



AmCham Educational Taskforce
Education Policy Framework on Primary School Places for International Assignees
August 2011

Executive Summary

The global economic shift from west to east and the growth of competing markets in the Asia-Pacific region is both an opportunity and challenge for Hong Kong. Now more than ever, Hong Kong must strive to not only maintain, but improve its standing as a “world class city”. This would encompass not only legislative and policy development that continues to promote a business-friendly environment, but also long-term, policy development for the sectors, in particular education, that support the pool of dynamic business professionals and their families who relocate to and work in Hong Kong.

It is widely known in the community that the English Schools Foundation (ESF), and the long-established private International schools, are full to capacity and have long waiting lists. It is clear that demand has outstripped supply and this must be addressed by the government urgently. A knock-on effect on business is that employers have been finding a new resistance among the top people they wish to recruit from overseas to come to Hong Kong as these people are hesitant to relocate their families when they are unable to place their children into schools in Hong Kong. In addition, it is also affecting the ability of Hong Kong to retain talent in the city, as assignees will leave the city if they are unable to get their kids into the schools. The lack of English-medium primary school places, in particular on Hong Kong Island, is a serious challenge to Hong Kong’s competitiveness as an international business centre. This is clearly seen in the Brookfield 2011 Global Relocation Trends Survey Report (*please see Appendix 1*) which put Hong Kong in the top 20 list of global locations presenting the greatest assignment difficulties.

AmCham recently conducted a survey on its membership in regards to this issue in May 2011 (*please see Appendix 2*). Some of the key findings are:

- 68% believe the lack of international school spaces is affecting their business;
- 72% believe this issue makes HK unappealing as a regional hub;
- 75% believe that this makes it harder for them to attract overseas talent; and
- 63% have lost good candidates to other markets (i.e. Singapore, Shanghai, etc.).

Although AmCham acknowledges the Government’s recent allocations of new land for international schools, the amount allocated fails to meet the demand for primary, English language places on Hong Kong Island. We feel that the situation is hitting a crisis point now. The Government urgently needs to work with the private sector to set coherent and long-term sustainable policies to support Hong Kong’s education and talent development. AmCham would welcome the opportunity to participate in such a group.

Issue

The lack of available primary places for international assignees is a serious challenge to Hong Kong’s competitiveness as an international business center. With the current economic challenges facing the west and continuing growth in Asia, in particular China, many businesses are keen to expand their operations in this region. Hong Kong, as a natural gateway to China, is facing as a result, a growing demand for international assignees. The inability to secure quality primary school placements makes businesses unable to attract qualified candidates to Hong Kong. Some corporations are choosing to relocate roles to

countries with appropriate numbers of and access to English language primary school placements.

AmCham understands that the Education Development Bureau alone does not enjoy a free hand in increasing land supply, since there is so much demand for access to Hong Kong's limited land space. While the government is to be commended for approving the development of green field school sites, the reality is these are coming on stream too late and fail to meet the immediate demand for primary school places on Hong Kong Island. In other words, they are out of step with demand.

The government reports that 5,000 additional school places will be available by 2013.¹ Breaking down these numbers, however, none of the abovementioned spaces contribute any additional primary school places on Hong Kong Island.

The practical experts on international assignees are the top executive relocation firms in Hong Kong who deal on a day-to-day basis with businesses and their prospective international assignees. According to two of these top international firms, they have highlighted the following:

- The vast majority of international assignees still choose Hong Kong Island for their residence – particularly new assignees;
- Most international assignees, with primary school children, will turn down a Hong Kong posting if they cannot access schools on the island; and
- While there are primary level vacancies at a limited number of schools in Hong Kong, parents are not willing to accept assignments if it means children cannot access their home country curriculum. In particular, the American curriculum is in high demand by Americans who represent 59% of international assignees.

In a June 2011 presentation to the International Business Chambers (IBC), the Education Bureau presented its action plan to create additional international school places. In that plan, the Education Bureau highlighted a number of green field sites were allotted in the New Territories which will become active in 2012-2013 as well as vacant school premises that were to be allocated to international schools on the Island.

Unfortunately, the proposed action in the plan fails to address the demand for additional primary places on Hong Kong Island because:

1. The New Territories does not yet offer the educational and residential infrastructure necessary to attract international assignees and the majority of spaces at green field sites are secondary.
2. The allocation of vacant school premises on the Island has not created any additional primary spaces. These premises are mostly in temporary use while building projects are completed on the international school's principal site. Examples of this include:
 - a. The German Swiss International School (GSIS) is in the midst of a multi-year building project (2008-2016) to extend and upgrade its current facilities on the Peak. Its stated goal is to optimize its space for its existing student body size.
 - 162 Pok Fu Lam Road Facilities were awarded to GSIS as a permanent location for their existing kindergarten program.
 - A Wanchai decanting site at 30 Oi Kwan Road will be made available to GSIS when Singapore International School vacates it in 2011. This will house GSIS' upper primary school while its Peak campus is renovated. GSIS anticipates returning this decanting site in 2016.
 - b. Singapore International School (SIS) – In 2008, SIS was awarded land on 2 Police School Road in Wong Chuk Hang to develop a secondary school

¹ Source: Hong Kong Education Bureau

campus adjacent to its primary school. While building, SIS has had access to 30 Oi Kwan Road. This is now being redeployed to GSIS.

- c. French International School (FIS) – was allocated a building at 11 Cheung Man Road in Chai Wan. This was renovated into four primary classes for 2011-2012 to accommodate their existing student numbers.
- d. Hong Kong Academy, Kellett and International Montessori School of Hong Kong were all allocated premises, on Hong Kong Island, in recent years. According to Crown Relocation's June 2011 School Availability Report all these schools are full at the primary level.

The locations and timing of these efforts therefore, are not addressing the real issue – there are just not enough primary school places available for international assignees on Hong Kong Island.

In addition, a recent AmCham school survey on primary places at international English language and ESF Schools on Hong Kong Island demonstrates that demand outweighs supply with:

- 100% of the schools reporting that demand was increasing;
- 100% reporting waitlists; and
- None reporting plans to expand primary places on HK Island.

All schools report low turnover rates. On average, surveyed schools admit only 7.4 new students annually to each year of primary school (Grades 1-6). This means that once admitted very few students leave which reflects that people are residing longer in Hong Kong due to longer term international assignments, and that Hong Kong nationals are choosing top international schools to improve chances of their children's acceptance to top international universities.

Recommendations

Recognizing the challenges that Hong Kong faces in addressing this issue, AmCham would propose the following suggestions to the government:

Addressing Immediate Needs

1. Produce a comprehensive map of the currently vacant or underutilized school sites on Hong Kong Island, and make these facilities available for immediate development of additional international primary school places. For example, there is an underutilized detention center adjacent to Canadian International School (CIS). This could be immediately repurposed to create 50 additional primary places; or redeveloped to create 100 or more additional primary places.
2. Make existing decant schools available to international schools, for development into new primary places as they become available (i.e. HK Academy Kennedy Town site in 2013, GSIS Oi Kwan Road site in 2016, etc.).

To Support Long Term Planning & Access to Education:

Establish and activate a public/private standing committee made up of international schools, business chambers and relevant government agencies to monitor demand trends and support long range planning to prevent future supply/demand imbalances. This would report directly to the Chief Executive as solutions require directed co-ordination across many bureaus (i.e. Lands, Social Welfare, Education, Planning, etc.).

Conclusion

We believe immediate action is required by the Chief Executive to address this. The Hong Kong government must address the current shortage and significantly strengthen monitoring and planning to avoid future supply/demand imbalances.

As this issue spans across several governmental departments (i.e. Education Development Bureau, Lands Department and Social Welfare Department, etc.), the Government should consider appointing a high level, cooperative steering group to work with the private sector to set coherent and long-term sustainable policies to support Hong Kong's education and talent development. AmCham would welcome the opportunity to participate in such a group.

Appendix 1

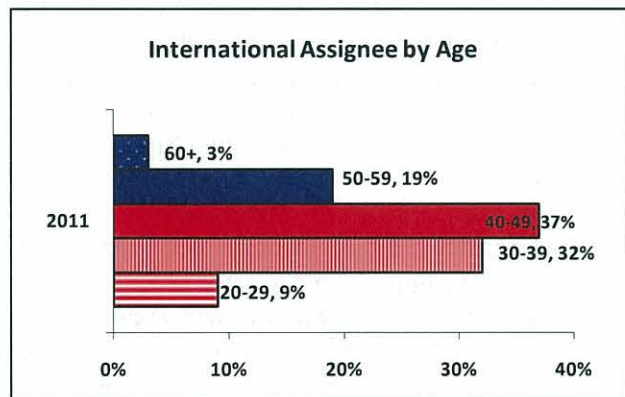
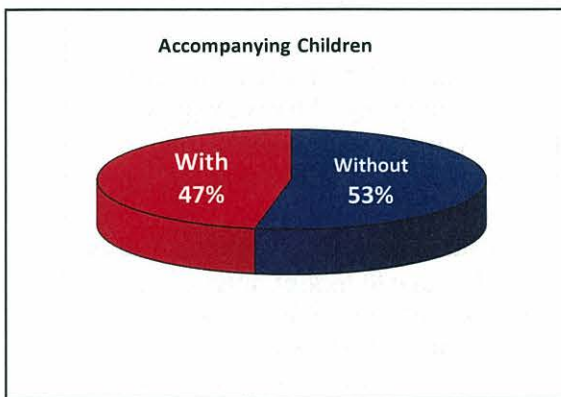
In its 2011 Global Relocation Trends Survey, Brookfield Global Relocation Services reports that Hong Kong has now made the Top 20 List of global locations presenting the greatest assignment difficulties, with 84% rating “Children’s Education” as a critical or high concern.

Respondents represent global workforces in excess of 5.6 million, with 59% of responding companies based in the United States. More than 58% of their revenues are now generated outside their home country and 61% expect international assignee populations to increase.

Hong Kong ranks 13th out of 20 with education and cost of living specifically named as the primary family concerns. Hong Kong has moved up to 8th from 11th in the list of top 20 most frequently selected locations for international assignments. The survey also reports that 47% of international assignees are accompanied by children. Based on assignee ages, a significant number require primary school access.

Locations Presenting the Greatest Challenge		
Top 3 + New on Top 20	2011	2010
China	1	2
India	2	1
Russia	3	3
Belgium	9	<i>n.a.</i>
Germany	12	<i>n.a.</i>
Hong Kong	13	<i>n.a.</i>
Venezuela	15	<i>n.a.</i>
Angola	16	<i>n.a.</i>
Japan	20	<i>n.a.</i>

Most Frequently Selected Destination		
Top 8 of 20	2011	2010
U.S.	1	1
China	2	2
U.K.	3	3
Singapore	4	4
Germany	5	5
Netherlands	6	7
Australia	7	10
Hong Kong	8	11

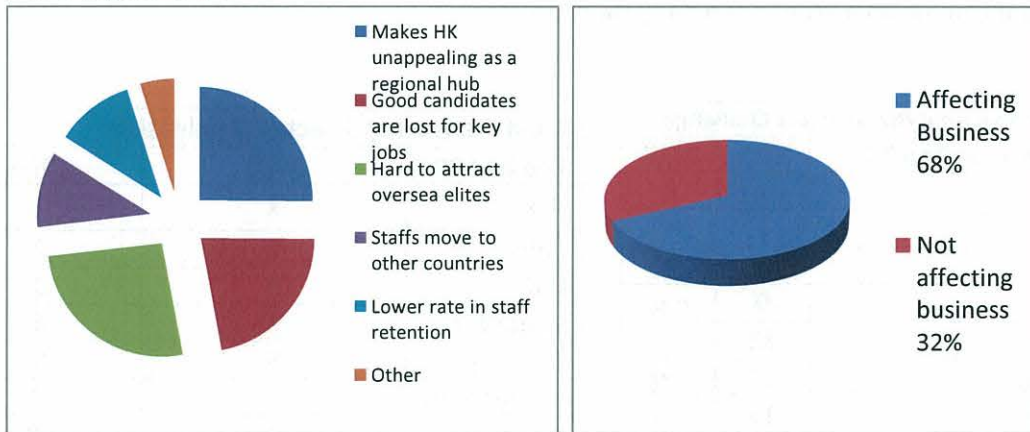


Appendix 2

AmCham Survey on International School Spaces

Key findings (out of 300 responses):

- Affecting business 68%
- Not Affecting business 32%
- Makes HK unappealing as a regional hub 72%
- Good candidates are lost for key jobs 63%
- Hard to attract oversea elites 75%
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- Staffs move to other countries 31%
- Lower rate in staff retention 32%
- Other impact 14%



Highlights of comments from the survey:

“A key business unit of a major investment bank was relocating from London. The unit should be based in HK, but, difficulties getting school placement resulted in them choosing Singapore as the base for the entire business group.”

“I am responsible for relocation services at a large US property company. I have companies and clients actively considering Singapore instead of HK due to lack of international school places. The international school scene is now a major problem to any company considering relocating a family to Hong Kong”

“We have been unable to relocate key staff from overseas to HK due to lack of international school places. In addition, staff already in HK, who had pre-school age children when they arrived, left because they could not get their children into international schools”

“We tried to recruit 4 senior regional level candidates who are Subject Matter Experts but due to the schooling situation the candidates moved to Shanghai.”

“We service multi-national companies that relocate families throughout the world. Hong Kong international schools have accepted local children who do not relocate out of the school and as such this places greater limitation for relocating children.”

“I have two senior executives directly affected. One is an American who should have priority at HKIS. The other is English so should have priority in ESF but, like HKIS for Americans, has been advised this priority no longer applied. If he cannot get a school place we will relocate him to Bangkok as a regional hub. The lack of international schooling for expatriates in HK is a serious issue that needs to be addressed. This is far, far more important to executive recruitment than HK’s air quality at this time.”