

**PREPARED STATEMENT TO THE LEGCO EDUCATION PANEL ON THE LACK OF
INTERNATIONAL SCHOOLS & ITS IMPACT ON INTERNATIONAL BUSINESS**

1. We welcome this opportunity to address this distinguished panel the lack of places in International Schools in Hong Kong. The situation remains as significant an issue today as it was when we first identified the problem and raised it with the Chief Executive by letter in October 2010. The factors that continue to have a significant effect on the number of students wanting places in international schools in Hong Kong stems from first: the increase in the number of students caused by new companies investing in HK due to the shift of the global economic centre of gravity towards Asia which has consequences for Hong Kong particularly since many newly arriving executives are in younger age groups with children who are younger than previously was the case; Secondly, the continuing desire of middle class families in HK continue have their children to be educated in international schools because of their aspirations for the success of their children. These are factors which cannot be blamed on Government.
2. The future demographics of Hong Kong show a significant decline in the number of young people in the community; of course this could be offset to some extent by children born in HK of mainland mothers whom the government assumes will go largely into the state education sector. This is by no means certain but even if this is true then inevitably some of these families will want to enter international schools to educate their children and this will further increase the pressure on available places.
3. The problem is most at its most acute at Primary 1 and 2 because that is the entry level and everyone recognizes that applying for a place at this level is the best way to get their children into an international school for the whole education career of the child. As drop-out rates are extremely low in primary years, if a child can't find a place in an international school at the start of primary there is unlikely to be a place until there is student drop out (historically when students leave at the start of secondary to go to the UK/US boarding school-but probably much less so now). As schools try to fill all available places, there are now very few if any places for any expatriates moving to HK with children.
4. The lack of availability of international school places is having the following effects on expatriates based in Hong Kong:
 - Extended family separations.
 - Expatriates returning to the country of origin to educate their children.
 - Excessive 'bussing' of children to schools placed at a distance from their homes.
5. The impact of availability of international school places on business in general:
 - Mal location of expatriates out of Hong Kong to Singapore for example.
 - Negative reputation of Hong Kong as a international business centre in particular as a centre for Regional Headquarters which can move anywhere in the region.
 - Timing of the moves of executives and their families and some companies are only posting in expatriates who have no children.

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6. **Supply of International School Places** - It is difficult to generalize about the types of international school places which are preferred but there are a number of factors which do have an impact:
- The main pressure is on Primary 1 & 2 classes and Secondary 5 & 6 and it is here that places are sought.
 - There is a dichotomy of need between schools that offer places that have the national curriculum of the countries of origin of the family and teaching is in the language of the country of origin and those which teach curriculum in the English language medium. This is one of the reasons for the often quoted 10% unfilled places in international schools.
 - Affordability is becoming increasingly an issue that has an impact on the selection of places and it explains the popularity of the ESF and the sensitivity to fee increases in that sector. There needs to be a much clearer understanding of the fact that not every international family is on special packages. Furthermore Hong Kong has a variety of ethnic minorities many of whom are English speaking and need the English medium education. This point was recently underlined by WK Lam, Chairman of the Equal Opportunities Commission recently.
7. **Impact and Government Support Measures** - It is easy to criticize the government for failing to anticipate this problem and in their defence throughout they have made sites available over the past decade and a half and more recently they made the 4 'Greenfield' sites available to increase both the Secondary and Primary places available. The problem is undoubtedly compounded by the fact that many if not most expatriate executives and their families choose to live on Hong Kong Island though it has to be said that this is changing. In our recent discussions with Government this point has been made very strongly to us as has the fact that there simply is not the available land on Hong Kong Island to offer to potential school developers. The fact that all international schools are open to local students whereas comparators in other regional jurisdictions are either not open to local students or have quota restrictions applied to them. Quite apart from supporting the principle of 'Freedom of Choice' we believe that both expatriate students and local students benefit immeasurably from studying, playing and growing up together. One has only to look at weekends around Hong Kong and Kowloon to see young people of all ethnic origins 'hanging out together' to want to support this principle.
8. **Solutions** – The fact is that given the demographic profile of Hong Kong over the next two decades inescapably there will be a need to import talented people with the skill sets that Hong Kong will need if it is to continue to maintain its position as a global business and financial centre. It follows that it will need to provide the full range of services which must include high quality international education if it is remain an attractive location for international business to base its operations. So the problem really falls into three parts: First the fact is that there currently NO places in International Primary Schools therefore there is the urgent need for government and business action to deal with this problem. The British Chamber of Commerce has made suggestions to the EDB about how to resolve this and a number of the more popular schools such as Kellett have managed to increase the number of classes on a temporary basis but this is not a long term solution. Secondly there is the medium term issue which the 'Four Greenfield Site' schools will help to solve with the arrival in the market of 5,000 new places. It should however be understood that these are skewed in favour of secondary places. Finally there is the longer term challenge of providing sufficient places to cope with an influx of students as the ageing of the population really does begin to affect the availability of local people available to work. It should also be recognized that as the cohort of primary students passes into the secondary stream this

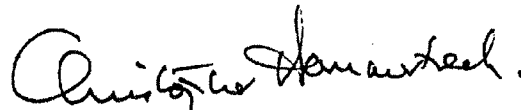
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9.

will create new additional pressures on secondary schools, therefore there will be a need to expand the secondary sector.

Conclusions

10. The simple fact is that Hong Kong has a problem now with the shortage of places in its international schools. Viewed from the perspective of international business the problem is immediate and government does not seem to have grasped the reputational implications for Hong Kong in its role as a world class business centre. Unfortunately for Hong Kong its regional competitors have already grasped this and they have made provision to ensure that adequate international education facilities are available. In short this is not solely an education issue but it is very clearly a most pressing business issue for Government.
11. At the heart of this is a mismatch between the statistics that Government is working from and those that we have available to us. Recent statements made by officials that only 90% of the available places have been taken up are rather economic with the facts. In any case any business that is at 90% of capacity would be looking to expand its capabilities. (As a matter of interest the historic benchmark on the development of the container port was that once 85% capacity was achieved a new set of berths was developed). However we would not disagree with the statement made at the same time that international business needs to accept that not everyone can live or be educated on Hong Kong Island, moreover we would point out that driven by exorbitant rents this has been happening naturally and many more expatriate people now live happily in the NT. At the heart of this is the lack of available real estate and choices will have to be made by the community bearing in mind that international business is a major employer. The obvious immediate solution is schools that have been made redundant in terms of priority it is suggested that international schools should receive appropriate priority.



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