Working Group on  
The Provision of  
International School Places**

**Education Department  
July 1995**

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# **Executive Summary**



## EXECUTIVE SUMMARY

### Background

The Working Group on the Provision of International School Places (WG) was established in November 1994 to conduct an in-depth review on the provision of international school places, as directed by the Secretary for Education and Manpower.

### Approach

2. The WG adopted a comprehensive approach to address its tasks:
  - (i) A logical basis to assess the future demand for international school places was established through a well-constructed survey done by a professional firm.  
[Chapter 2, Section 2.11 - 2.15 and Appendix E]
  - (ii) Information on existing international schools and views on international school issues, including admissions policy, funding arrangements, etc. were collected from relevant bodies through various channels.  
[Chapter 3, Sections 3.1 - 3.7]
  - (iii) Government financial assistance to international schools was reviewed.  
[Chapter 4, Sections 4.1 - 4.19]
  - (iv) Monitoring and control measures for international schools in the light of possible changes were examined.  
[Chapter 5, Sections 5.1 - 5.7]

## Recommendations

3. From November 1994 to June 1995, the WG held 7 meetings. The WG has come to the following recommendations:

(i) *Projected Demand* [Chapter 2, Section 2.15(iv)]

Based on the survey conducted by the professional firm, the total demand for international school places in the next five years is estimated as follows:

Year	Projected Total Demand
1995	24,589
1996	26,050
1997	27,597
1998	29,237
1999	30,972
2000	32,813

(ii) *Additional International Schools* [Chapter 2, Sections 2.16-2.17]

The WG estimates that existing international schools will be able to accommodate 25,400 students, i.e. 95% of their full capacity, by minimizing the current mismatch. On this basis, the number of additional international school places required by 2000 is estimated to be 7,400. For indicative purposes, the requirement can be translated into the equivalent of five non-profit-making schools that Government assistance for their establishment may be needed.

(iii) *Government Financial Assistance* [Chapter 4, Sections 4.23 - 4.26]

The WG notes that funding arrangements for ESF schools have been separately dealt with by a Working Group on Funding for ESF chaired by the Deputy Secretary for Education and Manpower (Section 4.23). For non-ESF international schools, the WG recommends that Government should enable the establishment of appropriate international school places through assistance in the form of:

- (a) land grant at nominal premium, according to a revised procedure; and
  - (b) an interest-free loan at 100% of the standard cost of building a standard design primary or secondary public sector school as appropriate.
- (iv) *Admissions Policy* [Chapter 3, Section 3.9]  
Given the recommended level of future government financial assistance, and to ensure that non-profit-making international schools in receipt of Government financial assistance are catering for relevant educational needs of the territory, Government should have the authority to:
- (a) approve the initial admission criteria, and any changes thereto; and
  - (b) direct the international schools to comply with the approved criteria, if and when necessary.
- (v) *Monitoring and Control Measures* [Chapter 5, Section 5.7]  
International schools should be subject to monitoring and control measures similar to local schools, as well as measures in accordance with their receipt of land grant and capital assistance.

## **Financial Implications**

4. An indicative estimate of the likely financial implications arising from the WG recommendations are as follows [Chapter 4, Section 4.28]:

<b><i>Recommendations</i></b>	<b><i>Financial Implications (Costings as at 1.4.1994)</i></b>
Land grant	Five school sites, size ranging from 6,000m <sup>2</sup> to 9,000m <sup>2</sup>
Capital assistance	Interest free loans for 5 schools, \$40 million for a primary school or \$51 million for a secondary school
Recurrent subsidies	Nil
Staff implications	\$1.2 million for the first six months and \$0.88 million per annum thereafter

# **Main Report**



# CHAPTER 1

## INTRODUCTION

### **Background**

1.1 In October 1994, the Secretary for Education and Manpower (SEM), having considered the request from expatriate communities for the provision of more international school places, directed that an in-depth review should be done to review the situation. The Working Group on the Provision of International School Places (WG) was accordingly established in November 1994.

### **Terms of Reference**

1.2 The WG's terms of reference (TOR) are as follows:

1. Having regard to the need to maintain and develop Hong Kong as an international business and financial centre, to examine the requirements for international school places (including places in schools operated by the English Schools Foundation) in the next five years, and if there are shortfalls in the planned provision, to make recommendations on how such shortfalls can be met.
2. In the process, the Working Group should also -
  - (a) forecast the supply of and demand for places in international schools in the next five years;
  - (b) compile a list of existing criteria for admission into international schools offering English-stream curriculum and make recommendations, if necessary, as to whether and to what extent such schools should be persuaded to change them;
  - (c) consider whether and how the existing forms of Government assistance to international schools should be changed, having regard to the possible implications on Government's policies on the mainstream local school sector; and
  - (d) assess the resource implications, if any, arising from its recommendations.

3. The WG should submit its report, via the Director of Education, to SEM by May 1995.

### **Membership**

1.3 Membership of the WG is as follows:

Chairman: Miss Elaine Chung  
Deputy Director of Education

Members: Mr Kevin Mak  
Deputy Secretary for Education and Manpower 2

- represented by Miss Maureen To / Miss Annette Lee, Principal Assistant Secretary (Education and Manpower)2 at the first to fifth meetings

Mr Edward Yau  
Principal Assistant Secretary (Treasury)B

- represented by Mr Bassanio So, Finance Officer(B)2 at the second to fifth meetings

Miss Cherry Ling / Miss Adeline Wong / Miss Sally Wong  
Principal Assistant Secretary (Trade and Industry)A

Mr Alvin Li Wing-kong  
Senior Statistician (Research), Census & Statistics Department

Mr Lucas Chan / Mr Tsui See-ming / Mr Kwan Ting-fai  
Senior Assistant Director of Education

Mr David Pun  
Assistant Director (Planning & Research), Education Department

Mr G M Ross  
Chief Estate Surveyor / Headquarters, Lands Department

- represented by Miss Jenny Lau, Senior Estate Surveyor, at the second to fourth meetings

Secretary: Mrs Wong Chan Chung-fun

## Senior Education Officer (Planning)<sup>1</sup>, Education Department

### **Tasks**

1.4 In accordance with its TOR, the WG has decided to undertake the following tasks :

- (i) to examine the requirements of international school places and make a forecast of the demand for international school places in the next five years, with recommendations on how to meet shortfalls, if any (TOR (1) & 2(a));
- (ii) to review the admissions policy of international schools (TOR 2(b));
- (iii) to review the existing forms of Government assistance to international schools (TOR 2(c)); and
- (iv) to assess the resource implications arising from its recommendations (TOR 2(d)).

### **Approach**

1.5 The WG noted that, in the past, demand for international school places was assessed primarily based on schools' waiting lists and other data like the size of the expatriate community and statistical data from the chambers of commerce. There were accordingly problems in the reliability and appropriateness of bases and data. A more accurate assessment of the demand for international school places is therefore required in the current exercise to provide the Administration with more reliable data for strategic planning purposes.

1.6 Hence, for its *first task*, the WG commissioned, through the Education Department (ED), a professional survey firm to do a survey on the demand of international school places. The survey exercise, conducted from February to April 95, provided information for the establishment of a logical basis to assess the future demand for international school places. Through this survey, information and data from various sources, including employers of expatriate employees, returned emigrants, local residents, international schools and chambers of commerce were collected in a systematic and scientific manner. Based on data collected, the met as well as unmet demands were gauged, and several "Regression Models" were examined to forecast demand for the next five years. The survey has helped the WG to determine and formulate recommendations on the demand for international school places in Hong Kong for the next five years. Details of the survey are described in Chapter 2.

1.7 For its *second task*, the WG adopted a comprehensive approach: administration records available in ED were studied, and information and views were collected from relevant bodies. For the latter purpose, the WG Chairman wrote to international school authorities (i.e. the chairman of the English Schools Foundation, which operates 15 schools, and the school supervisors of 25 other international schools), the chairmen of 21 chambers of commerce with representatives sitting on the International Business Committee (IBC) and the six LegCo members on the LegCo Panel on Education to seek their views on issues concerned. Moreover, for a better perspective on Hong Kong 僑 provision of international schools places, the WG Chairman also wrote to 18 consulates/trade commissions for information on their home countries' policy on such provision. A summary of the information/views collected through these written enquiries is at Annex A. Besides, visits were paid to various international schools and chambers of commerce. The WG Chairman also attended meetings of the LegCo Panel on Education and the IBC to brief and consult members on international school issues. Details of these visits and consultations are at Annex B. Enquiry on schools' current admissions criteria and any future changes envisaged was also made by the professional firm in the survey exercise for the first task. Equipped with such information, the WG has compiled a list of existing criteria for admission to international schools and formulated recommendations on future admissions to international schools in Chapter 3.

1.8 For its *third task*, the WG followed the procedure as for its second task. Details of the study and recommendations are in Chapter 4.

1.9 In the light of possible changes to admissions policy and Government assistance, the WG considered it relevant to examine monitoring and control measures for international schools as well. Details of this study are in Chapter 5.

1.10 Pertaining to its *fourth task*, the WG also examined, in the course of addressing its first three tasks, possible resource implications arising from the various options and recommendations. A summary of the WG 僑 recommendations, together with possible resource implications, are in Chapter 6.

### **Definition and Characteristics of International Schools**

1.11 Members of the WG viewed that 僑International Schools" are schools which follow a non-local curriculum and whose students do not sit for the local examinations (e.g. Hong Kong Certificate of Education Examination). They are operated with curricula designed for the needs of a particular cultural, racial or linguistic group or for students wishing to pursue their studies overseas. Such schools, which grew from around 20 in 1988 to 40 in 1994, are not homogenous, and are difficult to categorise. However, since Government assistance is a major area of study in the present review, for ease of consideration, the 40 international schools in existence at the time of the WG 僑 establishment have been put into three groups on the basis of the extent of their financial assistance from Government:

- (i) *Group A*: 15 schools operated by the English Schools Foundation (ESF); including one school for children with special educational needs. These schools (which include previous Government English Schools transferred to the ESF in September 1979) used to be in the aided sector. They are established and operated under the English Schools Foundation Ordinance (Chapter 1117), and are subsidised in a similar way as local aided schools.
- (ii) *Group B*: 10 non-profit-making schools, normally associated with a national group which offer an English stream, and which receive Government assistance in the form of land grant and/or financial subsidies under the Direct Subsidy Scheme (DSS)\*; and

(\*Note : Li Po Chun United World College of Hong Kong, a DSS School, offers the International Baccalaureate Diploma Programme, and most of its students are not normally residents of Hong Kong. Statistics regarding this school have been excluded from the report to avoid confusion.)

- (iii) *Group C*: 15 private independent schools offering a non-local curriculum which do not receive any Government assistance, except reimbursement of rates for those non-profit-making ones. Many of them are profit-making, and some are national in character.

1.12 In the 1994/95 school year, the total enrolment in the above international schools amounted to 22,049, with 9,413 (43%) in Group A schools, 7,284 (33%) in Group B schools, and 5,352 (24%) in Group C schools. A variety of curricula are offered, including the British curriculum for English-speaking children of Group A schools, the American, British, Canadian, Singaporean, French, German and Korean curricula of Group B schools, and the American, Australian, British, Canadian, Norwegian, Indonesian and Japanese curricula of Group C schools. A list of international schools as grouped above, together with relevant general information, is at Annex C.

## CHAPTER 2

### PROVISION OF INTERNATIONAL SCHOOL PLACES

#### Provision of School Places in Hong Kong

2.1 In Hong Kong, education is compulsory between ages six and 15 (or completion of Secondary 3, whichever is earlier). Every eligible child is provided a school place free of tuition fees at primary and junior secondary levels. Government also heavily subsidises places at senior secondary and sixth form levels for young people who want to continue their education, and who have the ability to benefit from it. On the basis of population projection figures, supply of places is planned to meet demand according to the following long-established specific provision targets for school education:

#### Free and Compulsory Education

P1 to S3 - 100% of children in the age group 6 - 14;

#### Post-compulsory Education

S4 & S5 - 85% of children in the age group 15 - 16;

Sixth Form - places for up to one-third of those in S4 in the public sector two years previously.

#### **Supply of Public-sector School Places**

2.2 Mainstream (Public-sector) schools are the vehicle through which Government provides sufficient places to meet the demand for school places in the territory in accordance with the provision targets in Section 2.1. Such schools include government, local aided and bought-place schools. Rigorous planning for supply of public-sector school places is done by Government on the basis of population projections, and school buildings are constructed according to building programmes to ensure sufficient and timely supply of suitable school places. In the 1994/95 school year, 89% of the primary pupils and 87% of the secondary students in the territory are in local public sector schools. More details are shown in Table 1 below :

Table 1: School Enrolment by Sector in Hong Kong (as at 15 September 1994)

Level	Public sector Schools (Including Government, Aided and Bought Place Schools)	Private Sector Schools (Excluding International Schools)	International Schools	Total
Primary Schools	422,326 (89%) (790 schools)	42,039 (9%) (64 schools)	12,482 (2%) (30 schools)	476,847 (100%) (884 schools)
Secondary Schools	397,079 (87%) (366 schools)	51,553 (11%) (66 schools)	9,567 (2%) (23 schools)	458,199 (100%) (455 schools)
Total	819,405 (88%) (1156 schools)	93,592 (10%) (130 schools)	22,049 (2%) (*53 schools)	935,046 (100%) (1339 schools)

(\*Note : Schools operating both primary and secondary levels are counted for both levels.)

2.3 Other schools in the territory, including local private schools and international schools, are administered by the Education Department under the terms of the Education Ordinance. Supply of such school places, however, falls outside the planned provision of Government.

#### **Supply of International School Places**

2.4 Historically, international schools have been built by interested parties in response to market demand. Each group of schools or each school sets out to meet demand from its own target students:

- (i) *Group A (ESF) schools* appears to be the only group of international schools to have developed some sort of mechanism for forecasting demand. These schools are established and operated under the English Schools Foundation Ordinance (Chapter 1117) to provide education through the medium of English for children whose first language is English. The ESF justifies demand mainly on the basis of past development trends to request for land grant, capital assistance and recurrent subsidies from Government for accommodation to provide additional schools.

- (ii) *Group B schools* are all non-profit-making. They all operate an English stream and all have received land grant at \*nil or nominal premium from Government to build their existing schools. The applicant bodies justify their applications to Government on the basis of demand figures from existing/prospective students (using waiting-lists, etc) from their respective target groups. Government considers each application as it comes, and consider land grant on the merit of each individual case. Most of these schools serve specific expatriate communities (e.g. Canadian, French, German).

(\*Note : Two Group B schools did not receive land grant directly from Government, but are constructed by private developers as a condition of land grant by the Government.)

- (iii) *Group C schools* include both profit-making and non-profit-making schools. They do not receive any government finance assistance, except rates refund for non-profit-making schools. Some of them are national schools and are established solely for the education of their own countrymen. Some profit-making ones mainly cater for local Chinese students preparing to pursue studies overseas. The supply of places by Group B and Group C schools appears to be very much the operating bodies' response to the supply and demand situation in the market. Their curricula and modes of operation are geared to meet the specific needs of their target groups.

2.5 As seen in Section 2.4 above, Government has facilitated the supply of places in non-profit-making international schools through land grant at nil or nominal premium, and capital assistance and recurrent subsidies to Group A (ESF) and Group B schools which are under the DSS. In the early 1960s, only one of the above-mentioned international schools existed. Later in that decade, five more schools were registered. The first six international schools include two Group A (ESF) schools (Beacon Hill School and Island School), one Group B school (the Hong Kong International School), and three Group C schools (the Hong Kong Japanese School, Royden House International School and Sear Rogers International School). The number of international schools grew to nine in 1974, 24 in 1984 (this increase was due partly to the amalgamation of six Government English schools into the ESF), and 40 in 1994. Details on the increase in the number of international schools are in Table 2 below:

Table 2: Number of International Schools from 1964 to 1994

As at (Year)	Group A(ESF)	Group B	Group C	Total
1964	0	0	1	1
1974	2	3	4	9
1984	10	7	7	24

1994	15	10	15	40
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2.6 The situation of the continued expansion of international school places is borne out by the fact that new schools continue to be established, and new extensions to existing schools are being built or planned. Subsequent to the WG<sup>僑</sup> establishment in November 1994, the Australian International School was set up in February 1995. This school operates in temporary premises and currently enrolls about 50 students. The Singapore International School (SIS) is scheduled to move into its new premises in August 1996, and the school<sup>僑</sup> capacity is expected to increase by about 200 places. The WG notes that, based on current class sizes adopted and accommodation available, a total of 26,700 school places could be provided in existing international schools upon the completion of the SIS. Moreover, Government has received applications from some non-profit-making international school bodies for land grant at nominal premium to build extension projects, which, if realised, will be able to provide additional places to meet the territory<sup>僑</sup> needs. In this regard, approval-in-principle for land grant have been given to the applications from the French International School and the Hong Kong Japanese School.

2.7 Survey findings reveal that the trend of increase in international schools' enrolment appears to mirror the growth in Gross Domestic Product (GDP), and among families with children in international schools in 1994, 47% are expatriates, 26% are returned emigrants and 27% are locals. This gives support to the view that, probably as a result of economic and social developments in Hong Kong in recent years, the following elements appear to have become increasingly significant in those seeking admission to international schools :

- (i) increasing number of expatriate staff of overseas companies wanting to take advantage of favourable economic conditions and business opportunities in Hong Kong and China;
- (ii) children of returned emigrants who cannot adjust to local schools;
- (iii) parents who wish to have a period of adjustment in international schools for their children going abroad for further studies later; and
- (iv) parents who can afford to send their children to international schools and wish their children to receive a mode of education different from the local type.

2.8 As reported by international school authorities and reflected in the findings of the survey exercise, the current international school student population covers a wide range of nationalities. Among the some 20,000 students, there are :

Table 3: Nationalities of Existing Students in International Schools (Passport Origin)

British	22%
USA	15%
Japanese	11%
Canadian	10%
Australian / New Zealand	10%
Hong Kong / British HK	9%
Indian	6%
Other European	5%
Korean	4%
Other Asian	4%
Singaporean	1%
Taiwanese	1%
Others	2%

### **Provision of International Schools in Other Countries**

2.9 The WG examined the information provided by 11 respondent consulates/trade commissions on the provision of international school places in their own countries (summarised at [Annex D](#)). The following are observed:

- (i) There appears to be little direct government involvement in the planning of international school places. In most countries, needs for “international school type” education are met through the private sector. The countries with the largest number of such schools reported are Japan (131 schools with 30,000 students), Korea (56 schools with 6,700 students) and Singapore (25 schools with 13,340 students). Except for the Taiwanese curriculum in Korea and the Dutch curriculum in Singapore, all the curricula reported are covered in those offered in the international schools in Hong Kong.
- (ii) In a few countries like the Netherlands and Sweden, special streams are run in a number (16 and 13 respectively) of mainstream schools to cater for needs for “international school type” education. However, these streams appear to be intended to facilitate students’ eventual integration into their local system, and not to serve as an alternative type of schooling.
- (iii) Four countries are reported to have given some form of direct Government financial assistance to their international school education. Austria provides assistance to its five international schools in the form of land, school building and subsidy to students (with the form of assistance varying among individual schools). Germany subsidises some of the operating costs of its 10 international schools; and the Netherlands and Sweden subsidise places in the

special stream in a number (16 and 13 respectively) of their mainstream schools.

### **Approach Towards Future Provision of International School Places**

2.10 Before addressing the various issues on international school places, the WG considers it pertinent to establish what approach Government should adopt towards future provision of international school places. The WG notes that when compared with other countries, Hong Kong has been proactive in its approach. Government has actively facilitated the establishment of international schools through land grant at nominal premium. Twenty-five (62.5%) of the 40 international schools in 1994 have been so established. This facilitation is considered by international school bodies as crucial in enabling the establishment of international schools of different curricula to meet the diverse needs of the international communities in Hong Kong. The growth in international school enrolment, which matches the growth in GDP (see Section 2.7 on Page 9), reflects the robustness of Hong Kong's economy and increasing success as an international city, and Government should continue with its proactive approach towards the provision of international school places.

### **Future Demand for International School Places**

2.11 To assess the future requirements for international school places, the WG commissioned, through ED, the Survey Research Hongkong Ltd (SRH), to do the Survey on the Demand of International School Places. The survey exercise started in February 95, and was completed on 26 April 95. Three main surveys (School Survey, Family Survey and Business Survey) were conducted to obtain the necessary data; and "Regression Models" were developed to work out the demand forecast. The full Survey Report by SRH is at [Annex E](#).

2.12 The School Survey, which covered all the 40 existing international schools in Hong Kong, serves to obtain information on student enrolment between 1984 and 1994, number of vacancies and applicants on waiting list, student enrolment by nationality (passport origin) for 1994/95 school year, curriculum, careers of graduates, admission criteria, public examination taken by graduates, amount of tuition and debentures, and views on Government subsidy and land grant.

2.13 Data/Information obtained from the Family Survey, which covered 2,500 Hong Kong families, include: incidence of unmet demand (i.e. number of unsuccessful applicants to international schools during the school year 1994-95 because of insufficient school places), children attending international schools and tuition paid by employer, perception of provision, quality and fees of international schools, and demographic profile of respondents.

2.14 The Business Survey, which covered 1,750 employers from two main sample groups (1,103 firms with 50 or more employees and 540 firms with less than 50 employees)

and six supplementary sample groups (altogether 107 interviews with Government departments, tertiary institutions, Provisional Airport Authority, Hospital Authority, American Chamber of Commerce members who responded to a previous survey on international schools, and church organisations), is designed to obtain information on incidence of unmet demand (company recruitees or transferees who have turned down Hong Kong appointments as a result of the lack of suitable schools places for his/her child/children), incidence and number of expatriate employees, and company subsidy for school fees for children of expatriate employees.

## Survey Findings

2.15 Relevant findings of the survey exercise are extracted below:

- (i) *Enrolment trend:* The number of students enrolled in international schools has been increased steadily over the past ten years, from 11,670 in 1984 to 22,186 in 1994 (Table 4 below), representing an average compound annual growth rate of 6.6%. Annual growth ranges from 3.6% to 11 %. The enrolment and wait-listed figures collected also suggested that supply is highly responsive to demand, and the enrolment figures of the following year can be taken as a reasonable surrogate measure of the demand for a particular year.

Table 4: Enrolment in International Schools from 1984 to 1994

<u>Year</u>	<u>Enrolment</u>
1984	11,670
1985	12,177
1986	12,778
1987	13,619
1988	14,906
1989	15,727
1990	16,297
1991	17,978
1992	18,921
1993	19,975
1994	22,186

- (ii) *Projected Enrolment:* Using the “Regression Model” recommended by SRH, the projected enrolment for the years from 1995 to 2000 is estimated in Table 5 below.

Table 5: Projected Enrolment for the Years 1995 to 2000

<u>Year</u>	<u>Enrolment</u>
1995	22,768
1996	24,120
1997	25,553
1998	27,071
1999	28,678
2000	30,382

- (iii) *Unmet Demand*: Based on data from the three surveys (School, Family and Business), unmet demand is estimated by SRH to be at 8% of enrolment. Details are as follows:
- (a) Of the 2,500 households (with 4,116 school-aged children) interviewed, seven children are found to qualify as unmet demand (i.e. in 1994/95, they applied for international school places but were not admitted due to insufficient places). These seven children, when projected to the population of school-aged children, represent 1,770 or 8% of enrolment.
- (b) While the Business Survey yields no substantiated incidence of unmet demand, the School Survey provides data which support the unmet demand estimate at (a) above. Based on enrolment, vacancies, and waitlist data from the School Survey, it is estimated that unmet demand (i.e. number of applicants on waitlist minus number of vacancies) is 11.7% of enrolment for 1994 and 9.8% of enrolment for 1993. In this connection, two observations are relevant. Firstly, these percentages are likely to be exaggerated, as multiple applications outside the ESF system are pervasive. Secondly, “unmet demand” at some international schools co-exists with “surplus” at some international schools offering the same curriculum. It is possible that parents prefer certain schools for reasons such as location, perceived quality of facilities and teachers, fees and debenture levels. On the other hand, some parents may simply be unaware of suitable vacancies in certain international schools. The survey data reflect that, if school places are perfect substitutes within curriculum and grade, unmet demand could be reduced to about 7% of current enrolment at primary levels and to nil at secondary levels.

- (iv) *Demand Forecasts for the next five years:* By building up (ii) and (iii) above, the WG estimates that the projected total demand, demand by nationality, and demand by curriculum are as detailed in Tables 6 to 8 below.

- (a) Projected total demand

Table 6: Projected Total Demand for the Years 1995 to

2000

<u>Year</u>	<u>Projected Demand</u>
1995	24,589
1996	26,050
1997	27,597
1998	29,237
1999	30,972
2000	32,813

(The relationship among (ii), (iii) and (iv)(a) above is shown in diagrammatic form at Annex E.)

- (b) Proportion of demand by nationality (by passport origin), which has been detailed in Table 3 on page 9 is reproduced below as Table 7 for ease of reference:

Table 7: Proportion of Demand by Nationality

British	22%
USA	15%
Japanese	11%
Canadian	10%
Australian/New Zealand	10%
Hong Kong/British HK	9%
Indian	6%
Other European	5%
Korean	4%
Other Asian	4%
Singaporean	1%
Taiwanese	1%
Others	2%
	100%

(c) Proportion of demand by curriculum :

Table 8: Proportion of Demand by Curriculum

British	63%
USA	12%
Japanese	9%
Canadian	5%
French	3%
German	2%
Singapore	2%
Australian	2%
North American	1%
Others (Korean/Indonesian)	1%
	<u>100%</u>

(v) *Demographic Profile of families with children attending international schools:* On the basis of the survey results, the WG notes that the profiles of families by income, by address distribution and by family type are as detailed in Tables 9 to 11 below.

(a) Profile of families by monthly household income distribution (net income, excluding allowance for education, etc):

Table 9: Profile of Families by Monthly Household Income

\$50,000 or above	48%
\$30,000 - 49,999	23%
\$10,000 - 29,999	18%
Below \$10,000	2%
<u>Refused to answer</u>	<u>9%</u>
Total	100%

(b) Profile of families by address distribution

Table 10: Profile of Families by Address Distribution

<u>Hong Kong Island</u>	<u>32%</u>
Central & Western	9%
Wanchai	2%
Eastern	9%
Southern	12%

<u>Kowloon</u>	27%
Yau Tsim	4%
Shamshuipo	4%
Kowloon City	12%
Wong Tai Sin	2%
Kwun Tong	5%
<u>New Territories East</u>	27%
Tai Po	11%
Shatin	9%
Sai Kung	7%
North	0%*
<u>New Territories West</u>	14%
Kwai Tsing	2%
Tsuen Wan	10%
Tuen Mun	2%
Yuen Long	0%*
Islands	0%*

(\* Note : This does not indicate that there are no international school students residing in these districts. They are simply not encountered in the random Family Survey.)

(c) Profile of families by family type

Table 11: <u>Profile of Families by Family Type</u>	
Expatriates	47%
Returning emigrants	26%
Local families	27%

## Recommendations

2.16 The WG accepts the findings of the SRH Survey Report. On the basis of the survey findings, the WG envisages that the demand for places in international schools in the next five years to be as projected at Section 2.15 (iv) (a) on Page 14. For indicative purposes, and on the assumption that about 1,000 places are provided per school, the additional requirement can be translated into the equivalent of *five* schools, as calculated below:

(i)	Projected total demand for year 2000:	32,800
(ii)	<u>Less</u> Provision of school places at year 2000 in existing schools at 95% of capacity (see Section 2.17 (i) below):	25,400
(iii)	Additional school places required: [(i) - (ii)]	7,400
(iv)	No. of school places to be provided by non-profit-making schools (see Section 2.17 (ii) below): [(iii) x 0.7]	5,180
(v)	No. of non-profit-making schools: [(iv) / 1,000]	5.2 (say 5)

2.17 In making the above estimation, the WG believes that:

- (i) Through better planning to reduce the existing mismatch between provision and demand and by providing more useful information to parents on the supply of international school places, the enrolment rate of existing international schools could be increased from the present 83% (i.e. an enrolment of 22,000 against a capacity of 26,500) to approximately 95% of their full capacity (26,700) in the year 2000; and
- (ii) About 70% of the additional places would be provided by non-profit-making international schools, similar to the present situation.

2.18 To keep up with the latest development in the international school scene, the WG further recommends that ED should, on an annual basis, review the demand and supply of international school places by age, curriculum and nationality.

## CHAPTER 3

### ADMISSIONS CRITERIA OF INTERNATIONAL SCHOOLS

#### Current Situation on Admissions to Schools

3.1 With disparate principles for provision of places, mainstream (public-sector) schools and international schools also have distinct differences in their admissions criteria. ED plays a key role in admission to public sector school places, while admission to other schools (including local private schools and international schools) are almost fully at the discretion of the school authorities, with or without formalised criteria.

#### **Mainstream (Public-sector) schools**

3.2 Admission to public sector school places in Primary 1 (P1), Secondary 1 (S1) and Secondary 4 (S4) is administered through the following formal allocation systems by ED:

<i>P1</i>	-	Primary One Allocation (POA) System
<i>S1</i>	-	Secondary School Places Allocation (SSPA) System
<i>S4</i>	-	Junior Secondary Education Assessment (JSEA) System

3.3 Except for a certain percentage of discretionary places, public-sector schools give up all their P1, S1 and S4 places for allocation by ED. For admission of students to the Sixth Form (S6), these schools have to follow the *Secondary 6 Admission Procedure*, which ED introduced in 1991 to ensure full utilisation of S6 places. School places at other levels are filled by normal progression of students. The small number of vacancies remaining after the central allocation process for P1, S1, S4 and S6 and vacancies at other levels are filled at the discretion of the school authority.

#### **International Schools**

3.4 Having examined the information collected on admissions criteria provided by international schools, the WG noted the following existing practice :

- (i) *Admission to Group A schools:* ED does not allocate students to ESF schools. The ESF was established in 1967 by its own Ordinance to provide education for English-speaking children in the territory. On this basis, for a child to qualify for entry to ESF schools, one of his parents should be a resident tax-payer in

Hong Kong. The school would also conduct a test to ascertain that the prospective pupil has sufficient command of English to benefit from such education. Applicants seeking admission may approach the principals of respective ESF schools where priority of admission is given to the following categories of applicants:

- (a) First language native English speaking expatriate children,
  - (b) Children with siblings already attending ESF schools, subject to acceptable fluency of spoken English,
  - (c) Expatriate children with high fluency in English as a second language,
  - (d) Expatriate children with limited English who cannot attend any other school in the territory, and
  - (e) Local children if completely fluent in the English language.
- (ii) *Admission to Group B and C schools:* ED does not allocate students to Group B and C schools (although for the four schools in the DSS, a proviso\* for possible allocation of students to all DSS schools is also applicable). Admission to these schools, similar to that for local private schools, is at the discretion of the school authorities concerned. Most of these schools give priority to children from their national group and to children of debenture holders. In respect of streams of national curriculum (e.g. French, German, Japanese, Korean), which are primarily established to cater for nationals of their home countries, admission often requires proficiency in the mother tongue. For the English streams, demand comes from a wider market (including children of any English-speaking community, returned emigrants, and local Chinese), and admission is dependent on the availability of places and proficiency in the English language.

(\*Note : The Education Commission recommended that the Government should be allowed to allocate to DSS schools a certain percentage of their pupils through the SSPA in the event of an unanticipated shortfall in public provision, subject to adequate notice being given. This right has never been exercised by ED.)

3.5 A list of existing admissions criteria and views provided by respondent local international schools is at Annex G.

### **Situation in Other Countries**

3.6 Little is reported on admissions policy by the respondent consulates/trade commissions. The general impression is that there is little government interference in admissions as all schools providing “international school type” education are private.

## **Views of International School Authorities**

3.7 Virtually all international schools state that they do not envisage any changes in their admissions criteria. Many stress the need for international schools to retain their present freedom and independence, although one Group C school suggests the introduction of a system of admission centrally co-ordinated by Government with schools maintaining some flexibility, and the Government having some power to allocate students to them.

## **Future Admissions Criteria**

### **Options explored**

3.8 The following options for future admissions policies of international schools were considered:

- (i) *Maintaining the status quo:* Admission to Group A (ESF) schools will be based on their own well-established and publicised system; and Group B and C schools will continue with their diverse criteria at their own discretion. International school places will not be subject to allocation by the Government.
- (ii) *Model on Group A (ESF) schools:* As Group A (ESF) schools have well-defined admissions criteria, with clear priorities on the types of students seeking admission, other international schools may draw reference from the ESF criteria and establish and publicise their own for the information of interested parents. International school places will not be subject to allocation by the Government.
- (iii) *Model on DSS schools:* DSS schools, which receive the DSS subsidies (recurrent and, in the case of non-profit-making schools, capital assistance), are free to admit their own students. However, there is the proviso that should there be unanticipated shortfall in public sector places, the Government should be allowed to allocate a certain percentage of students to DSS schools through the SSPA (i.e. use of some of their S1 places), subject to adequate notice being given. Building on the DSS model, it is suggested that international schools in receipt of Government financial assistance should reserve a certain percentage of their places for allocation by the Government.
- (iv) *Model on private independent schools:* For private independent schools, admission will be entirely at the discretion of the school authorities. Under this option, international schools are free to admit their own students, and their school places should not be subject to allocation by the Government.

- (v) *Model on local aided schools:* Local aided schools receive Government subsidy which enable them to meet expenses for operation up to satisfactory standard. Admission to aided school places at P1, S1, and S4 levels are done (except for a specified percentage of discretionary places) through central allocation processes by the Government; admission to S6 is made in accordance with an admission procedure prescribed by Government; while places at other levels are filled by normal progression. Under this option, international school in receipt of Government financial assistance should allow Government to allocate students to their school places.

## Recommendations

3.9 Having examined the above, and taking into account the likely level of future Government financial assistance to international schools, the WG recommends the following :

- (i) In view of the diverse curriculum and nationalities in international schools, it is neither practicable nor desirable to impose central allocation on such schools.
- (ii) Nevertheless, to ensure that international schools in receipt of financial assistance from Government are catering for relevant educational needs of the territory, Government should have the authority to :
  - (a) approve the initial admission criterion/policy, and any changes thereto, and
  - (b) direct the international schools to comply with the approved criterion/policy, if and when necessary.
- (iii) The Government ~~的~~ authority at (ii) should be clearly stipulated in relevant documents relating to Government financial assistance.
- (iv) The policy at (ii) should be implemented with immediate effect and will affect schools given new grant of Government assistance.

3.10 While the diversity of curricula and nationalities makes centrally administered admission to international schools neither desirable nor practicable, the WG considers that all international schools should join hands to facilitate the dissemination of admissions information (vacancies, types of places). The WG notes that some efforts to this end, made several years ago, has helped the updating of the present ED information sheet on English-speaking facilities. ED should consider how best to co-ordinate efforts for considering

whether further facilitation measures are necessary, and if so, what measures should be introduced. Possible measures could include:

- (a) setting up a permanent international school information/enquiry centre. However, there is likely to be difficulty arising from resource implications (accommodation, operational cost, etc) on international schools (which may not wish to pool resources for such a purpose) and on the Government (which may find it difficult to justify the establishment of such a centre for essentially private schools serving a small sector (2%) of the school population).
- (b) individual international schools providing own schools' pamphlets for distribution to interested parents through ED 區 District Education Offices and Information and Public Relations Section.

## CHAPTER 4

### GOVERNMENT ASSISTANCE TO INTERNATIONAL SCHOOLS

#### Existing Forms of Government Assistance

4.1 Current government financial assistance to schools include **land grant, capital assistance, and recurrent subsidies**. The existing forms and level of such assistance to Hong Kong schools, except Government schools which are directly managed by the Government, were examined by the WG.

#### **Land Grant**

##### *Mainstream (public-sector) schools*

4.2 As public-sector schools are the vehicle through which Government meets its provision targets at various levels, they are systematically planned and constructed. Such school projects are closely monitored in accordance with ED 德 **School Building Programme**. Those within public housing estates are built by the Housing Department (HD), and if run as local aided schools, the sponsoring bodies concerned will pay a nominal rent to the HD. Those lying outside Housing Estates are either built by the Architectural Services Department (ASD) or private architects, and in such cases, school sites are normally granted to the sponsoring bodies concerned at nominal premium.

##### *International schools*

4.3 Under existing policy, international schools which are non-profit-making are eligible for consideration of land grant at nominal premium (\$1,000 with effect from 2 January 1986), subject to the following conditions :

- (i) all national groups should be treated alike for admission;
- (ii) the proposed site is not a designated school site required by Director of Education to meet targets under existing educational policy;
- (iii) the school will provide for the special educational requirements of a particular national, linguistic or cultural group, whose requirements could not be adequately met within the existing school system;

- (iv) the proposed school is able to generate a continuing demand for at least a 12 classroom school (i.e. large enough to accommodate a combined primary and secondary school with one stream at each level or alternatively a two-stream primary or secondary school);
- (v) the school will not operate kindergarten classes but will offer a complete primary and/or secondary school course; and
- (vi) the school will also be open to all children resident in Hong Kong.

4.4 A brief description of the procedure concerning the application for building a new school or an extension with land grant and capital assistance is at [Annex H](#). Information on land grants and capital assistance to existing international schools is at [Annex I](#).

### **Capital Assistance**

4.5 Capital assistance is intended for the construction/furnishing and equipping of new school buildings and extensions. The types of capital assistance available to Hong Kong schools include school buildings, and grants and/or interest-free loans for buildings and furniture/equipment.

#### ***Mainstream (public-sector) schools***

4.6 *Local aided schools:* Most local aided schools are provided with standard design school buildings by Government (built by the HD for those in public housing estates and ASD for those outside) and sponsoring bodies of such schools bear the full cost for the school 傢俬 furniture/equipment. In other words, no building grant/loan is necessary and no furniture/equipment grant/loan is available. For a small number of local aided schools which require tailor-made school buildings (e.g. prevocational schools), their school buildings are designed and constructed by private architects employed by the sponsoring bodies. In such cases, the Government normally bears 80% of the actual total cost for building (subject to a ceiling assessed by the ASD) and furniture/equipment, and the sponsoring bodies concerned meet the remaining costs.

4.7 *Bought place schools:* In order to raise standards, bought place schools which have signed contracts with Government may apply for interest-free loans to buy their own school buildings. Up to the 1993/94 financial year, such interest-free loans paid by Government totalled around \$287 million.

### ***International schools***

4.8 *Group A (ESF) schools*: In accordance with existing funding arrangements, capital assistance for ESF schools comprises:

- (i) grants for building and furniture/equipment at 65% for secondary schools, and 80% for primary schools, of the respective standard costs\* for a standard-design local aided school, and
- (ii) interest-free loans for building and furniture/equipment at up to 90% for secondary schools, and 75% for primary schools, of the respective standard costs\* for a standard-design local aided school.

4.9 *Group B schools in the DSS*: For the purpose of improving school facilities or expanding the provision of school places, Group B schools which joined the *DSS* are eligible, as *non-profit-making DSS* schools, for an interest-free loan of up to 155% of the standard building cost applicable to local aided secondary schools.

4.10 *Group B schools not in the DSS and Group C schools*: These schools are not eligible for any capital assistance.

(\*Note : *Current standard costs*:

- (1) building a standard-design aided secondary school: \$44.6M
- (2) building a standard-design aided primary school: \$35.9M
- (3) equipping a standard-design aided secondary school: \$4.4M
- (4) equipping a standard-design aided primary school: \$1.6M)

### **Recurrent Subsidies**

4.11 Recurrent subsidies are provided to meet schools' operating expenses. Government has been providing various kinds of recurrent subsidies to different types of schools in Hong Kong.

#### ***Mainstream public-sector schools***

4.12 *Local aided schools*: These schools receive various recurrent grants in accordance with the Codes of Aid: (1) Salaries Grant and Allowance, (2) School and Class Grant, (3) Administration Grant (secondary schools only), (4) Refund of Rents and Rates, (5) Passage Grant, (6) Provident Fund contribution, (7) School Textbooks Grant, (8) Curriculum Development Grant. Such grants enable them to meet fully the recurrent expenditure for operating their schools at an acceptable educational standard.

4.13 *Bought-place schools*: The types, amounts, and purposes of recurrent grants for these schools are similar to those for aided schools. For 1993/94, recurrent grants for such schools totalled around \$542 million.

### ***International schools***

4.14 *Group A (ESF) schools*: Government subsidy to the ESF is provided according to the principle of parity of subsidy. The recurrent grants include (1) a per capita block grant calculated on the basis of the current notional subsidy per place payable to standard-sized aided primary and secondary schools, with the elements of major repairs, furniture and equipment (replacement), emergency repairs, which are classified as non-recurrent subvention in aided schools included; (2) full subsidy for crown rents and rates; (3) Hardship grant for fee remission based on 2% of the total annual subsidies per place paid to primary schools and 3% for secondary schools; (4) Curriculum Development Grant; (5) Sarah Roe Centre (Note : a special school) Grant. Such grants constitute around 31% of the ESF's total income. The remaining fund required for ESF schools' operation is met through school fees. For 1993/94, total recurrent subsidies to ESF schools was about \$ 168 million.

4.15 *Group B schools*: Similar to all other non-profit-making schools in Hong Kong, Group B schools are eligible for rates refund through subvention. Four Group B schools under the DSS also receive the DSS recurrent subsidy, which is a per capita grant for expenditure of an educational nature. The maximum subsidy is at the full average net cost of a local aided secondary grammar place and the minimum subsidy is at one quarter of the maximum subsidy. The amount of grant varies in inverse proportion to the level of fees charged by the schools concerned. Government expenditure on recurrent subsidies for the four DSS international schools in 1993/94 amounted to \$6.1 million.

4.16 *Group C schools*: Like other non-profit-making schools in Hong Kong, the non-profit-making Group C schools receive rates refund through subvention. Profit-making schools do not receive any recurrent subsidies.

### **Situation in Other Countries**

4.17 Information provided by consulates or trade commissions shows that four countries give some form of direct Government financial assistance to international school education. Among them, only Austria provides assistance in the form of land, school building and subsidy to students (with the form of assistance varying among individual schools). The other three countries (Germany, Netherlands, and Sweden) subsidise, to various extents, the operating costs for the provision of international school education. Since Austria has only 5 international schools, Germany has only 10, and the Netherlands and Sweden only subsidise places in the special stream in a number (16 and 13 respectively) of mainstream schools, the

scale and scope of direct Government financial assistance in other countries appear to be small when compared to those provided by the Hong Kong Government.

### **Views of International School Authorities**

4.18 The WG received the following views on Government financial assistance from international school authorities :

- (i) *General:* Both the ESF and most Group B schools (in particular those in the DSS) express satisfaction with, and appreciation of, the existing Government financial assistance to international schools. Many Group C schools suggest that the present arrangements need improving, with more equitable treatment for all international schools. Most schools, while suggesting that more financial assistance from the Government is necessary/welcome, stress the need of schools to have independence and freedom in their operation. Only one Group C school suggests that in return for Government assistance, schools should undertake to meet certain conditions.
- (ii) *Land Grant:* Virtually all respondents consider land grant to be essential, and urge Government to continue with land grant at nominal premium. One Group B school suggests that the process could be expedited.
- (iii) *Capital Assistance:* Recipients of capital assistance (ESF and DSS schools) consider the capital grants or interest-free loan from Government very useful, and suggest that the assistance should continue. In this connection, one Group B school suggests that the interest-free loan under the DSS should be made available to schools without self-owned premises, and the loan, if given, should be paid early to facilitate schools' payment according to the construction schedule. Some Group C schools also wish to have the ESF subsidy extended to other international schools.
- (iv) *Recurrent Subsidies:* Though most recipients (ESF and some Group B DSS schools) express appreciation for recurrent subsidies, and state that the assistance should continue, the general opinion appears to be that such subsidies are not crucial to schools' survival. Many suggested that there should be equitable treatment for all. The ESF has indicated that revision of the existing funding arrangements may likely lead the ESF to review its admissions policy and result in fee increase. One DSS school in Group B suggests that instead of paying recurrent subsidies to international schools, Government might consider putting such resources into a fund for financial aid of families who meet a financial means test.

4.19 A summary of views received from international schools is at Annex J.

## **Future Government Assistance**

### **Options explored**

4.20 For **land grant**, the following options were examined by the WG :

- (i) *Maintaining the status quo*: Under this option, non-profit-making international schools will continue to be eligible for land grant at nominal premium, if the conditions stated in paragraph 4.3 on P.23 are fulfilled. The WG notes that this is a great concession to international schools because a non-profit-making local school, e.g. a DSS school, is not eligible for such a grant.
- (ii) *Revised application procedure for land grant at nominal premium to eligible organisations*: This is an improvement to the existing system. While land will continue to be granted to non-profit-making international schools at nominal premium, a revised application procedure will be introduced. On the basis of demand forecast, Government will identify land at suitable locations (some of the disused secondary school/primary school sites in suitable locations could also be considered for such use.). Organisations listed by ED to be eligible for such terms will be invited to apply for land grant, and a central standing committee led by ED will consider proposals from all interested parties according to a set of formalised criteria.
- (iii) *Land grant at reduced premium*: At present, certain non-profit-making bodies are eligible for land grant at reduced premium. Examples are churches, which are eligible for grant of site at a two-third market value premium, and the Hong Kong Housing Society, which is given land grant at one-third market value premium for their rental estates. Given the current price of land, interested parties will have to raise quite substantial sums to acquire land for starting, or extending, an international school.
- (iv) *Land grant at full market value*: Grant of land at full market value is given for public utility and other specified purposes. This is the land grant treatment for the existing Hong Kong Japanese School, which had a restricted admission policy at the time of land grant in 1982. Substantial sums will have to be raised by interested parties to acquire land at the full market value for starting, or extending, an international school.

4.21 For **capital assistance**, the following options were explored:

- (i) *Maintaining the status quo*: The existing situation will continue, with eligibility for different provisions according to school type, i.e. grants and interest-free loan totalling up to 155% of the standard costs for the building and furniture/equipment of a standard-design local aided school for *Group A (ESF) schools*, and interest-free loan of up to 155% of the standard cost for building a standard-design local aided secondary school for *Group B schools under the DSS*. No capital assistance will be granted to *non-DSS Group B schools and Group C schools*.
- (ii) *Group A (ESF) school model*: All non-profit-making international schools will be eligible for grants and loans at up to 155% of the standard costs for the building and furniture/equipment of a standard-design local aided school. The WG noted that, under this option, there will be substantial increase in Government's financial burden.
- (iii) *Non-profit-making DSS school model*: All non-profit-making international schools will be eligible for consideration of the interest-free loan of up to 155% of the standard cost for building a standard-design local aided secondary school at present enjoyed by non-profit-making DSS schools. The loan is for the purpose of improving school facilities or expanding the provision of schools places. As schools must have self-owned buildings before admission to the DSS, the capital subsidy is normally not available for constructing a new school.
- (iv) *Local aided school model*: Government will either construct standard design school buildings for allocation to non-profit-making bodies who will provide the funding for the furniture/equipment according to a standard list, or provide grants for building and furniture/equipment at 80% of the actual cost (ceiling as assessed by ASD) for school buildings by private architect. However, since international schools' needs are diverse, such provision may not meet their requirement. The financial burden on Government will also be tremendous.
- (v) *No capital assistance for international schools*: This has in fact been the practice for international schools other than ESF schools before the DSS came into being. The majority of existing international schools were so established, many with support from their own governments and/or national banks.

4.22 For **recurrent subsidies**, the following options were examined:

- (i) *Maintaining the status quo*: The present situation will continue, with eligibility for different provisions according to school type. Continuing with the present

arrangements will mean that ESF schools will continue to be much more heavily subsidised than other international schools. They are also perceived to be receiving more than local aided schools. This perceived disparity has been subject to quite frequent criticism.

- (ii) *Group A (ESF) school mode:* Under this option, non-profit-making international schools may apply for recurrent subsidies calculated on the basis of the subsidy paid to a standard aided school on par with existing ESF schools. This would substantially increase financial support to non-ESF schools, and Government's financial burden will be tremendous. A rough estimation of the financial implications (based on September 1994 figures) at [Annex K](#) indicates that the amount of subsidies to non-ESF international schools would be about \$223 million per annum.
- (iii) *DSS mode:* Under this option, non-profit-making secondary (since the existing DSS is applicable to secondary levels only) international schools will be eligible for a per capita grant which is based on the unit cost of a local aided place and varies with the level of school fees charged. A rough estimation of the financial implications (based on September 1994 figures) at [Annex L](#) indicates the amount of subsidies to non-ESF international schools would be about \$103 million per annum when assuming maximum DSS subsidy, and \$26 million per annum when assuming minimum DSS subsidy.
- (iv) *Local Aided school mode:* Non-profit-making schools will be provided with grants similar to aided schools which, together with schools' income from tuition fees (normally the standard fees) should cover schools' normal expenditure in providing education of an acceptable standard. A rough estimation of financial implications (based on September 1994 figures) at [Annex M](#) indicates that the amount of subsidies to non-ESF international schools would be about \$177 million per annum.
- (v) *No recurrent subsidies:* This is in fact the existing situation for all non-ESF schools, except for rates refund for non-profit-making international schools, and DSS recurrent subsidies for four Group B schools in the DSS. To DSS international schools, the impact of removing DSS subsidy would depend on how heavily they rely on such funding to meet their expenses. An assessment of this impact for the four existing DSS international schools is at [Annex N](#).

## **Recommendations**

### *The case of ESF schools*

4.23 The subsidy arrangements for ESF schools have been separately dealt with by the Working Group on Funding Arrangements for ESF and chaired by the Deputy Secretary for Education and Manpower. The Working Group has completed its study and submitted its report to the Secretary for Education and Manpower. Our WG supports the EMB Working Group's recommendations as follows to achieve parity of subsidy with local aided schools :

#### (i) *Capital Subsidies*

Capital subsidy to ESF schools should be based on 100% construction cost of a standard aided school adjusted downwards to take account of the smaller enrolment in ESF schools. In addition, a professional fee including related cost at 16% should be added in line with the practice of the aided sector. The ESF schools should be given the choice of a 100% grant or a combination of grant and interest-free loan (IFL). For the latter, ESF should be allowed to choose to convert up to 50% of the capital grant into an IFL from the Government. The amount of loan to be made available will be such that the notional compound interest foregone on the IFL is equal to the amount of capital grant to be converted. This formula should replace the present formula of 80% grant and 20% IFL for ESF primary schools and 65% grant plus 35% IFL for ESF secondary schools. The existing 55% IFL for above standard provisions for ESF schools should be removed.

#### (ii) *Recurrent Subsidies*

The basis should be changed from per capita to the number of classes as in the case of local aided schools, adjusted to take into account any difference in class size between local aided and ESF schools. This should replace the existing arrangement based on the notional subsidy per place payable to standard size aided secondary and primary schools calculated on ESF classes having 85% of the maximum enrolment of local aided schools. The hardship grant designed to help parents unable to pay fees on 2% and 3% of the Basic Grant to ESF primary and secondary schools respectively should be retained.

### *Group B and C International Schools*

4.24 The WG has come to the view that, for non-ESF international schools, the basic requirement for eligibility of any Government financial assistance should be non-profit-

making status, and international schools should receive, at the maximum, parity of subsidy with local aided schools.

4.25 The WG<sup>德</sup> recommendations on Government financial assistance have also been much influenced by the following considerations:

- (i) As reported earlier, various concerned parties (including international school authorities and chambers of commerce) have stressed to the WG that the current *land grant* at nominal premium has been vital to the establishment of international schools, and capital assistance has been very useful in helping schools to construct their own buildings and extensions. Given the scarcity and value of land in the territory and the substantial capital costs involved in building a school, no international schools can start or expand without land grant. Recurrent subsidies, on the other hand, are, by comparison, of marginal significance and not crucial to the schools' survival.
- (ii) The present arrangements under which Government responds to applications for land grant from various intending or existing international school bodies are found to be ad hoc, time-consuming and unsystematic. Improvements should therefore be made to the procedure.
- (iii) The *Survey on the Demand of International School Places* done by the SRH has helped to establish a logical basis for forecasting demand of international schools, with demographic profiles of families likely to require such places. Thus equipped, ED could seek assistance from the Planning Department to carry out a systematic search for suitable sites and formally facilitate the establishment of appropriate international school places through land grants.

4.26 The WG<sup>德</sup> recommendations on the forms and levels of Government financial assistance, for which only non-profit-making international schools are eligible, are as follows:

(i) ***Land grant at nominal premium***

Land should continue be granted at nominal premium to non-profit-making international schools or eligible organisations as defined by ED. However, a revised application procedure for such land grants is recommended.

- (a) The demand and supply of international school places will be reviewed annually by ED.
- (b) If new schools are required, the Government will identify suitable sites.

- (c) Appropriate sponsoring bodies will be invited by ED to apply for the grant of land at nominal premium.
  - (d) A standing committee led by ED will be established. The Committee will consider applications from all interested parties according to formalised criteria. A set of such criteria is proposed by the WG at Annex O.
  - (e) The proposed land grant will then be recommended for Lands Department processing in the normal manner.
- (ii) ***Capital Assistance in the form of an interest-free loan at up to 100% of the standard cost for constructing a standard design local aided school***
- (a) In future, if a non-profit-making sponsoring body so requires, government could make available interest-free loans at up to 100% of the standard cost for the construction of a standard design primary or secondary local aided school as appropriate.
  - (b) ED will consider the eligibility of applicants in accordance with formalised criteria. A set of such criteria is proposed at Annex P.
  - (c) No capital assistance will be provided for accommodation and furniture/equipment for pre-primary\* education.
- (\*Note: In line with the existing policy that local kindergartens are not provided with any capital assistance.)
- (iii) ***No recurrent subsidies for international schools***

The present policy of no recurrent subsidies for international schools should continue.

#### ***Removal / Phasing Out of International Schools from the DSS***

4.27 The WG also considers that international schools should no longer be admitted into the DSS. The grounds are as follows:

- (i) International schools serve primarily students of particular cultural, racial or linguistic groups (i.e. *expatriate children*). On the other hand, the DSS is intended to encourage the growth of a strong private school sector so that alternative types of schooling are made available to *local children*. (Examples

of other alternative types of schooling for *local children* are practical schools and skills opportunity schools.)

- (ii) At present, except for land grant, there are no Government assistance specific to international schools. With the recommended assistance specific to international schools in future, it would no longer be justifiable for international schools to remain, or join the DSS.

However, the four Group B schools already in the DSS would be allowed to continue.

### **Financial Implications**

4.28 Based on the indicative estimate on the number of schools required to meet demand in the next five years (Section 2.16 on Pages 16-17) and local aided school provision standards, the financial implications for the WG 德 recommendations on Government financial assistance are likely to be as below:

- (i) *Land grant* : Site area equivalent to five schools each accommodating about 1,000 students may be required. The size of each school site may range from around 6,000m<sup>2</sup> to 9,000m<sup>2</sup>, depending on the level of classes (primary/secondary).
- (ii) *Capital assistance* : Interest free-loans for the construction of the equivalent of five schools each accommodating 1,000 students may be required. The cost for each school may range from \$40 million to \$51 million at current costs, depending on the levels of classes (primary/secondary)

(\*Note: The current standard cost (as at 1.4.94) for a standard design 26-classroom secondary school is \$44.6M, and that for a standard design 30-classroom primary school is \$35.9M.)

- (iii) *Recurrent subsidies* : Nil.

4.29 With regard to the timing of implementing the Government financial assistance measures, it is suggested that:

- (i) With immediate effect, all land grants to international schools should follow the recommendations at Section 4.26 (i) on Page 32. In this connection, it is noted that time is needed for ED to establish the mechanism for the new procedure, and to have suitable international school sites identified. Nevertheless, as the proposed measures are basically improvements to the

existing process, their implementation should in fact expedite the current land grant process.

- (ii) The proposed provision of capital assistance to international schools is governed by Government financial rules and procedures. It is recommended that, subject to any such requirement, the provision of interest-free loan be made to non-profit-making international school as soon as possible.
- (iii) With immediate effect, no new international schools will be admitted into the DSS.

## CHAPTER 5

### MONITORING AND CONTROL MEASURES

#### Existing Monitoring and Control Measures

5.1 With the review on admissions criteria and Government assistance, the WG considers it relevant to examine monitoring and control measures in the light of changes recommended in these two areas.

5.2 At present, the operation of all schools (including kindergartens, primary and secondary schools, and day or evening commercial schools) is governed by the Education Ordinance, which provides for the registration of schools, managers and teachers. The subsidiary Education Regulations cover a wide range of matters including health and safety provisions, fees and charges, and the qualifications of teachers. Provision is also made for inspectors of schools to inspect any school for the purposes of ascertaining whether the Education Ordinance is being complied with and whether the school is being conducted satisfactorily. The Director of Education is also empowered to direct remedial measures to enable the satisfactory operation and the proper promotion of education of the pupils.

5.3 In addition to the legislative framework, schools in different sectors are covered by monitoring and control measures which are commensurate with the government assistance they receive.

#### **Mainstream (public sector) schools**

5.4 Apart from Government schools which are directly operated by the Government, local aided and bought places schools are subsidised by the Government. For most schools in the public sector, Government funding constitutes over 95% of the schools' total income. The accountability for the use of public funds requires the Government to have closer monitoring and control of such schools:

- (i) *Local aided schools* : The rules and conditions governing the operation of aided schools are prescribed in the Codes of Aid (separate Codes for secondary, primary and special Schools). Those related to funding include: calculation of grant, kind of grant, acceptance of donations, approval of staff establishments, salaries and increments, leave, supply teachers and temporary replacements, appointment of administrative/janitor staff, etc. Those related to the administration of schools include: admission of pupils, suspension and

expulsion of pupils, rate of repetition, teaching practice arrangement, use of school premises, appointment and dismissal of staff, appointment of principal, conditions of appointment, retirement, promotion, acting appointments, provident fund, etc.

- (ii) *Other schools providing public sector places* : To make up shortfalls in government and aided schools places, Government buys places in a number of selected private secondary schools. Most of these schools have signed a Bought Place School contract with the government, and the conditions stipulated are basically the same as those in the Codes of Aid for local aided schools. Hence, these schools are subject to monitoring and control measures and direct involvement of ED staff similar to local aided schools for their funding (i.e. calculation of grant, kind of grant, acceptance of donations, approval of staff establishments, salaries and increments, leave, supply teachers and temporary replacements, appointment of administrative/janitor staff, etc) and administration (i.e. admission of pupils, suspension and expulsion of pupils, rate of repetition, teaching practice arrangement, use of school premises, appointment and dismissal of staff, appointment of principal, conditions of appointment, retirement, promotion, acting appointments, provident fund, etc).

## **International Schools**

5.5 *Group A schools*: ESF schools receive recurrent subsidies based on the "parity of subsidy" principle with local aided schools. Such funding constitutes around 31% of ESF's total income. The remaining income comes mainly through school fees, which constitute over 65% of its total income. A rigorous system is established by law (Ordinance No. 11 of 1967 and subsidiary regulations) for the monitoring and control of the operation of ESF schools by the ESF. This legislation governs virtually every aspect of the ESF's work, covering the power and duties, the composition and the schedule of work of the ESF itself as well as those of the Executive Committee, which the ESF established to manage, administer and operate ESF schools. Conditions on the conduct of various committees and councils under the Executive Committee (e.g. the Academic Committee, the Finance Sub-committee) and the financial procedure are also stipulated. The Director of Education or his representative is a member of the ESF and the Executive Committee.

5.6 *Group B and C schools*: These schools, similar to other private schools, do not have any additional monitoring and control measures from the government on top of those in the Education Ordinance and Regulations, except for those in the DSS scheme. Those in the DSS scheme received recurrent subsidies calculated on the basis of the average net cost of a local aided secondary grammar place. These four DSS international schools, similar to their local counterparts, have to follow the accounting arrangements laid down by ED to ensure that all

government subsidy is accounted for, and only expenditure of an educational nature is charged against government subsidy. Audited accounts have to be submitted to ED annually.

### **Future Monitoring and Control Measures for International Schools**

5.7 Taking into account the level of Government assistance proposed, the WG recommends that international schools, while continuing to be subject to monitoring and control measures generally applicable to schools in the territory (as provided under the legislative framework described at Section 5.2 on Page 36), should be governed by the additional measures laid down for (i) land grant (Section 4.26(i) on Page 32 and Annex O) and (ii) capital assistance (Section 4.26(ii) on Page 33 and Annex P), which have included the Government's authority regarding admissions detailed in Section 3.9 (ii) on Page 21).

### **Staff Implications**

5.8 The WG understands that additional manpower is required to implement the recommendations on land grant (Section 4.26(i)), admissions policy (Sections 3.9 and Section 3.10) and capital assistance (Section 4.26(ii)). ED will establish a supernumerary team of professional officers for six months to work out the details for implementation and then a permanent officer to handle the follow-up work and monitor schools' adherence to the specified conditions. An estimate of the staff implications is at Annex Q. To enable the WG's recommendations to be in place when the 1995/96 school year commences (i.e. September 1995), it is proposed that the team of officers should be established as soon as possible to work out the detailed mechanisms for proper implementation.

## CHAPTER 6

### SUMMARY OF RECOMMENDATIONS

#### Summary of Recommendations

6.1 In summary, the WG recommends that

- (i) The demand for the next five years should be based on the logical basis established through the survey exercise done by the professional firm. Accordingly, the demand forecasts are:

- (a) Projected Total demand (Met and Unmet Demand)

[Section 2.15(iv) (a) on Page 14]

<u>Year</u>	<u>Projected Demand</u>
1995	24,589
1996	26,050
1997	27,597
1998	29,237
1999	30,972
2000	32,813

- (b) The number of additional places required is estimated to be 7,400, which for indicative purposes, can be translated into the equivalent of *five* schools. [Section 2.16-2.17 on Page 16-17]

- (ii) With regard to admissions, given the recommended level of future government financial assistance, and to ensure that international schools in receipt of financial assistance from Government are catering for relevant educational needs of the territory, Government should have the authority, to [Section 3.9 (ii) on Page 21]:

- (a) approve the initial admission criterion/policy, and any changes thereto, and
- (b) direct the international schools to comply with the approved admission criterion/policy, if and when necessary.

- (iii) The subsidy arrangements for ESF schools have been separately dealt with by the Working Group on Funding for ESF chaired by the Deputy Secretary for Education and Manpower. (Recommendations at Section 4.23 on Page 31)
- (iv) Government should enable the establishment of appropriate international school places through assistance in the form of [Section 4.26 on Page 32]:
  - (a) Land grant at nominal premium, according to a revised application procedure; and
  - (b) Capital assistance in the form of an interest-free loan at 100% of the standard cost of building a standard design primary or secondary public sector school as appropriate.
- (v) International schools, while continuing to be subject to monitoring and control measures generally applicable to schools in the territory, should be governed by additional measures laid down for their receipt of land grant and capital assistance from government.

### **Financial Implications**

6.2 An indicative estimate of the likely financial implications arising from the WG recommendations are follows:

- (i) *Land grant* : Site area equivalent to five schools each accommodating about 1,000 students may be required. The size of each school site may range from around 6 000m<sup>2</sup> to 9 000m<sup>2</sup>, depending on the levels of classes (primary/secondary).
- (ii) *Capital assistance* : Interest free-loans for the construction of the equivalent of five schools each accommodating 1,000 students may be required. The cost (at 1.4.94) for each school may range from \$40 million to \$51 million at current costs depending on the levels of classes (primary/secondary).
- (iii) *Recurrent subsidies* : Nil.
- (iv) *Staff implications* : \$1.2 million for the first six months and \$0.88 million per annum thereafter (staff cost as at 1.4.1994).

# **Annexes**

## Summary of Information and Views Collected on International School Issues

To assist the Working Group in formulating comprehensive recommendations pertaining to its terms of reference, the WG Chairman wrote to the following bodies in February and March 1995 for information/views on important issues regarding the provision of international school places:

- (i) 18 consulates/trade commissions for *information on their home countries' policy on the provision of international schools*, and
- (ii) international school authorities (i.e. the chairman of the English Schools Foundation (ESF) for Group A schools, the school supervisors of 10 Group B and 15 Group C international schools); the chairmen of 21 chambers of commerce with representatives sitting on the International Business Committee, and the six LegCo members on the LegCo Panel on Education for their *views on (a) admissions and (b) Government financial assistance to international schools*.

2. The response rate was as follows:

Type of Bodies	Number Invited	Number Responded	Response Rate
<i>Consulates / Trade Commissions</i>	18	11	61%
<i>ESF (Group A schools)</i>	1	1	100%
<i>Group B schools</i>	10	9	90%
<i>Group C schools</i>	15	3	20%
<i>Chambers of commerce</i>	21	8	38%
<i>Legco members on the Legco Panel on Education</i>	6	0	0%

3. From the information provided by the 11 respondent consulates/trade commissions, the following are observed with regard to ***other countries' policies on provision of international school places***:

### *Planning and provision of international schools places*

- (i) There appears to be little direct government involvement in the planning of international school places.
- (ii) In most countries, needs for “international school type” education are met through the private sector. The countries with the largest number of such schools reported are Japan (131 schools with 30,000 students),

Korea (56 schools with 6,700 students) and Singapore (25 schools with 13,340 students). Except for the Taiwanese curriculum in Korea and the Dutch curriculum in Singapore, all the curricula reported are covered in those offered in the international schools in Hong Kong.

- (iii) In a few countries like the Netherlands and Sweden, special streams are run in a number (16 and 13 respectively) of mainstream schools to cater for needs for “international school type” education. However, these streams appear to be intended to facilitate students’ eventual integration into the local system, and not to serve as an alternative type of schooling.

*Direct Government financial assistance to international schools*

- (iv) Of the four countries reported to give some form of direct Government financial assistance to international school education, only Austria provides assistance in the form of land, school building and subsidy to students (with the form of assistance varying among individual schools). The other three countries (Germany, Netherlands, and Sweden) subsidise, to various extents, the operating costs for the provision of international school education.
- (v) Since Austria has only 5 international schools, Germany has only 10, and the Netherlands and Sweden only subsidise places in the special stream in a number (16 and 13 respectively) of mainstream schools, the scale and scope of direct Government financial assistance appear to be small when compared to those provided by Hong Kong.

4. From the responses received from the respondent international schools and chambers of commerce, the following points can be observed with regard to *admissions* of international schools:

- (i) One Group C school suggests that there should be a system of admission centrally co-ordinated by the Government with schools maintaining some flexibility and the Government having some power to allocate students to international schools.
- (ii) According to the information on their existing admissions criteria provided by respondent school authorities, proficiency in English appears to be a common requirement for most schools.
- (iii) No schools envisage drastic changes in their own admissions criteria. The ESF has plans for some improvements to their curriculum to reflect the changing needs of the territory/region.

- (iv) Some schools stress the need for schools to retain the present freedom and independence in admissions.
- (v) One chamber of commerce suggests that, since non-Chinese students cannot attend local Chinese schools, they should be given preference for admission to international schools. Another suggests that priority should be given to the provision of adequate places in the ESF system.
- (vi) The two points below, though not directly related to admission, may be worth noting:
  - (a) One chamber of commerce points out that the children of lower/middle management professionals cannot afford to enter ESF (Group A) schools because of the high fees.
  - (b) One international school on Lantau Island suggests that the Government should include kindergarten places in its review, as supply falls short of demand in this area on Lantau Island.

5. The following points on *Government financial assistance* to international schools are reflected by respondents:

*General*

- (i) Both the ESF and Group B schools (in particular those in the DSS) express satisfaction with, and appreciation of, the existing Government financial assistance to international schools.
- (ii) On the other hand, Group C schools and two Group B schools express the view that the present arrangements need improving, with more equitable treatment for all international schools (the financial assistance given to ESF (Group A) schools appear to be desired by many schools).
- (iii) Most schools, while suggesting that more financial assistance from the Government is necessary/welcome, stress the need of schools to have independence and freedom in their operation. One Group C school suggests that in return for Government assistance, schools should undertake to meet certain conditions.
- (iv) Most chambers of commerce express the view that Government financial assistance is essential for the establishment and expansion of international schools, and that the existing policy should be maintained. One respondent

suggests that, budgetary considerations permitting, assistance to Group B and C schools should be raised to that of Group A (ESF) schools.

#### *Land Grant*

- (v) Virtually all respondents consider land grant to be essential, and urge Government to continue with land grant at nominal premium. One Group B school suggests that the process could be expedited.

#### *Capital Assistance*

- (vi) Recipients of capital subsidy (ESF and DSS schools) consider the capital grants/interest-free loan from Government very useful, and suggest that the assistance should continue. In this connection, one Group B School suggests that the interest-free loan under the DSS should be made available to schools without self-owned premises, and the loan, if given, should be paid early to facilitate schools' payment according to the construction schedule. Some Group B schools wish to have assistance for ESF schools extended to non-ESF schools. One chamber of commerce suggests that capital assistance under the DSS should be extended to primary levels.

#### *Recurrent Subsidies*

- (vii) Though most recipients (ESF and Group B DSS schools) express appreciation for recurrent subsidies, and state that the assistance should continue, the general impression is that such subsidies are not crucial to schools' survival. Nevertheless, many suggest that there should be equitable treatment for all. On the other hand, the ESF has indicated that revision of the existing funding arrangements may likely lead the ESF to review its admissions policy and result in fee increase.
- (viii) One Group B school suggests that instead of paying recurrent subsidies to international schools, Government might consider putting such resources into a fund for financial aid of families who meet a financial means test.
- (ix) Some Group B & C schools and some chambers of commerce suggest that the DSS should be extended to primary schools.

Visits and Consultations Conducted

To facilitate the comprehensiveness of the WG 僑 review on the provision of international school places, the WG Chairman and/or WG secretariat members paid visits to international schools and chambers of commerce. In addition, the WG Chairman also conducted briefings for the International Business Committee and the Legco Panel on Education, and consulted them on international school issues.

**Visits**

2. During the months of November 1994 to February 1995, the WG Chairman and/or WG secretariat members visited the following nine international schools and seven chambers of commerce. The views expressed by these bodies are basically the same as those made in their written responses summarised at Annex A:

(A) International Schools

*Group A (ESF) Schools*

- (i) Shatin College
- (ii) Shatin Junior School

*Group B Schools*

- (iii) Chinese International School
- (iv) French International School
- (v) German Swiss International School
- (vi) Hong Kong International School

*Group C Schools*

- (vii) Christian Alliance P C Lau Memorial International College
- (viii) SEA Canadian Overseas Secondary School
- (ix) Yew Chung International School

(B) Chambers of Commerce

- (i) American Chamber of Commerce in Hong Kong
- (ii) Australian Chamber of Commerce in Hong Kong

- (iii) British Chamber of Commerce in Hong Kong
- (iv) German Business Association in Hong Kong
- (v) Hong Kong Japanese Chamber of Commerce & Industry
- (vi) Korean Chamber of Commerce in Hong Kong
- (vii) New Zealand-Hong Kong Business Association

## **Consultations**

3. The WG Chairman attended, respectively, the January and March 1995 meetings of the International Business Committee (IBC) and the Legco Panel on Education. During the respective meetings, IBC and Legco members were briefed on the progress of the review on the provision of international school places. Key points made by IBC and Legco members are summarised below:

### **(A) IBC**

- (i) The benefits of the WG<sup>德</sup> study for long-term planning were acknowledged, but there was concern with short-term problem.
- (ii) Government should explain to politicians and the local community why it mattered to Hong Kong as a whole that enough international schools were provided to meet demand.

### **(B) Legco Panel on Education**

- (i) Concern was expressed on the level of Government subsidies to international schools, especially those operated by the ESF, and it was suggested that consideration should be given to raising the subsidies for local, particularly aided schools, to bring them on par with those of ESF schools.
- (ii) One member expressed support for more international schools in Hong Kong to provide a wider range of curricula and greater choice for parents.

Particulars of International Schools in Hong Kong (As at September 1994)

Group A (ESF) Schools

No.	School Name	Enrolment			No. of Classes	Fees
		Primary	Secondary	Total		
1	Island School	-	1,171	1,171	43	56,000
2	King George V School	-	1,186	1,186	48	"
3	Shatin College	-	803	803	30	"
4	South Island School	-	912	912	38	"
5	West Island School	-	385	385	17	"
6	Beacon Hill School	509	-	509	18	33,800
7	Bradbury Junior School	692	-	692	24	"
8	Clearwater Bay School	528		528	18	"
9	Glenealy Junior Schoolm	353	-	353	12	"
10	Kennedy School	618	-	618	21	"
11	Kwoloon Junior School	672	-	672	24	"
12	Peak School	345	-	345	12	"
13	Quarry Bay Junior School	673	-	673	24	"
14	Shatin Junior School	540	-	540	18	"
15	Sarah Roe Centre (Special School)	8	18	26	4	56,000 for secondary 33,800 for Primary

Group B Schools

No	School Name	Enrolment			No. of Classes		Fees (\$)	
		Primary	Secondary	Total	Primary	Secondary	Primary	Secondary
1	Chinese International School	300	608	908	18	23	50,700	61,000
2	French International School	470	421	891	14	21	46,503	55,827 - 70,002
3	German Swiss International School	568	516	1,084	24	28	46,300	59,200 - 62,500
4	Hong Kong International School	961	1,207	2,168	40	48	80,280	84,880 - 94,760
5	Canadian International School	308	85	393	15	4	40,000	40,000
6	Discovery Bay International School	439	-	439	18	-	43,450	-
7	Hong Lok Yuen International School	288	-	288	12	-	46,466	-
8	Kellett School	324	-	324	15	-	51,500	-
9	Korean International School	325	-	325	18	-	30,100 (Korean stream) 40,000 (English stream)	-
10	Singapore International School	464	-	464	18	-	36,000	-

Note: (1) All kindergarten classes and enrolments are excluded.  
(2) Schools no. 1 to No. 4 have joined the Direct Subsidy Scheme.

Group C Schools

No	School Name	Enrolment			No. of Classes		Fees (\$)	
		Primary	Secondary	Total	Primary	Secondary	Primary	Secondary
1	California International School	132	325	457	10	16	48,000 - 50,400	55,200 - 60,000
2	Christian Alliance PC Lau Memorial International College	-	78	78	-	6	-	40,000 - 45,000
3	Concordia International School	-	42	42	-	6	-	55,000
4	Delia School of Canada	407	379	786	18	17	35,000	40,000 - 47,000
5	Hong Kong Japanese School	1,494	410	1,904	40	13	13,200	13,200
6	Indonesian School	36	45	81	6	6	6,000	6,600 - 7,200
7	International Christian School	152	142	294	7	7	31,000	51,000
8	Norwegian School	24	-	24	6	-	34,100	-
9	Royden House Junior/Senior School	137	158	295	6	7	18,500	21,000 - 30,150
10	S.E.A. Canadian Overseas Secondary School	-	272	272	-	16	-	43,800
11	Sear Rogers International School	227	259	486	10	12	39,000	46,000 - 52,000
12	Starters School	48	-	48	2	-	30,900	-
13	St. Paul Convent School (Australian International)	-	51	51	-	3	-	43,500
14	TWGH Canadian English Language College	-	39	39	-	-	-	14,500 for three month courses
15	Yew Chung International School	424	71	495	20	4	86,350	89,760

Note: All kindergarten classes and enrolment are excluded.

Information on International School Places in Other Countries (as Provided by Respective Consulates / Trade Commissions)

(A) No.	(B) Name of Country	(C) Planning Agency	(D) "International School" Type of Education Provided	(E) Curriculum / Streams Offered	(F) Admissions Criteria	(G) Direct Government Financial Assistance	(H) Monitoring & Control Specific to International Schools
1	Australia	Both government and private	(1) Mostly by mainstream (government and private) schools accepting overseas students, (2) private schools exclusively for international students, and (3) a private national school run for Japanese only	International Baccalaureate Programme, Japanese, and the local curriculum which has a wide range of studies appropriate for international students.	Not specified	None reported	Compliance with the Commonwealth Education Services for Overseas Students (Registration of Providers & Financial Regulation) Act 1991
2	Austria	Mainly private	(1) 4 private international schools; (2) one international school by agreement between the French and local government, and (3) bi-lingual streams in some public schools	International Baccalaureate Programme, French and American	Not specified	Varies according to individual schools and include (1) land, (2) school building, and (3) subsidy to students.	No information supplied
3	Britain	Government involvement in the European School, Culham, Oxfordshire. All other planning by the independent sector	(1) Nationally or internationally oriented schools, and (2) State schools with national curriculum whose scope provides for an international dimension	Not specified	Not specified	European School, Culham, Oxfordshire.	Contributes to monitoring of the various European Schools
4	Germany	No government involvement, planned by sponsors	10 international schools	Mainly English	Not specified	Subsidies covering in percentages ranging from 50 to 90, the operational costs of respective international schools provided by individual states.	No information supplied

5	Japan	No government involvement	131 schools with around 30,000 students	Not specified	Not specified	No direct financial assistance except for some offered by prefectural governments. However, tax exemption on the purchase of land, buildings, income tax, corporation tax and other related taxes offered by national or prefectural governments.	Nil
6	Korea	No government involvement	56 international schools with around 6,700 students	American, British, Japanese, German, and Taiwanese	Not specified	Nil	Nil
7	Netherlands	(1) International curricula - by home countries concerned (2) International oriented education (IOE) by school concerned and Dutch Government	(1) International schools, and (2) places in regular Dutch schools under the IOE system: 8 elementary and 8 secondary schools	(1) International schools: American, Japanese, French, English, etc, and (2) IOE: British system with emphasis on Dutch language and culture	(1) International schools: not specified, (2) IOE: transmigrants (children of foreign parents or Dutch children whose previous education was mainly abroad)	Schools with the IOE system receive Government subsidy calculated on the number of IOE students.	No information supplied
8	Singapore	No government involvement, privately planned and determined by respective expatriate communities	25 international schools with 13,340 students	American, Australian, British, Canadian, French, German, Dutch, Japanese, Korean, Indonesian and Swiss (set up by foreign countries and decided by individual schools.)	Not specified	None reported. However, government assists by identifying and obtaining sites for establishing and expanding schools in response to requests.	Registered under the Education Act with the Ministry of Education
9	Sweden	No government involvement, subject to demand	(1) English stream in 6 compulsory 9-year comprehensive schools and 7 voluntary upper secondary schools, (2) some schools offering corresponding educational programmes in French and German, and (3) some private schools.	English, French and German	Schools are for children temporarily resident in Sweden or who wish to receive an education with an international dimension	Types (1) & (2) in column (D): costs for educational activities shared between the municipalities and the State. A few type (3) schools in column (D) obtain public subsidies (details not given).	By the National Agency for Education
10	Thailand	Private sector	15 international schools	American, British, Japanese and German	Not specified	Nil	Nil

Existing Admission Criteria and Views of Respondent Local International Schools on Admissions

**Group A Schools**

Respondent	Existing Criteria for Admission	Future Changes/Views on Admission
ESF	(1) Eligible children should (i) have command of and fluency in English to benefit from education delivered in the English language, (ii) have a parent who is a resident tax payer in Hong Kong, and (iii) not attending or eligible to attend a local Government school; (2) students attend ESF schools according to geographical zones.	(1) No changes are envisaged, except improvements to the existing system: (i) widening the English National curriculum framework to reflect the Hong Kong and regional context, (ii) introducing Mandarin (Putonghua) at primary level as a pilot scheme and (iii) addressing the issue of English as a second language; and (2) any change in subsidy arrangements could lead to the review on the existing admission policy (such as restricting the operation of our current open access system for applicants) and provision of special education.

**Group B Schools**

Respondents	Existing Criteria for Admission	Future Changes / Views on Admission
Canadian International School	(1) Applicants have to take screening test on English, language mechanics/expression, and Mathematics concept/applications; and (2) prospective students should have proficiency in English.	No changes are envisaged.
Chinese International School	(1) Children whose families are committed to their learning Putonghua and English will be considered for admission; (2) tests and interviews are used to identify successful applicants according to their ability and competence; (3) a balance between Chinese and English speaking children is maintained; (4) local students as well as overseas are admitted deliberately; and (5) parents must be able to afford the tuition.	No changes are envisaged.
Discovery Bay International School	(1) School is open to the whole of the Discovery Bay community. Applicants should be residents of Discovery Bay; and (2) native English speakers are not given priority for admission to lower primary levels; but, to meet requirements of secondary schools, a certain standard of English is needed for admission to upper primary levels.	(1) No changes are envisaged; and (2) the Government should include kindergarten places in the review, as the demand for such places exceeds supply on Lantau.
German Swiss International School	For the German Stream, students with German as the mother tongue are accepted regardless of nationality. For the English Stream, applicants should have an adequate command of English and an academic standard which enables them to learn German as a foreign language, which, starting from Secondary one, is a compulsory subject in addition to either French or Mandarin. If demand exceeds supply, priority for admission will be in the following order: German, Austrian and Swiss (applicable even if only one parent holds such nationality); sibling of own students; and students covered by existing but unused debentures.	No changes are envisaged. The existing system is satisfactory, and past attempts to modify it have been regularly abandoned as these attempts only show that there is no fairer alternative.

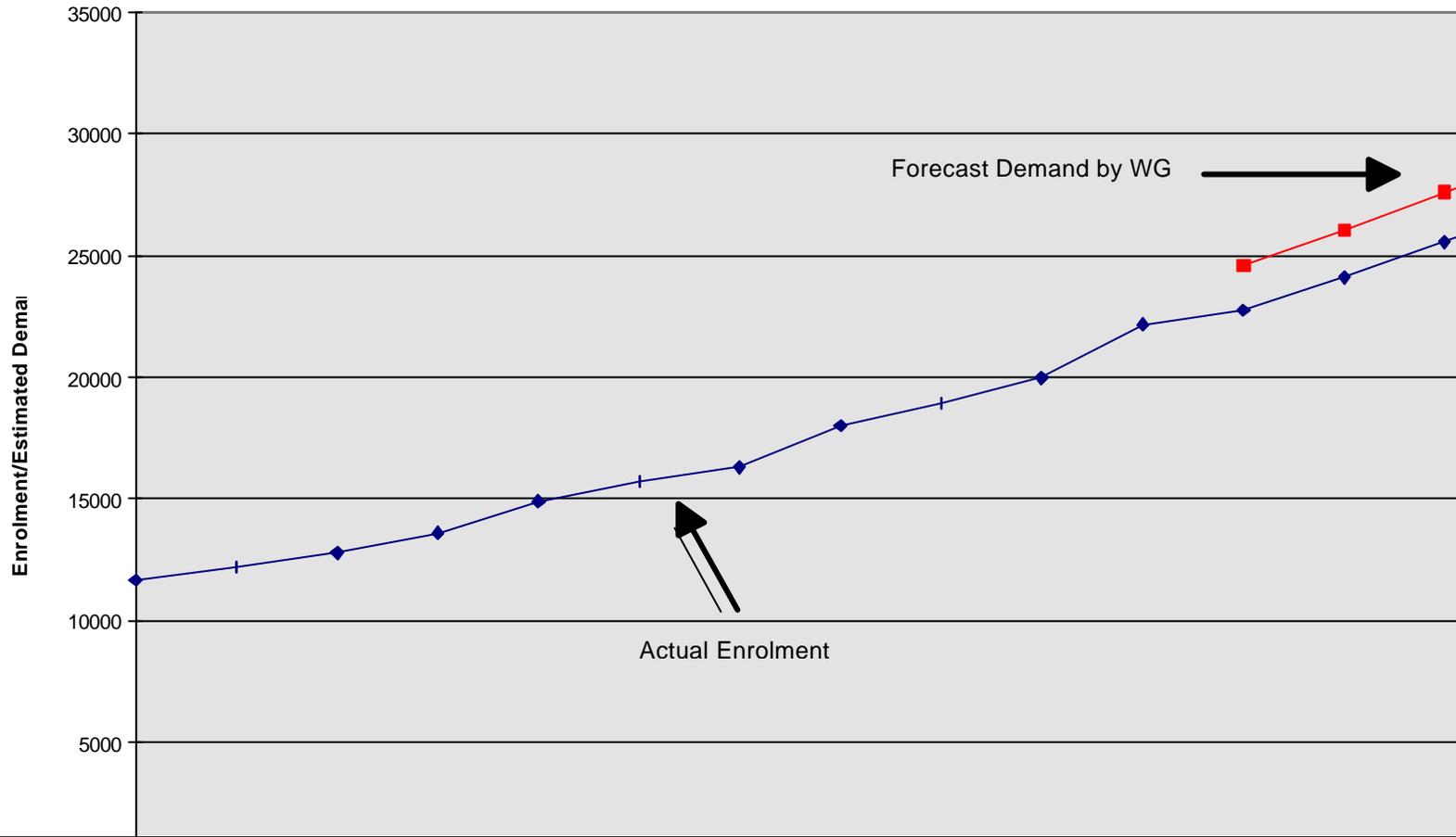
<p>Hong Kong International School</p>	<p>The process is selective, rather than competitive; (2) students are assessed on their ability to succeed in studying an American University prep curriculum in the medium of English; (3) those qualified are admitted in the order of (i) nominees of debentures, (ii) space availability according to date of application; (4) no discrimination is made for national origin.</p>	<p>(1) No changes are envisaged on existing admissions process which is working well; except perhaps giving some preference to siblings of own students and to children of alumni; and (2) the school is pleased to be able to define its own standards and admit local and expatriate students and hope to continue to do so.</p>
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Hong Lok Yuen International School	(1) An English proficiency test is given to ensure children admitted can benefit from English medium education; and (2) children whose first language is neither English nor Cantonese will be admitted into a total English immersion programme.	No specific comments
Kellett School	(1) Most primary one places are taken by own school's reception class (upper kindergarten) graduates; (2) children should be at the correct age, i.e. 5, for primary one entry; (3) students are admitted according to the following order: (i) nominees of corporate debenture holders, (ii) siblings of children already in the school, and (iii) date of application to the waiting list; (4) the maximum class size is 22 (the number of children who speak little or no English is limited to three per class); (5) no test is given before entry; and (6) parents are met by the Principal before accepting a place to ensure their understanding of the school curriculum and educational philosophy.	(1) No changes are envisaged; and (2) the school should be allowed to maintain the freedom in deciding its own admission policy.
Korean International School	(1) Students are admitted regardless of their race, religion or national origin; (2) preference is given to : (i) families with two or more children, (ii) corporate debenture holders, and (iii) students whose English language standard would allow them to study successfully in the English curriculum; (3) a number of places are reserved for students whose first language is not English but who wish to study in English (a special E.S.L. programme is provided for such students); and (4) proficiency in Korean is necessary for entry to the Korean stream.	No changes are envisaged.
Singapore International School	(1) Priority is given to Singapore citizens and permanent residents of Singapore over other nationalities; and (2) applicants have to pass an entrance test/interview.	No changes are envisaged. Moreover, unless the Government could provide more ESF places, it should allow the school to continue such admission policy.

### Group C Schools

Respondents	Existing Criteria for Admission	Future Changes/Views on Admission
Christian Alliance PC Lau Memorial International College	English and scholastic ability of applicants are assessed.	There should be a system by which admission is centrally co-ordinated by government so that schools will maintain a certain degree of flexibility in admitting students and government will have certain power to allocate students to them. Conditions of assistance should be offered to schools subject to fulfilment of admission requirements.
Concordia International School	Eligible students should : (i) take English assessment examination, and (ii) have good attitude-behaviour record.	No changes are envisaged.
Hong Kong Japanese School	Any child, regardless of nationality or religion, fulfilling the following requirements can be admitted : (i) for admission to Primary 1, having reached the age of six before 2 April of that year, and (ii) for Primary 4 or higher levels, an appropriate knowledge of Japanese.	The language requirement will be removed for P1 - 5 admission with effect from 1996, and progressively extended to higher levels in yearly stages.

Forecast Demand for International School Places (1995-2000)



Existing Admission Criteria and Views of Respondent Local International Schools on Admissions

**Group A Schools**

Respondent	Existing Criteria for Admission	Future Changes/Views on Admission
ESF	(1) Eligible children should (i) have command of and fluency in English to benefit from education delivered in the English language, (ii) have a parent who is a resident tax payer in Hong Kong, and (iii) not attending or eligible to attend a local Government school; (2) students attend ESF schools according to geographical zones.	(1) No changes are envisaged, except improvements to the existing system: (i) widening the English National curriculum framework to reflect the Hong Kong and regional context, (ii) introducing Mandarin (Putonghua) at primary level as a pilot scheme and (iii) addressing the issue of English as a second language; and (2) any change in subsidy arrangements could lead to the review on the existing admission policy (such as restricting the operation of our current open access system for applicants) and provision of special education.

**Group B Schools**

Respondents	Existing Criteria for Admission	Future Changes / Views on Admission
Canadian International School	(1) Applicants have to take screening test on English, language mechanics/expression, and Mathematics concept/applications; and (2) prospective students should have proficiency in English.	No changes are envisaged.
Chinese International School	(1) Children whose families are committed to their learning Putonghua and English will be considered for admission; (2) tests and interviews are used to identify successful applicants according to their ability and competence; (3) a balance between Chinese and English speaking children is maintained; (4) local students as well as overseas are admitted deliberately; and (5) parents must be able to afford the tuition.	No changes are envisaged.
Discovery Bay International School	(1) School is open to the whole of the Discovery Bay community. Applicants should be residents of Discovery Bay; and (2) native English speakers are not given priority for admission to lower primary levels; but, to meet requirements of secondary schools, a certain standard of English is needed for admission to upper primary levels.	(1) No changes are envisaged; and (2) the Government should include kindergarten places in the review, as the demand for such places exceeds supply on Lantau.
German Swiss International School	For the German Stream, students with German as the mother tongue are accepted regardless of nationality. For the English Stream, applicants should have an adequate command of English and an academic standard which enables them to learn German as a foreign language, which, starting from Secondary one, is a compulsory subject in addition to either French or Mandarin. If demand exceeds supply, priority for admission will be in the following order: German, Austrian and Swiss (applicable even if only one parent holds such nationality); sibling of own students; and students covered by existing but unused debentures.	No changes are envisaged. The exiting system is satisfactory, and past attempts to modify it have been regularly abandoned as these attempts only show that there is no fairer alternative.

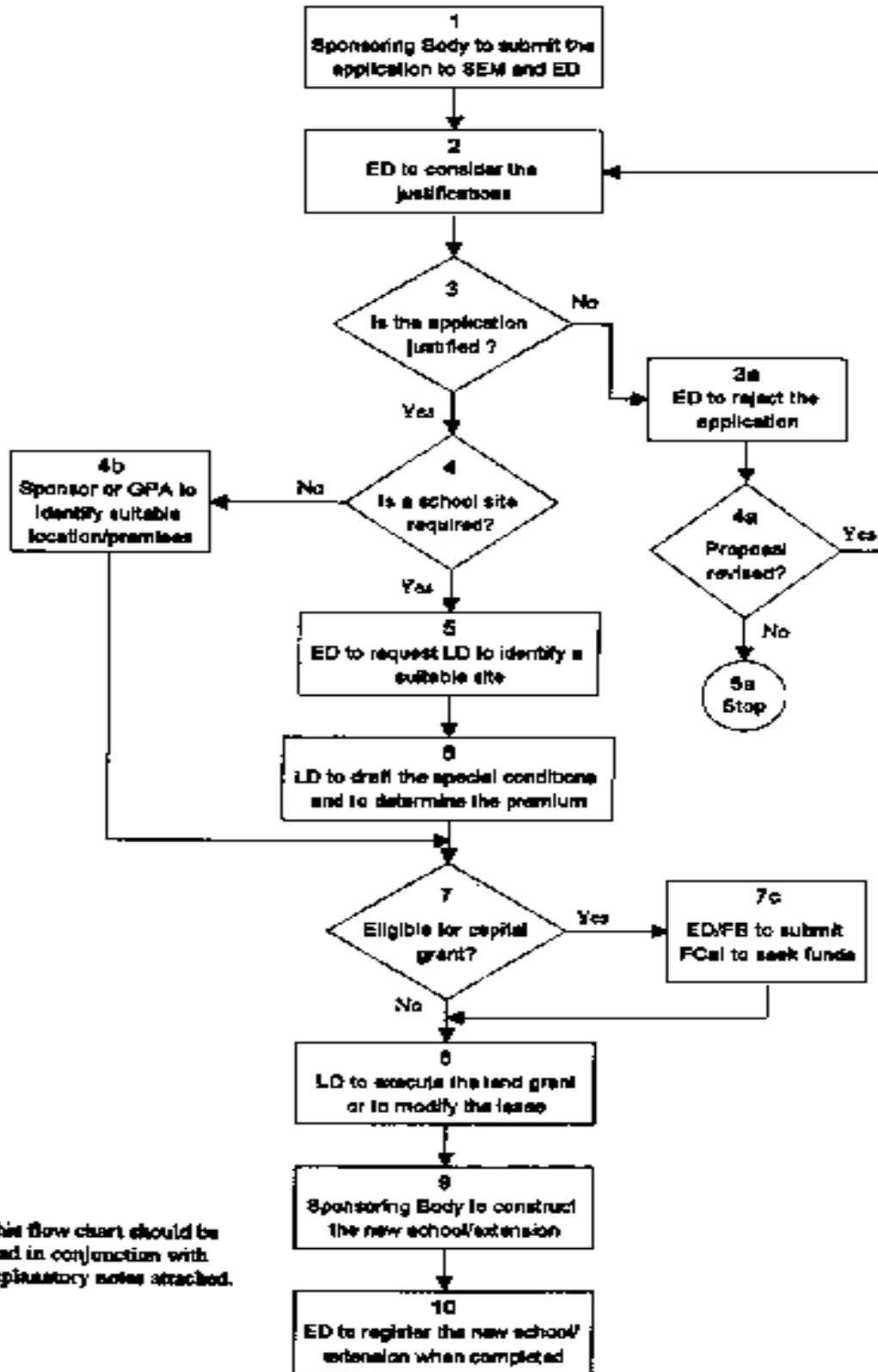
<p>Hong Kong International School</p>	<p>The process is selective, rather than competitive; (2) students are assessed on their ability to succeed in studying an American University prep curriculum in the medium of English; (3) those qualified are admitted in the order of (i) nominees of debentures, (ii) space availability according to date of application; (4) no discrimination is made for national origin.</p>	<p>(1) No changes are envisaged on existing admissions process which is working well; except perhaps giving some preference to siblings of own students and to children of alumni; and (2) the school is pleased to be able to define its own standards and admit local and expatriate students and hope to continue to do so.</p>
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Hong Lok Yuen International School	(1) An English proficiency test is given to ensure children admitted can benefit from English medium education; and (2) children whose first language is neither English nor Cantonese will be admitted into a total English immersion programme.	No specific comments
Kellett School	(1) Most primary one places are taken by own school's reception class (upper kindergarten) graduates; (2) children should be at the correct age, i.e. 5, for primary one entry; (3) students are admitted according to the following order: (i) nominees of corporate debenture holders, (ii) siblings of children already in the school, and (iii) date of application to the waiting list; (4) the maximum class size is 22 (the number of children who speak little or no English is limited to three per class); (5) no test is given before entry; and (6) parents are met by the Principal before accepting a place to ensure their understanding of the school curriculum and educational philosophy.	(1) No changes are envisaged; and (2) the school should be allowed to maintain the freedom in deciding its own admission policy.
Korean International School	(1) Students are admitted regardless of their race, religion or national origin; (2) preference is given to : (i) families with two or more children, (ii) corporate debenture holders, and (iii) students whose English language standard would allow them to study successfully in the English curriculum; (3) a number of places are reserved for students whose first language is not English but who wish to study in English (a special E.S.L. programme is provided for such students); and (4) proficiency in Korean is necessary for entry to the Korean stream.	No changes are envisaged.
Singapore International School	(1) Priority is given to Singapore citizens and permanent residents of Singapore over other nationalities; and (2) applicants have to pass an entrance test/interview.	No changes are envisaged. Moreover, unless the Government could provide more ESF places, it should allow the school to continue such admission policy.

### Group C Schools

Respondents	Existing Criteria for Admission	Future Changes/Views on Admission
Christian Alliance PC Lau Memorial International College	English and scholastic ability of applicants are assessed.	There should be a system by which admission is centrally co-ordinated by government so that schools will maintain a certain degree of flexibility in admitting students and government will have certain power to allocate students to them. Conditions of assistance should be offered to schools subject to fulfilment of admission requirements.
Concordia International School	Eligible students should : (i) take English assessment examination, and (ii) have good attitude-behaviour record.	No changes are envisaged.
Hong Kong Japanese School	Any child, regardless of nationality or religion, fulfilling the following requirements can be admitted : (i) for admission to Primary 1, having reached the age of six before 2 April of that year, and (ii) for Primary 4 or higher levels, an appropriate knowledge of Japanese.	The language requirement will be removed for P1 - 5 admission with effect from 1996, and progressively extended to higher levels in yearly stages.

**Establishment of an International School/An Extension**



Note : This flow chart should be read in conjunction with explanatory notes attached.

## Explanatory Notes

### Step

1. The proposal submitted by the sponsoring body should normally include :
  - (a) Reasons and justifications for the building of a new international school or an extension to an existing international school;
  - (b) Projection on future demand and supply on the relevant category of international school(s);
  - (c) Proposed facilities and class structure for the new school/extension;
  - (d) Mode of financing, in particular if any Government subsidy is required;
  - (e) Location of site preferred, if required; and
  - (f) Time schedule for the development.
  
2. The Education Department (ED) would consider if the proposals and justifications are acceptable in accordance with current educational policies, and the conditions for land grant as laid down in the Land Administration Policy. Recommendations would be forwarded to Secretary for Education and Manpower (SEM) for policy support. Source of Government funding, if required, would be identified.
  
- 3a. ED would discuss with the sponsoring body and appropriate advice would be given to assist the sponsoring body to revise their proposals.
  
- 4b. If Government premises are required for the proposed new school/extension, ED would request the Government Property Administrator (GPA) to identify a suitable government premises for the purposes when policy support is given by SEM.

5. Subject to SEM 德 policy support, ED would request the Lands Department (LD) to identify a suitable site meeting the requirements. Planning Department 德 view would be sought. Proposals would be circulated to relevant departments for comments.
6. LD would be requested to draft the special conditions for the land grant, if it is agreed in principle by all parties concerned.
7. Based on the agreed scope of the project, SEM and ED would consider, under existing policy, if it is eligible for capital grant.
- 7c. ED would initiate action, with the assistance of the Finance Branch (FB), to prepare draft FCai(s) to seek the funds required.
8. LD would seek endorsement/approval from the competent authority and to execute the land grant.
9. Sponsoring Body would proceed with the construction work on the site granted. The special conditions should be followed strictly and that the project would be under the monitoring of the Education Department, if capital grant is provided.
10. ED would register the completed school/extension under the terms of the Education Ordinance, ED would also consider if recurrent subsidy/grant should be provided for its operation.

Land Grant (at Nil/Nominal Premium) and Capital Assistance to Existing International Schools

Group A (ESF) Schools

No	School Name	Site Area (Hectares)	Site Location	Capital Assistance Grant for School Buildings/Extension (\$)	
				Interest-free loans	Building Grant
1	Island School	1.214	Mid-levels	2,325,390	8,212,560
2	King George V School	4.843	Homantin	4,663,000	7,755,000
3	Shatin College	1.431	Shatin	9,481,000	11,982,000
4	South Island School	0.445	Shouson Hill	3,874,000	29,298,000
5	West Island School	0.89	Pokfulam	24,887,000	30,551,000
6	Beacon Hill School	0.28	Kowloon Tong	640,000	640,000
7	Bradbury Junior School	0.62	Peak	-	8,417,886
8	Clearwater Bay School	0.36	Sai Kung	5,886,000	12,272,000
9	Glenealy Junior School	0.22	Mid-Levels	-	-
10	Kennedy School	0.84	Sandy Bay	1,880,000	10,621,000
11	Kowloon Junior School	0.8	Homantin	-	-
12	Peak School	0.8	Peak	-	-
13	Quarry Bay Junior School	0.445	Braemar Hill	5,512,000	8,512,000
14	Shatin Junior School	Together with Shatin College (No.3 above)		3,643,000	6,766,000
15	Sarah Roe Centre (Special School)	At Kowloon Junior School Premises			

Group B Schools

No	School Name	Site Area (Hectares)	Site Location	Capital Assistance in interest-free loans for Extension (\$)
1	Chinese International School	0.98	Braemar Hill	36,760,000
2	French International School	0.52	Jardine's Lookout	-
3	German-Swiss International School	0.28 0.35	Peak Peak	20,225,000
4	Hong Kong International School	0.4 0.56 1	Repulse Bay Repulse Bay Tai Tam	45,207,000#
5	Canadian International School	1.03	Aberdeen	N.A.
6	Discovery Bay International School	Constructed by private developers as a condition of land grant by Government	Lantau Island	N.A.
7	Hong Lok Yuen International School	Constructed by private developers as a condition of land grant by Government	Tai Po	N.A.
8	Kellett School	0.24	Pokfulam	N.A.
9	Korean International School	0.39	Sai Wan Ho	N.A.
10	Singapore International School	0.41	Aberdeen	N.A.

Note: For non-ESF international schools, only those under the DSS are eligible for interest free loans.  
# Payment to be effected upon completion of all the legal procedures, i.e. upon signing of the loan agreement.

Views of Local International Schools on Government Financial Assistance

**Group A Schools:**

Respondent	Land Grant	Capital Subsidy	Recurrent Subsidy	Other Comments
ESF	Land grant at nominal premium should continue.	ESF's status quo of parity of subsidy with aided sector should be maintained.	ESF's status quo of parity of subsidy with the aided sector should continue.	(1) ESF does not wish to receive more than it is entitled to; (2) the ESF system is very cost effective to Government. If the ESF system is operated by Government, the cost would be much higher than the subsidy; (3) it is very unfair to vary the financing for one group of schools, such as ESF, simply to benefit another group of international schools; (4) Government should consider raising the funding for those less funded schools to the level of those higher funded institutions; (5) any reduction in subsidy would require adequate notice and planning for an orderly change in budget; (6) it is likely that any reduction in grant would need to be offset by an increase in fees which could result in an adverse reaction from parents; (7) companies could consider relocating if education through the English language and reflecting the English National Curriculum is not readily available at affordable price; (8) any change in subsidy might lead to ESF's review of admission policy and provision of special education services.

**Group B Schools**

School Name	Land Grant	Capital Subsidy	Recurrent Subsidy	Other comments
Canadian International School	Land grant to international school is fair, obtainable and helpful.	(1) Interest-free loan should be available to schools even without their own premises; (2) loan should be granted earlier in the construction schedule instead of the completion of the new building.	DSS should extend to primary schools.	(1) Increased public funds for lower primary grades of international schools; and (2) easier access to DSS.

Chinese International School	Government needs to expedite processing and be more generous in the allocation of land to schools	Interest-free loan to DSS schools is helpful and should continue.	The grant system under DSS is satisfactory and should continue.	(1) Financial support to schools should be equitably distributed and parents should be charged fees to cover majority of expenses; (2) the present funding situation (with school financially independent) is preferred and no additional funding is consider necessary. However, if Government decides to subsidise international schools as a whole, the school also wishes to join.
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Discovery Bay International School	Without land grant, most schools will not be able to start. The Government must help.	The provision of building subsidy by Government would encourage reputable operators to set up another international school in Discovery Bay.	Government should subsidise children of taxpayers whose children cannot be educated in the local system through subventing international schools.	(1) Subsidy to ESF should continue as most of their students would progress to West Island School, though it is difficult to justify why ESF students are subsidised more than local students; (2) a second international school should be set up on Lantau from savings of not providing local schools in the area in future.
German Swiss International School	The present land grant policy should continue.	The present capital assistance should continue.	The present recurrent subsidies for the secondary section which is under the DSS subsidy should extend to the primary sector.	The present Government assistance to international schools, including land grant, loans and recurrent grants, is greatly appreciated, and should continue in future.
Hong Kong International School	Land grant at nil premium should continue. This is a tangible return for individuals and companies who pay large amount of taxes.	Capital subsidy should continue. This is a tangible return for individuals and companies who pay large amount of taxes.	There may be legitimate arguments against providing recurrent subsidies. Nevertheless, such subsidies, if provided, should be equally given to all (not-for-profit) meeting certain standards.	(1) Instead of paying recurrent subsidies to international schools, Government might consider putting such resources into a fund for financial aid of families who meet a financial means test. This would be less costly than a general subsidy, preserve schools' independence, and deliver support to needy families; and (2) a policy favouring the promotion of international schools as a significant alternative stream of education open to all is advocated: Government should support a policy which fosters the development of international schools beyond simply meeting the market demand. A large number of the alumni return to Hong Kong for their careers. Thus international schools are contributing to Hong Kong's future as an international business center.
Hong Lok Yuen International School	No specific comments.	No specific comments.	No specific comments.	(1) It is unfair that Group C schools are not financially supported by Government; (2) the criteria of Government support need to be reviewed urgently; (3) rent and rates subsidy should be extended from kindergarten to other levels as well. (4) The funding arrangements should be even handed.

Kellett School	Land grant is essential for establishing schools. At present, debentures charged can cover building costs. If debentures have to cover land cost, they will have to be set at a level unacceptable to both companies and parents.	The school does not receive any capital subsidy.	The amount of rates reimbursement is a small percentage of the total operating costs.	The school is not planning to seek any financial assistance. It values the present freedom of action and considers it important for parents to have choice of different types of schools.
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Korean International School	The present system is very adequate and more than fair.	The present system is very adequate and more than fair.	The present system is very adequate and more than fair.	Government may consider providing school with grants (similar to those for ESF) for operating its special education programme.
Singapore International School	The present system is good.	No specific comments.	No specific comments.	(1) Preferential treatment to the ESF should be extended to schools offering bilingual Chinese and English. Preference should be given to 'national group' schools; (2) preference may be given to schools providing a full programme from primary to post-secondary; (3) the number of students in a school should be considered as a criterion for government assistance; (4) the profitability of popular schools should not be entirely restricted. Government interference will affect the quality of education provided by the schools, or distort the demand/supply equilibrium; (5) Government assistance is expected to be on the increase due to influx of foreign nationals.

**Group C Schools:**

School Name	Land Grant	Capital Subsidy	Recurrent Subsidy	Other Comments
Christian Alliance PC Lau Memorial International College	Before further allocation of land for new international school, Government should consider investing funds in existing international schools.	Future capital subsidy should include: Annual capital allowance in renovating and equipping the schools, and annual maintenance allowance for school buildings should be given.	Future recurrent subsidies should include: School fee assistance scheme for needy students, salary allowance for school staff, and block grant for administrative expenses on the basis of unit rate per student capita.	(1)The present funding arrangement is not entirely satisfactory; (2) Government should give assistance to all non-profit-making schools as suggested, subject to the following conditions: (i) school buildings will not be used for purposes other than international education without the approval of Government, (ii) the development and expansion of schools will be subject to the approval of Government, (iii) the curriculum adopted by schools will be subject to the approval of Government, (iv)a certain percentage of spaces in school will be subject to Government allocation, and (v) submission of annual audited account to Government for review.
Concordia International School	No specific comments.	No specific comments.	No specific comments.	Any Government subsidy should be given without strings and separated from the Government regulation of curriculum in local schools. (Group C schools should receive more adequate funding.)

HK Japanese School	It is imperative for land grant at nominal premium to continue. Consideration should be given to schools with special requirements of site areas according to their national curriculum in the land allocation.	The DSS should be extended to primary schools, so that they can be eligible for interest-free loan.	(1)The rates reimbursement should continue; and (2) the DSS should be extended to primary schools.	No specific comments.
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Rough Estimation of Financial Implications - Recurrent Subsidies :  
Group A (ESF) School Mode

Level	(a) Average Unit Cost p.p.p.a of <b>ESF</b> Schools (Estimated 94/95)	(b) Estimated Subsidy for ESF Schools (Sept 94 enrolment x (a))	(c) Estimated Subsidy for Other International Schools (Sept 94 enrolment x (a))		(d) Remarks
			(i) 17 NPM Schools as at Sept 94	(ii) 8 Private Independent Schools as at Sept 94	
	\$	\$	\$	\$	Column (c) gives a <b>rough indication</b> of the amount of additional funds for international schools if all treated as <b>ESF</b> schools
Primary	14,581	71,884,330 (4,930 x (a))	95,024,377 (6,517 X (a))	14,741,391 (1,011 X (a))	
Secondary	22,132	98,642,324 (4,457 X (a))	81,224,440 (3,670 X (a))	31,825,816 (1,438 X (a))	
Total		170,526,654	176,248,817	46,567,207	
			<b>(i) + (ii) = \$ 222,816,024</b>		

Rough Estimation of Financial Implications - Recurrent Subsidies :  
DSS School Mode

TABLE A : Assuming \*maximum subsidy

Level	(a) Average Maximum Subsidy Per DSS Place (94/95)	(b) Estimated Subsidy for ESF Schools (Sept 94 enrolment x (a))	(c) Estimated Subsidy for Other International Schools (Sept 94 enrolment x (a))		(d) Remarks
			(i) 17 NPM Schools as at Sept 94	(ii) 8 Private Independent Schools as at Sept 94	
	\$	\$	\$	\$	Column (c) gives a <b>rough indication</b> of the amount of funds for international schools (except ESF schools) if all are treated as <b>DSS schools with maximum subsidy</b>
Secondary	20,232	90,174,024 (4,457 X (a))	74,251,440 (3,670 X (a))	29,093,616 (1,438 X (a))	
Total		90,174,024	(i) + (ii) = <b>\$ 103,345,056</b>		

TABLE B : Assuming \*minimum subsidy

Level	(a) Average Minimum Subsidy Per DSS Place (94/95)	(b) Estimated Subsidy for ESF Schools (Sept 94 enrolment x (a))	(c) Estimated Subsidy for Other International Schools (Sept 94 enrolment x (a))		(d) Remarks
			(i) 17 NPM Schools as at Sept 94	(ii) 8 Private Independent Schools as at Sept 94	
	\$	\$	\$	\$	Column (c) gives a rough <b>indication</b> of the amount of funds for international schools (except ESF schools) if all are treated as <b>DSS schools with minimum subsidy</b>
Secondary	5,058	22,543,506 (4,457 X (a))	18,562,860 (3,670 X (a))	7,273,404 (1,438 X (a))	
Total		22,543,506	(i) + (ii) = <b>\$ 25,836,264</b>		

The present DSS only covers secondary level. For the purpose of this exercise, the average of 1994/95 subsidy for the following levels is used:

Level	Maximum	Minimum
S1 - 3	\$18,276	\$4,569
S4 - 5	\$15,253	\$3,813.25
S6 - 7	\$27,167	\$6,791.75

**Rough Estimation of Financial Implications - Recurrent Subsidies :**  
**Local Aided School Mode**

Level	(a) Average Unit Cost p.p.p.a of <b>Aided Schools</b> (Estimated 94/95)	(b) Estimated Subsidy for ESF Schools (Sept 94 enrolment x (a))	(c) Estimated Subsidy for Other International Schools (Sept 94 enrolment x (a))		(d) Remarks
			(i) 17 NPM Schools as at Sept 94	(ii) 8 Private Independent Schools as at Sept 94	
	\$	\$	\$	\$	Column (c) gives a <b>rough indication</b> of the amount of additional funds for schools (except ESF schools) if all are <b>aided schools</b>
Primary	11,794	58,144,420 (4,930 x (a))	76,861,498 (6,517 X (a))	11,923,734 (1,011 X (a))	
Secondary	17,256	76,909,992 (4,457 X (a))	63,329,520 (3,670 X (a))	24,814,128 (1,438 X (a))	
Total		135,054,412	140,191,018	36,737,862	
			<b>(i) + (ii) = \$ <u>176,928,880</u></b>		

Information Relevant to Considering the Impact of Removing the DSS Recurrent Subsidy from  
International Schools  
(On the Basis of 92/93 Fees and Enrolment)

SCHOOL		HKIS	GSIS	FIS	CIS
<b>DATA FROM 92/93 AUDITED ACCOUNT</b>	(A) TOTAL SCHOOL EXPENDITURE	145,081,090	45,968,442	38,816,811	23,984,000
	(B) DSS SUBSIDY	4,469,661	1,820,565	1,793,000	1,540,000
	(C) % Of (B) on (A)	3.08	3.96	4.62	6.42
	(D) FEE INCOME (% of (D) on (A))	147,004,028 (101.33)	41,428,315 (90.12)	31,015,000 (79.9)	21,364,000 (89.08)
	(E) EXPENDITURE ON STAFF (% of (E) on (A))	106,589,265 (73.4)	33,417,393 (72.7)	23,902,436 (61.58)	17,255,930 (71.95)
	(F) OTHER EXPENDITURE ((A) - (E))	38,491,825	12,551,049	14,914,375	6,728,070
<b>ESTIMATED IMPACT ON SCHOOL FEES (AS AT 92/93)</b>	(G) 92/93 ENROLMENT	1,073	460	345	417
	(H) 92/93 APPROVED SCHOOL FEES	72,749	45,220 47,700	44,820 56,220	48,000
	(I) ADDITIONAL INCOME REQUIRED WITH DSS SUBSIDY REMOVED	4,469,661	1,820,565	1,793,000	1,540,000
	(J) ADDITIONAL FEES p.p.p.a. ((I)/(G))	4,166	3,958	5,197	3,693
(K) % OF FEES INCREASED ((J)/(H)*100)	<b>5.73</b>	<b>8.76 - 8.3</b>	<b>11.6 - 9.24</b>	<b>7.69</b>	

ote : All figures (except enrolment and percentage figures) are in Hong Kong Dollars.

Proposed New Criteria for Considering Land Grant for International Schools

1. The proposal should be able to justify a continuing demand for at least a 12 classroom school (i.e. large enough to accommodate a combined primary and secondary school with one stream at each level or alternatively a two-stream primary or secondary school). Please also see notes below.
2. The proposed school site should be designated for international school use.
3. The school should provide for the special educational requirements of a particular national, linguistic or cultural group, whose requirements could not be adequately met within the existing Hong Kong school system.
4. The school should offer a complete primary and/or secondary school course.
5. The school should be able to register under the Education Ordinance, when completed, and should be managed by a non-profit-making organization.
6. The school should be open for all children resident in Hong Kong and all national groups should be treated alike for admission. The Government should have the authority to approve the initial admission criterion/policy, and any changes thereto, and direct the school to comply with the approved admission criterion/policy, if and when necessary.

- (Note: 1. A standard class size of 35 for all primary and secondary classes up to Secondary 5 or equivalent, and 30 for all sixth form classes should be used.
2. School sites would be granted at a standard size similar to local aided schools, i.e. 206.7m<sup>2</sup> per primary classroom and 263.5m<sup>2</sup> per secondary classroom. )

Proposed Criteria for Eligibility of Capital Assistance

1. The proposal should be able to justify a continuing demand for at least a 12 classroom school (i.e. large enough to accommodate a combined primary and secondary school with one stream at each level or alternatively a two-stream primary or secondary school).
2. The school should provide for the special educational requirements of a particular national, linguistic or cultural group, whose requirements could not be adequately met within the existing Hong Kong school system.
3. The school should offer a complete primary and/or secondary school course.
4. The school should be able to register under the Education Ordinance, when completed, and should be managed by a non-profit-making organization.
5. The school should be open for all children resident in Hong Kong and all national groups should be treated alike for admission. The Government should have the authority to approve the initial admission criterion/policy, and any changes thereto, and direct the school to comply with the approved admission criterion/policy, if and when necessary.

(Note: A standard class size of 35 for all primary and secondary classes up to Secondary 5 or equivalent, and 30 for all sixth form classes should be used.)

Estimate on Staff Implications

With the implementation of the WG<sup>德</sup> recommendations, the following major duties will be involved within ED :

- (a) to approve the initial admission criterion/policy and any changes thereto;
- (b) to direct the international schools to comply with the approved admission criterion/policy, if and when necessary;
- (c) to set up an international school information centre and/or other mechanisms to facilitate the dissemination of admission information;
- (d) to review annually the demand and supply of international school places and its follow-up action required;
- (e) to invite appropriate sponsoring bodies to apply for the grant of land at nominal premium should a new international school be considered necessary;
- (f) to provide secretarial support to the standing committee to be established for considering applications from all interested parties;
- (g) to process applications from non-profit-making international schools for interest-free loan; and
- (h) to monitor schools' adherence to the specific conditions relating to the receipt of land grant and capital assistance.

2. Among the duties described above, some are on-going duties while some are new ones which would impose a considerable amount of workload on ED staff, in particular, at the start of the implementation of the WG<sup>德</sup> recommendation. The new initiatives such as the formulation and approval of an initial admission criterion/policy and the monitoring of its compliance thereafter; the support provided by ED in the formation of an international school information centre; the planning of a systematic annual review on the demand and supply of international school places and the provision of secretarial support to the standing committee to be established will involve additional workload. To make a good start, extra staff resources are required to oversee, to co-ordinate, to prepare and to plan the work involved. The officers concerned have also to liaise with school principals, people of Consulates, senior officers of EMB and FB and of other Government Departments. Decision making on policy issues will be required as well. In view of the level of responsibilities and the estimation that the preparatory work and the setting up of the new initiatives are to be completed in 6 months, it is proposed that supernumerary posts of 1 SEO(A) and 1 EO(A) be created for 6 months to handle the relevant work. A supporting staff in the

rank of COII will also be required on supernumerary basis in the first six months. When the new initiatives are established at the end of 6 months, it is proposed that a permanent post of 1 EO(A) be created for the continuation of the follow-up work, the related administrative duties and the monitoring of the on-going events arising from the recommendations of the WG.

3. The financial implication involved for these proposals is divided into two stages as follows :

(a)	<u>Creation of Supernumerary Posts</u>	<u>Staff Cost (\$) * for 6 months</u>
	1 SEO(A)	\$1,294,860 / 2 = \$ 647,430
	1 EO(A)	\$ 876,636 / 2 = \$ 438,318
	1 COII	\$ 242,400 / 2 = \$ 121,200
	<u>Total</u>	<u>\$1,206,948</u>
(b)	<u>Creation of Permanent Post</u>	<u>Staff Cost (\$) * for 12 months</u>
	1 EO(A)	<u>\$ 876,636</u>

4. The financial implication for the supernumerary posts of 1 SEO(A), 1 EO(A) and 1 COII for 6 months is \$ 1,206,948 and that of the annual staff cost of the permanent EO(A) post is \$ 876,636.

\*As at 1.4.1994