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16 March 2000

Joseph W.O. Wong, J.P.
Secretary for Education and Manpower
Education and Manpower Bureau

9<sup>th</sup> Floor, CGO (West Wing)
Ice House Street
Central, Hong Kong

Dear Joseph 1

First of all, congratulations on your next career move. It seems that you have only been at the Education and Manpower Bureau for a short while and yet you have made a significant impact.

Before you leave, I thought it would be helpful if I summarised the main points the Chairman. John Bohon and I took away with us from our meeting with you, the Director of Education and other calleagues on the 22<sup>rd</sup> February.

We were very heartened by your introductory remarks that you would ensure that the removal of the ESF subsidy would be very gradual and not affect our viability and that you wished to demonstrate the Government's continuous support for our organisation as an essential part of the infrastructure of Hong Kong as an international city. In particular, we were encouraged by your statements that ESF schools are in an entirely different category from international schools and play an important role in providing parents with choice and diversity.

Basically, we understand that you are intending at some future date to cap our grant: that you consider that any new classes should be funded by ESF in their entirety. You are proposing a phasing programme with the subsidy gradually reducing over a period of time with a start date yet to be agreed.

Recognising the important role we play in Hong Kong. (the historic nature of our subsidy going back to 1902 in respect of some former government schools), you are prepared to be as flexible as possible in considering the future use of land which ESF currently occupies, both our school and apartment sites so that ESF can generate income to compensate for the removal of the subsidy and also to provide for much-needed expansion.

In response our Chairman was concerned to define "flexibility". He stressed again the fact that 80% of our students are Chinese returnees to Hong Kong: most paid their own fees and therefore there should not to be an undue burden placed on the fee payer. He emphasised that the period of phasing out of the subsidy should stretch over thirteen years, i.e. the full programme of ESF education, so that current fee payers would not be affected and notice could be given to the parents of new students that at an agreed date their fees will be increased.

We understood from you that any change of usage of our sites would need to be within a broadly educational non-profit making context, yet you recognised that some commercial developments were necessary within that framework if the required increase in our income is to equate with the loss of grant over time.

建立優良教育 承擔香港未來 COMMITTED TO HONG KONG'S FUTURE AND TO EXCELLENCE IN EDUCATION Joseph W.O. Wong, J.P.
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We agreed that as a first step we would approach our advisors, Brooke International Associates. They will be able to provide us with an up to date assessment of our sites by the end of April.

Meanwhile, as you will appreciate to stop speculation, I have had to advise our Executive Committee on developments and will give you their formal response once they have had the opportunity to examine, in greater detail, the implications of a frazen subsidy on both fees and staff conditions, together with an assumption of income arising from entrepreneurial activities within an educational framework. That scenario looked at most aptimistically should mean a minimum increase in fees and reduction in the current conditions of employment of our staff.

The Chairman has therefore convened the Executive Committee together with additional principal, parent and teacher representatives, to consider these issues. Each constituent member of the Board will consult with their specific constituency, i.e. parents, teachers, community, to receive ideas which we shall feed into our planning.

I hope you will agree that I have given a fair summary of our discussions.

With best wishes.

Yours sincerely,

Jennifer Wisker Chief Executive

The English Schools Foundation

C.C

Mrs. Fanny Law, Director of Education Mr. Jol Shroff, ESF Chairman

Mr. John Bohan, ESF Financial Controller

JW/cb