

To: All Legislative Council Members

Re: The termination of recurrent subvention to English Schools Foundation (ESF)

Since, the Education Bureau (EDB) and the ESF are public bodies and every decision they make could affect individual rights and public interest of Hong Kong citizens. As such, I am writing to request the Legco to disapprove the captioned decision made between the EDB and the ESF management.

Being existing ESF students and parents, we have the legitimate expectation to be treated impartially in terms of recurrent subvention amount per student among other government subsidy schools in Hong Kong, and that our needs and opinions be heard under the rules of natural justice. ESF was established since 1967 with outstanding academic results and has always been an affordable choice for alternate curricula education. Thus, the termination decision is clearly a deprivation of future parents' rights to an affordable choice of outstanding schools teaching non-local curriculum in Hong Kong.

In year 2011, representatives of the Concerned ESF Parents Group requested the EDB to have a face-to-face meeting with parents in order to reflect our needs and opinions but the request was turned down by the EDB, excusing that the negotiation process was undergoing a consideration phase and only responses through other means will be welcomed. Eventually, some of us, including myself, did submit our opinions through letters and phone calls and obviously these opinions were not considered according to the result of the recent decision.

On the other hand, although there are parent representatives on the ESF Board of Governors (BOG), unfortunately due to the **imbalance of parent representative ratio**, only 6 elected parent representatives to 20 selected members on the BOG, **and the matter of pecuniary interest stated under the Code of Conduct, all voting rights of parent representatives are deprived on issues such as tuition fees, capital levy, etc.**, while these issues are some of the major concerns of most parents'. To our surprise, the BOG had made no exemption to the decision making process of this termination issue either. Once again, the majority of parents' opinions were not taken into consideration as usual. We did try to reflect these unfair terms to the previous Legco members, but was not responded.

In the light of the above, I urge all of our honorable legislators to consider my below reasons for the request before making any decision.

1. Should the recurrent subvention to the ESF be continued?

The ESF was originally established for expatriate students, mainly British, who have parents or guardians working, operating business and residing in Hong Kong. As time past and before the return of Hong Kong to our mainland government in 1997, a certain amount of expatriate families left Hong Kong for good and leaving a considerable amount of vacant school places available for

local students to fill-in. Around the same period of time, due to the reform of local educational system and curriculum, such as using mother tongue as teaching medium and the introduction of Direct Subsidy Scheme (DSS), this policy change had driven a certain amount of conservative local parents to send their beloved children aboard or to local international schools for primary and secondary education in order to make sure their children are on a secured path for tertiary education in the future.

Fortunately, due to the stability of Hong Kong's political and economical environment after the transfer of sovereignty to our mainland government; it attracted many returnees from aboard and foreign investors to stay in Hong Kong with their families for education, work and investment. Also, the **ongoing adjustment of the local curriculum and educational policy** in the past decade, created the major factors for such a high demand of the non-local curriculum school places in Hong Kong, but not being stereotyped all families are the privileged and the affluent ones. In fact, most of these parents were unwilling to give up the higher 12 years pre-tertiary subventions from the government, if an alternate secure choice were given.

To be fair, even if some families are the real privileged and affluent ones, they do have the right to school choices for their children. As long as, the **priority of admission in a school is based on the same standard of ability of children but not paying hundreds of thousands of dollars for debenture or surety deposit, whether refundable or not, by their parents, while most of the others cannot or unwilling to afford.** In fact, ESF is the most down to earth and comparatively affordable of its kind, at least still at the moment.

Further, due to the well established curricula and encouraging teaching styles, high acceptance by renowned universities worldwide, and the increasing intakes through the non-JUPAS¹ route from the 8 tertiary institutions² in Hong Kong; more and more local parents have decided to set their children's education path on non-local curriculum. In fact, there were almost 100% of ESF students received admissions from universities worldwide in 2012. And, about 19.6% of the total university applicants have chosen to study in the three major universities in Hong Kong, which is a significant ~50% increase from 2011³. This increase of ESF students studying in Hong Kong may also be due to the higher global university ranking achieved by local universities in recent years.

From the above facts, ESF has already transformed into a need for local parents and students. Thus, what **the EDB should** do is to ask its officers who overseeing ESF, such as Ms. Cherry Tse, to put constructive effort on improving the local school curriculum, so as to **attract future parents to turn to the local curriculum naturally instead of eliminate their option by giving ESF away to**

¹ A system that applicants using results other than the HKALE or HKDSE to apply for an undergraduate programme in Hong Kong.

² The Chinese University, City University of Hong Kong, Hong Kong Baptist University, The Hong Kong Institute of Education, Lingnan University, The Hong Kong Poly University, The University of Hong Kong and The Hong Kong University of Science and Technology.

³ ESF Annual Report 2011-2012, p.26.

those who can pay.

2. The EDB is prejudice in favour of other non-local curriculum schools?

Ridiculously, with the approval of the EDB there are 4 schools, as of year 2011, which are the YMCA of Christian College, St. Paul's Co-educational College, Diocesan Boys' School and Li Po Chun United World College of Hong Kong, also offering non-local curriculum as ESF but their students are able to enjoy higher recurrent subvention from the government than the ESF students. Unbelievably, instead of treating ESF equally as these four schools in terms of recurrent subvention; the EDB excusing herself by saying that the first three schools are also preparing students for local exams, and Li Po Chun is a special one that does not require doing so.

Obviously, the EDB is bias towards subsidy targets, subsidy levels and adoption of curriculum. Under the principle of "Parity of Subsidy", students and parents of ESF have the legitimate expectation to be treated impartially, in terms of recurrent subvention amount per student and continuation of adopting non-local curriculum. But not allowing the EDB to deprive our rights by keeping the subvention frozen at the same level since year 2000 and to maintain it until the school year of 2028/2029 or the year of complete termination.

3. What should be the subvention amount per student?

The EDB classified all primary and secondary schools into two groups, schools that adopting the local curriculum to prepare students for local exams as local schools and schools that adopting the non-local curriculum and preparing students for the non-local exam as the international schools. As such, the local schools are entitled to higher recurrent subventions than the non-local schools, which has made the ESF students only receiving 49.50% for primary and 61.52% for secondary of the DSS students'⁴ in 2013. Please see Annex I for reference.

In fact, even if bringing the subvention of ESF students on par with the DSS students, which would only be taking 0.53% of the total education expenditure or 0.07% of the total government expenditure. Please see Annex I for reference.

Since, our government always wanted Hong Kong to maintain and increase its attractiveness to foreign investments and talents; as such increasing investment in education to an acceptable level is definitely a way to achieving the goal. Thus, even if providing subvention to all non-local curriculum students on par with the DSS', the increase will be taking about 2.45% of the total education expenditure or 0.34% of the total government expenditure.⁵ Or, the government can introduce education vouchers for all local students to solve the problem. This increase in

⁴ <http://www.edb.gov.hk/attachment/en/about-edb/publications-stat/figures/edb-e.pdf> Session 20 EDB - p.56 and p.213, retrieved on June 14, 2013.

⁵ These figures are rough calculations for indication purpose only.

education spending can be absorbed by a slight increase of company profit tax, which was reduced by 1% few years ago due to poor economy.

4. Under what criteria should the subvention be grand to the ESF?

The EDB had said that the freezing of ESF's subvention was mainly due to the incapability of the ESF management team on accounts and staff expenditure management. As such, I suggest only the ESF management team needs more governance from the EDB and its stakeholders, as the curricula are under monitoring for renewal purpose by the international accreditation organizations for international school and IB status from time to time.

Over the decade, we can only see the reform of the ESF Board of Governors (BOG), shrank from over a hundred members to 26 members at present and some savings under the environmental issues. **According to the ESF audit report in 2012, only 10 management personnel had already taken up an expenditure of 19.88 millions⁶, however, the CEO of ESF refused to disclose information on the remuneration packages of the senior management team and herself**, while the government is encouraging all non-profit organizations to disclose information of salary packages of the top 3 management levels. Further, there are some incomprehensible expenditures and expansion of staffing, such as the position of Customer and Public Relations, expenses on marketing, the alumni project, trips to overseas universities, etc., and the muddled financial relationship between the ESF Educational Services Limited (ESL).

Unfortunately, due to the imbalance of elected parent representatives to selected board members by the ESF management team (6:20) the balance of interest is absolutely lost. As such, I urge all members of the Legco to help and look into this issue to see if action has to be taken to correct and stop this disadvantage of the majority stakeholders - parents, as soon as possible.

5. Should ESF become a self-finance organization and turn the major admission priority to who can pay?

Again, before the Legco making any final decision on the issue, I urge all of our honorable legislators to have the EDB provided reasonable answers to all of the following questions.

- i. It has been said that the termination decision is for the purpose of cleansing the "colonial relics". Is it true? If, not then what is the real need for such termination? Or, it is just because the EDB has nothing more destructive to do.

⁶ The ESF Consolidated Financial Statements for the year ended 31 August 2012, p.45.

- ii. If yes, will the other “colonial relics”, such as the common law system, the Government House, etc. be demolished sooner or later? Or, they are already on schedule.
 - iii. Is there any constructive methods can be adopted rather than terminating and keep freezing the subvention?
 - iv. How practical and impartial is to have the subvention frozen since 2000 until 2028/29 and without affecting the existing ESF students and their families, when the tuition fees has already gone up no less than 50% since 2005/06 to 2013/14?
 - v. What if the financial situation of ESF after privatized is not as self sustainable as forecasted in the future? Any contingency plan to deal with it if it happens?
 - vi. What if the school place problem of foreign investors and talents cannot be solved, as there will be much less governance from the EDB and the legislators?
 - vii. What if the ESF school places turned out to be a market for speculation like real estate, taxi licence and stock markets in the future, how can the EDB prevent this from happening, while ESF is a private organization? This happened to some private international schools that require purchase of transferable debentures or alike when the economy was good.
 - viii. What if the plan did not work out as wished, can the EDB, especially Ms. Cherry Tse, and all legislators be accountable and be responsible for the consequences, such as letting Hong Kong losing its competitiveness and attractiveness and becoming a ‘Hub of Nothing’ in the end?
 - ix. Who authorized the EDB to wrong a right thing by eliminating a choice of schools that offers affordable non-local curriculum education with good track record of academic results for future parents in Hong Kong?
 - x. How will ESF dispense its 202 local real estate properties of premium quality? As they were purchased from public and ex-ESF parents’ money and Hong Kong citizens deserve to know.
 - xi. Has the EDB done the calculation that **our government is going to spend more instead of less by making such decision**? Obviously, the decision is not for the benefit of Hong Kong as a whole, at least financially. As students of local curriculum enjoy much higher subvention and there are special financial supports for non-Chinese speakers for adaptation to the local curriculum and reinforcement of Chinese.
 - xii. What and how would Hong Kong people gain by this close door decision after all?
6. Under Articles 136 and 144 of the Basic Law of Hong Kong, for which the government is supposed to exercise its authority to improve the educational system and maintain the policy previously practiced in Hong Kong in respect of subventions for non-governmental organizations. Clearly, the intention of these two articles is to give authority to the government for the improvement of educational system by not affecting the existing beneficiaries before 1997 in terms of subventions.

As such, we would really like to know how could kicking the ESF students out of the picture of the

recurrent subvention can help improving and developing the existing educational system in Hong Kong as whole? This is totally an elimination of an alternate and affordable choice of English medium schools of non-local curriculum education. Especially, while ESF has been running for 46 years with increasing demand of school places and has already become a need of Hong Kong citizens.

Having no less than 70% of the ESF parents are permanent Hong Kong residents⁷ and students' academic results are performing above world standards⁸. **I wonder if any reasonable person could be able to reason the unreasonableness of the EDB by kicking away ESF**, which represents Hong Kong, helped making contribution to the society in the past 46 years and with increasing demand of school places, **simply because it is educating students under non-local curriculum.**

Hong Kong being an international city, in order to maintain its competitiveness among its rivals, such as Singapore and Shanghai, the openness of offering a diversification of education curricula is as important as offering a diversification of financial products in the financial market.

All in all, while the ESF students who have almost a 100% university admission rate and if education is to nurture and advance the next generations in order to gain competitiveness and maintain sustainable development of oneself, the society and the country as a whole. Then we do not see there would be any reasonable reason to let the ESF detach from the existing subvention and governing mode.

Our honorable legislators, please remember your mission is to maintain and turn Hong Kong into a better position among others on behalf of all Hong Kong citizens, but to gradually destroying it without a reasonable reason. Most importantly, it is not necessary to drag the Judiciary Branch into the issue for interpretation while any reasonable person, like yourself, can be able to judge from right and wrong.

Yours sincerely,

Angie Lam

A concerned ESF parent of Quarry Bay School and South Island School

June 2013

cc. Mr. Leung Chun-ying, CEO of HKSAR
Members of the Executive Council
The Concerned ESF Parents Group

⁷ Ibid. 3, p.15.

⁸ Ibid. 3, pp.21-27.

Annex I - This is to serve as an indication only

	Govt, Aided, Caput & DSS (schools adopting local curriculum)	ESF (schools adopting non-local curriculum)
Total number of Students (not include special schools)	Primary: 288,821 ₁ students Secondary: 426,712 ₂ students Total: 715,533 students Secondary 1 (S1): 65,844 ₂ students Secondary 7 (S7): 28,290 ₂ students	Primary: 6,120 students Secondary: 6,350 students Special School: about 65 students Total: 12,535 students (about 1.75% of the compare group) Year 7 (Yr7): approx. 1,000 students Year 13 (Yr13): 743 students
Total Subventions from Government Between 2003/04 – 2009/10 both years inclusive (7 years in total)	\$203,695,758,000 ₃ [with special school included]	\$2,039,990,000 ₃ [with one special school included] (about 1.0% of Govt, Aided, Caput & DSS subventions)
Total number of student intakes to the 8 Local Tertiary Institutions	Through JUPAS: 11,660 ₄ intakes in 2010	Through non-JUPAS: 121 ₅ intakes in 2010 (a 27.4% increase from 2009); 95 ₆ intakes in 2009 (a 51% increase from 2008); 63 ₆ intakes in 2008
Successful rate to educate a secondary student to be admitted to the 8 Local Tertiary Institutes from Secondary 1 or Year 7	11,660 ₄ intakes/65,844 ₄ students = 17.7%	121 intakes/1,000 students = 12.1%
Admission rate of S7 and Yr13 students to university or tertiary education in 2010	About * 41% of S7 students admitted to local Tertiary Instituted	About 100% ₅ admission rate to university, worldwide
Successful rate from Secondary 1 or Year 1 to non-Local Tertiary Institutes	No information	Approximately 87.9% (100% - 12.1%)
Government subventions to students per	Government schools:	Primary - \$20,670 (58.7% of DSS),

* 11,660 students / 28,290 students = 41%

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unit cost (based on figures of 2010/11) ⁷	Primary - \$41,330, Secondary - \$50,450; Aided schools: Primary - \$35,710, Secondary - \$44,630; DSS schools: Primary - \$35,200, Secondary - \$43,890; Caput schools: \$46,630	Secondary - \$28,700 (65.4% of DSS)
Government subventions in 2010/11	\$32,097,000,000 ³ (including subventions to special schools)	\$285,000,000 ³ [about 0.89% of the Govt, Aided, Caput and DSS schools] (including subvention to 1 special school)

Government expenditure on Education Bureau in 2010/11	\$39,220,055,000 ⁸
Total Government expenditure in 2010/11	\$285,599,001,000 ⁸
<p>Estimation of increase in ESF subvention to par:</p> <p>Primary: 6,120 students x \$35,000 = \$214,200,000</p> <p>Secondary: 6,350 students x \$44,000 = \$279,400,000</p> <p>Increase in subvention = \$214,200,000 + \$279,400,000 - \$285,000,000 = \$208,600,000</p> <p>Increase in total education spending: = \$208,600,000 / \$39,220,055,000 = 0.53%</p> <p>Increase in total government spending: = \$208,600,000 / \$285,599,001,000 = 0.07%</p>	<p>Estimation of increase in non-local curriculum students subvention:</p> <p>Primary: (17,399 – 6,120)students x \$35,000 = \$394,765,000</p> <p>Secondary: (14,461 – 6,350)students x \$44,000 = \$356,884,000</p> <p>Total increase = \$751,649,000 + \$208,600,000 = \$960,249,000</p> <p>Increase in total education spending: = \$960,249,000 / \$39,220,055,000 = 2.45%</p> <p>Increase in total government spending: = \$960,249,000 / \$285,599,001,000 = 0.34%</p>

Annex I - This is to serve as an indication only

References:

1. The Education Bureau website: www.edb.gov.hk
p.286 of http://www.edb.gov.hk/FileManager/EN/Content_927/edb-e.pdf (numbers of primary and secondary students);
2. The Education Bureau website: www.edb.gov.hk
p.301 of http://www.edb.gov.hk/FileManager/EN/Content_927/edb-e.pdf (numbers of primary and secondary students);
3. HKSAR The Budget reports under the “Estimates” icon between years 2003/04 to 2009/10, both years inclusive.
<http://www.budget.gov.hk/2009/eng/speech.html> (check under: Head 156 – Government Secretariat: Education and Manpower Bureau or Education Bureau);
4. The Education Bureau website: www.edb.gov.hk;
p.883 of http://www.edb.gov.hk/FileManager/EN/Content_927/edb-e.pdf (numbers of primary and secondary students);
5. The English Schools Foundation website: www.esf.edu.hk , P. 24 of http://www.esf.edu.hk/sites/esf/files/ESF_annual_report_09_10_A4_final.pdf;
6. The English Schools Foundation website: www.esf.edu.hk;
7. The Education Bureau website: www.edb.gov.hk;
p.346 of http://www.edb.gov.hk/FileManager/EN/Content_927/edb-e.pdf (numbers of primary and secondary students); and
8. <http://www.budget.gov.hk/2010/eng/estimates.html>
9. ESF Annual Report 2011-2012, p.26
10. <http://www.edb.gov.hk/attachment/en/about-edb/publications-stat/figures/edb-e.pdf> Session 20 EDB - p.56 and p.213, retrieved on June 14, 2013.
11. The ESF Consolidated Financial Statements for the year ended 31 August 2012, p.45.