Study on the Provision of International School Places in Hong Kong

Study Report

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Executive Summary

Introduction

1. The present study was commissioned by the Education Bureau (EDB) to stock-take the latest provision of international school places, project the demand and supply of international school places in Hong Kong till 2028/29[1], with a view to meeting the demand from the community, in particular overseas families living in Hong Kong and those coming to Hong Kong for work or investment, in the next few years mainly through the provision of international school places.

Study methodology

2. A mixed-methods approach was adopted in the study, involving the collection of both quantitative and qualitative information. For quantitative information, views of schools and parents were gathered through the School and Parent Surveys, with 68 schools (including 47 international schools, 7 Private Independent Schools (PIS) and 14 other private schools offering non-local curriculum (other private)) and 568 parents enumerated. For businesses, a total of 2 081 companies were successfully enumerated, including 1 827 companies with an employment size of less than 100, and 254 companies with an employment size of 100 or more.

3. For qualitative information, it was gathered through in-depth interviews and focus group discussions with representatives of 10 schools (including 7 international schools, 1 PIS and 2 other private schools), 19 parents with children attending international schools/PIS, and representatives of two consulates and The European Union Office to Hong Kong and Macao, four chambers of commerce and three large business corporations.

[1] 2028/29 denotes the 2028/29 school year. The same notation regarding the school year is adopted in this report.

Salient findings of the school survey

Anticipated changes in admission applications in coming years

4. Among the 68 responding schools, 14.7% offered views on the anticipated changes in admission applications from local students in coming years. All of them anticipated that there would be an increase in admission applications from local students.

5. On the other hand, 29.4% responding schools anticipated that there would be a decrease in admission applications from non-local students. Another 8.8% responding schools anticipated that there would be an increase in admission applications from non-local students.

School expansion plan

6. About 32.4% of schools indicated that they had plans to increase the provision of school places in the coming years. The more popular measures that would be adopted included "*on-site expansion in existing school site*" (40.9%) and "*converting the use of some existing classrooms/special rooms*" (36.4%).

Government support measures

7. For schools that had plan to adjust the provision of school places in the coming years, the majority of them considered "*expediting the procedures required in school expansion*" very helpful (63.7%) and helpful (18.2%), "*provision of capital loan for the construction of the school premises*" very helpful (54.5%) and helpful (18.2%) and "*providing more support (e.g. professional development of teachers) to schools admitting students with special educational needs (SEN)*" very helpful (36.4%) and helpful (36.4%).

Salient findings of the parent survey

Reasons for choosing international schools

8. Parents' reasons in choosing international schools were mainly "*better bridging to education systems outside Hong Kong*" (74.4%), "*more interactive learning*" (74.0%), "*more relaxed learning environment and less study pressure*" (72.5%) and "*quality of learning and teaching is better*" (64.1%).

Impact of no place from schools offering non-local curriculum

9. In case places from schools offering non-local curriculum could not be secured, about half of parents (48.6%) indicated that their whole families would leave Hong Kong. Only about 15.7% of parents indicated that their whole families would stay in Hong Kong and send their children to study in local schools.

Salient findings on the provision of special education services

Views of schools

10. Most schools (85.3%) indicated they were providing support to students with SEN. For those schools providing support to SEN students, the great majority of them were providing support to SEN students with Attention Deficit/Hyperactivity Disorder (AD/HD) (89.7%), Specific Learning Difficulties in Reading/Writing (87.9%), Autistic Spectrum Disorders (81.0%) or Speech and Language Impairment (72.4%).

11. For schools providing support to SEN students, more than half of them (67.7%) indicated that they had encountered difficulties in providing supporting measures to students with SEN. More than half of them indicated that the difficulties encountered were "*some types of SEN require heavy support which the school may not be able to fully cover*" (70.5%) and "*difficulties in financing the cost involved in providing support to students with SEN*" (59.1%).

Views of parents

12. Only a very small proportion of students attending international schools, at around 5%, are SEN students. For parents with SEN children, most of them were satisfied with the SEN services provided by their schools (70.0%). Some parents with SEN children (36.5%) had to pay for the additional support service to address the special educational needs of their children on top of those services already provided by the schools.

Salient findings of the business survey

Future potential demand

13. Among all business corporations enumerated in the survey, about 7.6% indicated that they had plans in the coming years to increase their employment size. Only a small proportion (0.8%) had plans to reduce their employment size. More than half (64.2%) were not sure if they would increase or reduce their employment size in the coming years. The high percentage of business corporations showing uncertainty in adjusting their employment size is likely to be due to the volatile market situation which may be affected by such factors as inflation outlook and the strength of post-COVID recovery.

14. About 6.3% of all business corporations enumerated in the survey indicated that in the coming years they would recruit or relocate from offices outside Hong Kong employees who were current or previous holders of employment visas. More than half (62.9%) were not sure whether they would increase or reduce the number of target employees in the coming years.

Impact of shortage of international school places

15. For business corporations with employees who were current or previous holders of employment visas, about 29.7% of these business corporations fully agreed (6.7%) or agreed (23.0%) that "*the business corporations will have difficulties recruiting or relocating qualified staff from outside Hong Kong*" if their staff had difficulties finding schools offering non-local curriculum in Hong Kong for their children. 28.6% agreed that "*the business corporations will have difficulties retaining staff who have problems finding suitable school places offering non-local curriculum for their children*" (fully agreed (5.8%) or agreed (22.8%)).

16. About 2.0% of business corporations fully agreed and 6.0% agreed that "*the business corporations will have to consider relocating to places outside Hong Kong where there is adequate provision of school places offering non-local curriculum*".

Views on international schools

17. For business corporations with employees who were current or previous holders of employment visas, about 57.7% of them fully agreed or agreed that "*having international schools preferred by parents is very important to Hong Kong as*

city for international business". Similar percentages were recorded for "*having international schools preferred by in Hong Kong will help attract talents from outside Hong Kong to come to work in Hong Kong*" (55.6%) and "*there is a good variety of different non-local curriculum in Hong Kong*" (54.9%).

Provision of international school places

Primary level

18. Comparing the number of school places provided and the actual enrolment in international schools, there has been a surplus provision of places since 2006/07. In 2023/24, the total enrolment in international schools was 22 610, while the total provision of international school places was 24 812. This represents an increase of 2.1% in enrolment as compared with that in 2022/23 (i.e. 22 143). The surplus of places was 2 202 or 8.9% of the total provision of places.

19. Enrolment of non-local students in international schools at the primary level accounted for around 65.0% of total enrolment in 2023/24. During 2006/07 to 2019/20, the number of non-local students in international schools at primary level showed fluctuation with no clear trend. However, the number of non-local students showed a significant drop in 2020/21. The enrolment of non-local students declined by 13.8% from 16 839 in 2019/20 to 14 507 in 2022/23. In 2023/24, however, the number rose to 14 706 (increased by 1.4%). It is likely that the increase in the enrolment of non-local students in 2023/24 was due to the positive response to the various talent admission schemes.

20. The number of local students increased from the trough of 2 294 in 2009/10 to 7 904 in 2023/24. It is likely that, during the COVID-19 epidemic, some school places vacated by non-local students who had left Hong Kong due to anti-epidemic restrictions were taken up by local students.

Secondary level

21. Comparing the number of school places provided and the actual enrolment in international schools, there has been a surplus provision of places since 2006/07. In 2023/24, the total enrolment in international schools was 19 464, while the total provision of international school places was 21 714. This represents an increase of 5.3% in enrolment as compared with that in 2022/23 (i.e. 18 483). The surplus of places was 2 250 or 10.4% of the total provision of places.

22. Enrolment of non-local students in international schools accounted for around 65.2% of total enrolment in 2023/24. During 2006/07 to 2019/20, the number of non-local students in international schools at secondary level showed fluctuation with no clear trend. However, the number of non-local students showed a significant drop in 2020/21. The enrolment of non-local students declined by 10.2% from 13 660 in 2019/20 to 12 261 in 2022/23. In 2023/24, however, the number rose to 12 684 (increased by 3.4%). It is likely that the increase in the enrolment of non-local students in 2023/24 was due to the positive response to the various talent admission schemes.

23. The number of local students increased from the trough of 1 358 in 2009/10 to 6 780 in 2023/24. It is likely that, during the COVID-19 epidemic, some school places vacated by non-local students who had left Hong Kong due to anti-epidemic restrictions were taken up by local students.

Projection of demand for international school places

Local students

24. The number of local students attending international schools at the primary level was projected to decrease from 7 957 in 2024/25 to 6 939 in 2028/29. This decreasing trend during the period from 2024/25 to 2028/29 is largely due to the projected decrease in the number of children in the school-age population.

25. On the other hand, the number of local students attending international schools at the secondary level was projected to increase from 7 520 in 2024/25 to 9 333 in 2028/29. The increase is projected with reference to the past enrolment trend from 2010/11 to 2023/24. That said, this trend would be curbed as the mix of local students would be capped by the current policy on the general requirement that the international schools have to enroll no less than 70% of non-local students.

Non-local students

26. The number of non-local students attending international schools at the primary level was projected to remain stable from 14 652 in 2024/25 to 14 629 in 2028/29.

27. On the other hand, the number of non-local students attending international schools at the secondary level was projected to decrease from 12 460 in 2024/25 to 11 379 in 2028/29. This decreasing trend reflects the consequential impact of the decreasing trend in the number of non-local students at the primary level.

Adequacy of international school places

Primary level

28. The number of surplus international school places at the primary level is projected to increase from 2 202 in 2023/24 to 3 350 in 2028/29. In relative terms, the surplus provision expressed as a percentage of total demand is projected to increase from 9.7% in 2023/24 to 15.5% in 2028/29. It should be noted that the increase in the number and percentage of surplus provision is largely due to the projected decrease in demand in the coming years.

Secondary level

29. The number of surplus international school places at the secondary level is projected to decrease from 2 250 in 2023/24 to 1 077 in 2028/29. In relative terms, the surplus provision expressed as a percentage of total demand is projected to decrease from 11.6% in 2023/24 to 5.2% in 2028/29. It should be noted that the decrease in the number and percentage of surplus provision is largely due to the projected increase in demand in the coming years.

Observations and recommendations

Continuous monitoring of the provision of international school places

30. It is noted that there will be an overall surplus of places in international schools at both the primary and secondary levels. The increase in the surplus provision of international school places is mainly due to the decrease in demand. Nevertheless, there is a high degree of uncertainty concerning the future changes in the demand for international school places from non-local students.

31. It is noted that, as set out in the 2022 and 2023 Policy Address, the Government launched a series of initiatives and measures to trawl talents in a bolder, more targeted and proactive manner around the globe, with a view to admitting at least

35 000 talents annually with an intended duration of stay of at least 12 months through the talent admission schemes from 2023 to 2025. By the first 11 months of 2023, the Government announced that around 81 000 talents approved under various talent admission schemes had arrived in Hong Kong, which had far exceeded the annual target, reflecting that the response to the schemes has been very positive. The actual effect regarding these admission schemes and related measures are yet to be evaluated, though this report has taken into account the latest population data released by the Census and Statistics Department in mid-August 2023 and the latest Gross Domestic Product (GDP) forecasts estimated by the Office of Government Economist in November 2023, which have already factored in the effect of the various talent schemes.

<u>Recommendation 1</u>

32. *In view of the Government's strong initiatives and measures on attracting talents to come to and stay in Hong Kong, there are quite a lot of uncertainties related to the future demand for international school places, in particular those from non-local students. It is recommended that the Government should regularly monitor and review the supply of and demand for international school places*.

Managing the surplus provision of international school places

33. Given the surplus provision of international school places, international schools that are less popular would face challenges in filling their vacant places. These schools may have difficulties maintaining respective enrolments regarding the student-mix requirement of local and non-local students.

34. International schools are privately operated enterprises. There is little justification for government assistance to ensure that they could weather the ups and downs of the business environment. Nevertheless, it is apparent that international schools perform an important role in helping businesses in attracting and retaining foreign talents.

<u>Recommendation 2</u>

35. *In view of the uncertainty on the demand from non-local students, and drawing reference from the experience of flexible approach during the past few years in managing the impact of COVID-19 epidemic, consideration could be given to temporarily allow some flexibility for international schools in respect of their*

student-mix requirements when such a need arises, after due consideration of various factors, so that once there is economic rebound, the schools could be receptive to short-term fluctuation in the demand from non-local students.

Facilitating the school sector

36. It is desirable that measures be put in place to facilitate international schools in coping with changing demand. In the event of a revival, if not an upsurge, of demand for international school places from non-local students, it is desirable that international schools could promptly expand their provision of places, at either primary or secondary level or both, to meet the increase in demand from non-local students.

Recommendation 3

37. *To help international schools cope with the demand from non-local students, consideration should be given to allow international schools to adjust (both upwards or downwards) their committed school places under the Service Agreements signed with the Government, and on the other hand facilitate their expansion when there is rebound in the demand for international schools from non-local students.*

Enhancing accessibility of information

38. The international school sector is privately operated and subject to the market mechanism of changing demand and supply. That said, the market mechanism is still subject to a regulatory framework governing, among others, the quality of education and the student mix for local and non-local students.

39. During discussions with representatives of consulates and chambers of commerce, it was suggested that efforts should be devoted to making international schools more accessible to potential parents and students, and to minimising efforts made by potential parents in securing international school places for their children.

40. During discussions with parents, many of them said that they did not have comprehensive information about international schools in Hong Kong when they were searching for school places for their children, including the types of

curricula offered, the number of places available to local or non-local students, the fees charged and other related expenses and the admission arrangement.

Recommendation 4

41. *To enhance the accessibility of information of the international school sector, consideration should be given to augment the information flow between international schools and potential parents/students.*

Provision of special education services

42. It should be noted that international schools in Hong Kong have many years of experience offering supporting services to students with special educational needs. That said, since international schools in Hong Kong are privately run, provision of services to students with special educational needs would always be subject to the resources that the schools could deploy, and there must be cross-subsidy from those who do not require such services. Those schools with better experience and expertise might consider conducting sharing sessions with other international schools to share good practices and expertise in this regard.

Recommendation 5

43. *It is recommended that the Government should continue to encourage the provision of special education services by international schools to cater for students with mild to moderate SEN in an integrated setting.*

Chapter 1 Introduction

1.1 Background

1.1.1 In the 2012 study, it was projected that Hong Kong would be short of about 4 200 international school places at the primary level by 2016/17[2]. To meet the projected shortage, the Education Bureau (EDB) allocated five vacant premises and three greenfield sites for expansion and development of international schools. With the opening of eight new schools/campuses, some 6 000 international school places, including 4 700 primary school places, were gradually provided from 2014/15.

1.1.2 In the 2017 study, it was projected that there would be no shortfall at both the primary and secondary levels in the six school years from 2017/18 onwards. Although no shortfall of international school places was projected by 2022/23, the EDB has continued to closely monitor the supply and demand of international school places and taken measures as and when necessary to meet the demand from families coming to Hong Kong for work or investment.

1.1.3 A new round of study was commissioned by EDB to stock-take the latest provision of international school places, project the demand and supply of international school places in Hong Kong, with a view to meeting the demand from the community, in particular overseas families living in Hong Kong and those coming to Hong Kong for work or investment, in the next few school years till 2028/29 mainly through the provision of international school places.

1.1.4 International schools refer to the 54 schools recognised by EDB as international schools, including 15 schools operated by the English Schools Foundation (ESF) (including 1 special school). International schools admit both local[3] and non-local students.

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[2] 2016/17 denotes the 2016/17 school year. The same notation regarding the school year is adopted in the report.

[3] Local students refer to those who are Hong Kong permanent residents (with the right of abode in Hong Kong Special Administrative Region (HKSAR)) and do not have any passports other than the HKSAR Passport.

1.2 Study objectives

1.2.1 The objectives of the current study are as follows:

(a) to stock-take the latest position in terms of the number of international school places at the primary and secondary levels in Hong Kong in 2023/24;

(b) to study the nature of demand for international school places with a view to updating the 2017 study by projecting demand up to 2028/29;

(c) to examine the nature of supply of international school places with a view to projecting such supply up to 2028/29;

(d) to assess the adequacy of international school places for the school years up to 2028/29 to facilitate a review of support measures required; and

(e) to collect information related to the provision of special education services in international schools.

Chapter 2 Study Methodology

2.1 Approach

2.1.1 The study involved the stocktaking of the current provision of international school places at the primary and secondary levels in Hong Kong in 2023/24, and the projection of future demand and assessment of adequacy up to 2028/29. This is essentially a quantitative approach.

2.1.2 To study the nature of demand for international school places and the provision of special education services in international schools, views of businesses, schools and parents were gathered. This is a qualitative approach. In other words, a mixed-methods approach was adopted in the study.

2.2 School Survey and Parent Survey

2.2.1 Views of schools and parents were gathered through the School and Parent Surveys. The School Survey covered all international schools, Private Independent Schools (PIS) and other private schools offering non-local curriculum (other private). This arrangement would ensure that the data collected were free from sampling errors while letting all schools offering non-local curriculum an opportunity to put forward any views that they might have on the study. Information was collected in the survey using a structured questionnaire covering the school admission arrangement, current and anticipated changes in demand for school places, support for students with special educational needs (SEN) and school expansion plans, if any.

2.2.2 For the Parent Survey, it covered parents of students studying in international schools. A two-stage disproportionate stratified random sampling design was adopted. To minimise the response burden on schools and parents, only a sample of schools and parents was asked to participate in the survey by completing a self-administered structured questionnaire. Information collected in the Parent Survey included information on children attending international schools, factors affecting the choice of schools, preferences in terms of school type, curriculum and student mix, and information on children with SEN.

2.2.3 For the School Survey, a total of 68 schools (including 47 international schools, 7 PIS and 14 other private schools) were enumerated. The overall response rate was 85.0%. The response rate for international schools was 87.0%; that for PIS, 100%; and that for other private schools, 73.7%. As regards the Parent Survey, a total of 568 parents were enumerated, representing a response rate of 55.4%.

2.2.4 In addition, qualitative information was gathered from schools and parents through in-depth interviews and focus group discussions, covering 10 schools (including 7 international schools, 1 PIS and 2 other private schools) and 19 parents, including 12 with children attending international schools and 7 with children attending PIS.

2.3 Business Survey

2.3.1 The Business Survey covered a sample of 3 499 companies found to be relevant at the time of the survey. These business corporations are those more likely to be employing or have employed staff who are current or previous holders of employment visas. Some 2 081 companies were successfully enumerated, including 1 827 companies with an employment size of less than 100 and 254 companies with an employment size of 100 or more[4]. The response rate was 59.5%.

2.3.2 In addition, qualitative information was gathered through in-depth interviews with representatives of two consulates and The European Union Office to Hong Kong and Macao, four chambers of commerce and three large business corporations.

[4] In Hong Kong, manufacturing companies which employ fewer than 100 persons and non-manufacturing enterprises which employ fewer than 50 persons are regarded as small and medium enterprises (SMEs).

Chapter 3 Stocktaking Provision of International School Places

3.1 Overview

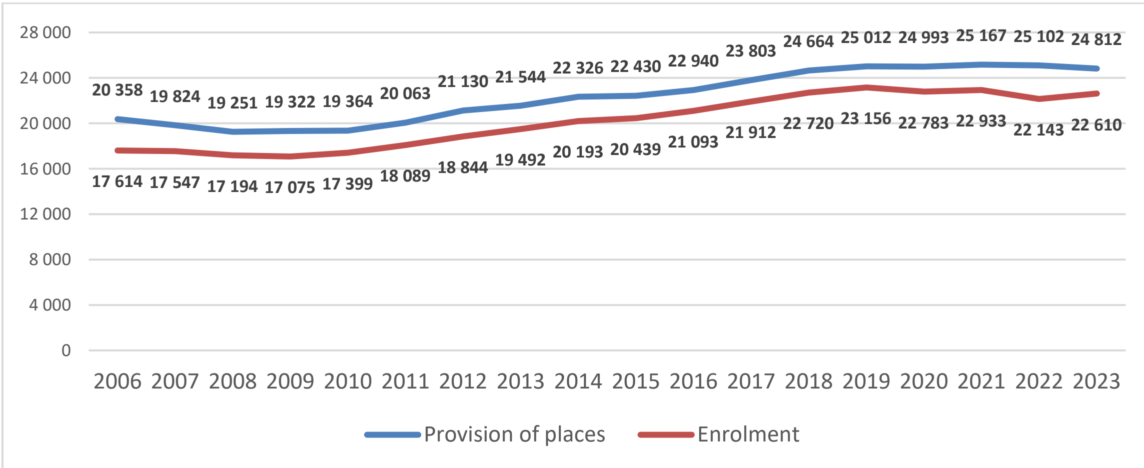
3.1.1 Enrolment in international schools at the primary level increased from 17 614 in 2006/07 to 22 610 in 2023/24, while the provision of school places increased from 20 358 in 2006/07 to 24 812 in 2023/24. The latest enrolment of 22 610 in 2023/24 represents an increase of 2.1% as compared with that in 2022/23 (i.e. 22 143).

3.1.2 At the secondary level, total enrolment in international schools increased from 13 636 in 2006/07 to 19 464 in 2023/24, while the provision of school places increased from 15 602 in 2006/07 to 21 714 in 2023/24. The latest enrolment of 19 464 in 2023/24 represents an increase of 5.3% as compared with that in 2022/23 (i.e. 18 483).

3.2 Primary level

3.2.1 Comparing the number of school places provided and the actual enrolment at the primary level in international schools since 2006/07, it may be seen from the chart below that there has been a surplus provision of places. In 2023/24, the total enrolment in international schools was 22 610, while the total provision of international school places was 24 812. This represents an increase of 2.1% in enrolment as compared with that in 2022/23 (i.e. 22 143). The surplus of places was 2 202 or 8.9% of the total provision of places.

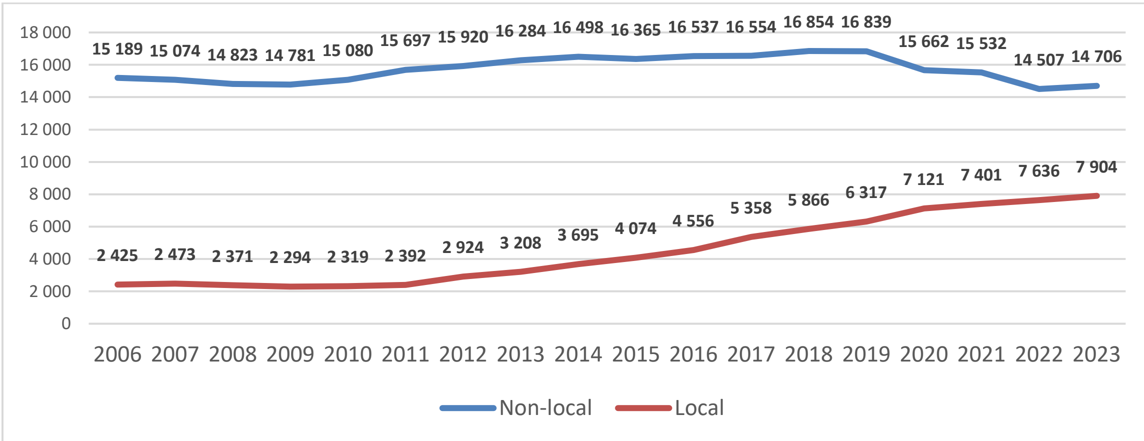
Chart 3.1: Provision of places and total enrolment at the primary level in international schools, 2006/07- 2023/24[5]



3.2.2 Enrolment of non-local students in international schools at the primary level accounted for around 65.0% of total enrolment in 2023/24. During 2006/07 to 2019/20, the number of non-local students in international schools at the primary level showing fluctuation with no clear trend are depicted in the chart below. It may be seen that there was a significant annual drop of 7.0% from 16 839 in 2019/20 to 15 662 in 2020/21 in the enrolment of non-local students. In this regard, the enrolment of non-local students declined by 13.8% from 16 839 in 2019/20 to 14 507 in 2022/23. In 2023/24, the number rose to 14 706 (increased by 1.4%). It is likely that the slight increase in the enrolment of non-local students in 2023/24 was due to the positive response to the various talent admission schemes.

[5] The year in the charts in this report refers to the relevant school year. For example, "2015" represents the 2015/16 school year.

Chart 3.2: Enrolment of local and non-local students at the primary level in international schools, 2006/07- 2023/24

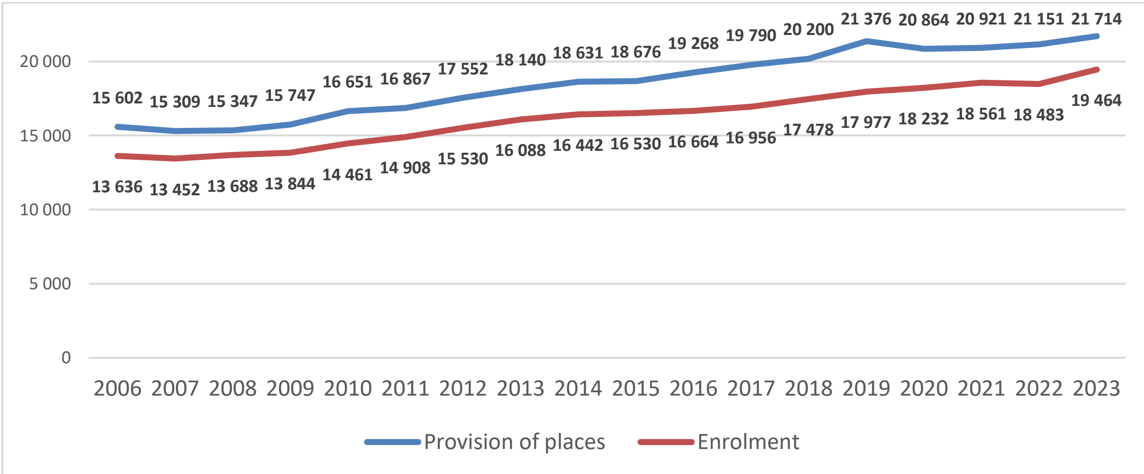


3.2.3 It may be of interest to note from *Chart 3.2* above that enrolment of local students in international schools increased from the trough of 2 294 in 2009/10 to 7 904 in 2023/24. For non-local students, on the other hand, the enrolment in international schools increased from 2009/10 and had stayed above 16 000 since 2013/14 but declined from 2019/20 onwards with a slight rebound in 2023/24 (14 706). It is likely that during the COVID-19 epidemic, some school places vacated by non-local students who had left Hong Kong due to anti-epidemic restrictions were taken up by local students.

3.3 Secondary level

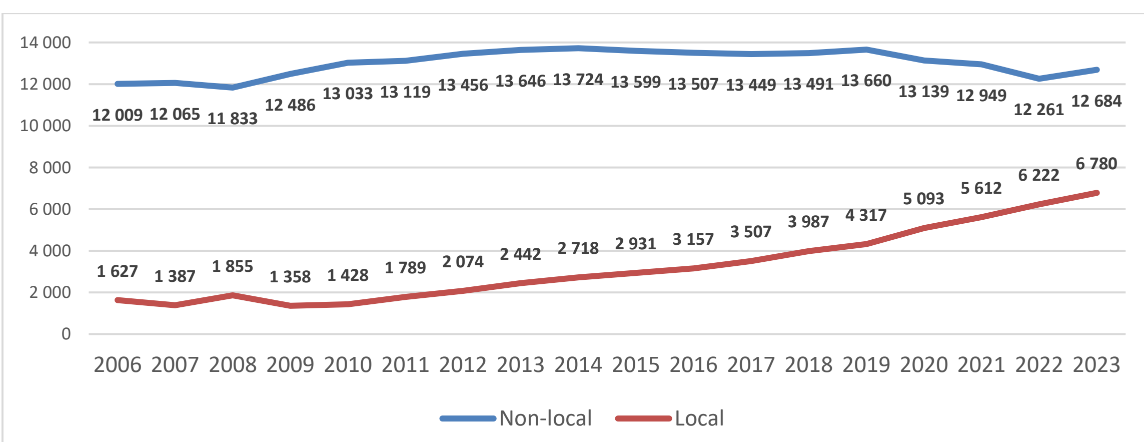
3.3.1 Comparing the number of school places provided and the actual enrolment at the secondary level in international schools since 2006/07, it may be seen from the chart below that there has been a surplus provision of places. In 2023/24, the total enrolment at the secondary level in international schools was 19 464, while the total provision of places was 21 714. This represents an increase of 5.3% in enrolment as compared with that in 2022/23 (i.e. 18 483). The surplus of places was 2 250 or 10.4% of the total provision of places.

Chart 3.3: Provision of places and total enrolment at the secondary level in international schools, 2006/07- 2023/24



3.3.2 Enrolment of non-local students in international schools accounted for around 65.2% of total enrolment in 2023/24. During 2006/07 to 2019/20, the number of non-local students in international schools at the secondary level showing fluctuation with no clear trend are depicted in the chart below. It may be seen that there was a significant annual drop of 3.8% from 13 660 in 2019/20 to 13 139 in 2020/21 in the enrolment of non-local students. In this regard, the enrolment of non-local students started to decline by 10.2% from 13 660 in 2019/20 to 12 261 in 2022/23. In 2023/24, the number rose to 12 684 (increased by 3.4%). It is likely that the increase in the enrolment of non-local students in 2023/24 was due to the positive response to the various talent admission schemes.

Chart 3.4: Enrolment of local and non-local students at the secondary level in international schools, 2006/07 to 2023/24



3.3.3 It may be of interest to note from the chart above that enrolment of local students in international schools increased from the trough of 1 358 in 2009/10 to 6 780 in 2023/24. For non-local students, on the other hand, the enrolment in international schools had stayed at around 13 000 to 13 700 since 2010/11 but declined from 2019/20 onwards, with a slight rebound in 2023/24 (12 684). It is likely that during the COVID-19 epidemic, some school places vacated by non-local students who had left Hong Kong due to anti-epidemic restrictions were taken up by local students.

3.4 Comparison between projected figures from the 2017 Study and actual figures

3.4.1 In this section, a comparison is made between the projected figures from the 2017 Study (figures projected from 2016/17 to 2022/23) and the actual figures in 2022/23. Readers are advised, nevertheless, to take extreme care in drawing any meaningful conclusion from the comparison especially when Hong Kong, as well as most places around the globe, was hard hit by the COVID-19 epidemic during 2020-2022, which vastly changed the landscape of how businesses operate (e.g. the prominence of remote operation mode for some industries), thereby affecting the plans of enterprises (in engaging employees from overseas) and that of non-local families alike. Projecting future demand, after all, is a precarious exercise. While the projection is primarily based on extrapolation from past trend, supplemented by views of businesses and schools, events that have been occurred in recent years and the impact on demand, such as COVID-19 epidemic and the accompanied restrictions, can hardly be predicted.

3.4.2 Despite the limitations, it should be stressed that it is still considered useful to undertake projection of future demand. It also underpins the importance of ensuring that there is sufficient flexibility in the international school system to enable schools to promptly respond to unanticipated changes in demand and supply.

3.4.3 It may be seen from the table below that in 2022/23, the actual total enrolment at the primary level is higher than the projected demand (by +783). The difference is much greater for local students (by +2 652) than non-local students (by –1 869). At the secondary level, the actual enrolment in 2022/23 is lower than the projected demand (by -1 841). The difference is greater for non-local students (by –2 051) than that for local students (by +210).

Table 3.1 Comparison between projected demand for international primary school places under the 2017 Study and actual enrolment in 2022/23

	Projected demand in 2022/23	**Actual enrolment in 2022/23**	**Difference (Actual over projected)**
Primary			
Local students	4 984	7 636	+2 652
Non-local students	16 376	14 507	-1 869
Total	**21 360**	**22 143**	**+783**
Secondary			
Local students	6 012	6 222	+210
Non-local students	14 312	12 261	-2 051
Total	**20 324**	**18 483**	**-1 841**

Chapter 4 Salient Findings of the School Survey

4.1 Introduction

4.1.1 For the School Survey, this report is based on a total of 68 schools successfully enumerated during October 2022 to June 2023 (including 47 international schools, 7 PIS and 14 other private schools), representing a response rate of 85.0%. The salient findings of the School Survey are summarised in this chapter.

4.2 School admission

4.2.1 In the survey, information was sought from schools on the school admission arrangement, current and anticipated changes in demand for school places, support for students with SEN and school expansion plans. As far as school admission arrangement is concerned, a large majority of schools offered applicants with priority with siblings studying in their schools (91.2%). More than half of the schools also offered priority to applicants who were holders of debenture or nomination rights (54.4%). The percentage was higher for international schools (61.7%) as compared to that for PIS or other private schools (38.1%). About 38.2% of the schools accorded priority to target applicants such as those with excellent sports achievements. The percentage was lower for international schools (36.2%) as compared to that for PIS or other private schools (42.9%) (Table 4.1). The percentages add up to more than 100% because schools could offer priority to more than one category of applicants.

Table 4.1: Percentage of schools by priority in admission

Priority in admission	**International schools**	**PIS/other private**	**All**
Siblings	93.6%	85.7%	91.2%
Holders of debenture or nomination rights	61.7%	38.1%	54.4%
Target applicants (e.g. students with excellent sports achievements)	36.2%	42.9%	38.2%
Others (e.g. children of alumni or staff, nationality, etc)	27.7%	14.3%	23.5%
No priority	6.4%	4.8%	5.9%
No opinion	0.0%	4.8%	1.5%

4.2.2 Among those schools according priority to holders of debenture or nomination rights, more than half of the schools (54.1%) had allocated fixed quota for these applicants. The percentage was much higher for international schools (62.1%) as compared to that for PIS or other private schools (25.0%) (Table 4.2).

Table 4.2: Percentage of schools by whether had quota for priority admission for applicants who are holders of debenture or nomination right

Quota for priority admission for holders of debenture/nomination right	International schools	PIS/other private	All
With quota	62.1%	25.0%	54.1%
No quota	37.9%	62.5%	43.2%
No opinion	0.0%	12.5%	2.7%
Total	**100.0%**	**100.0%**	**100.0%**

4.2.3 For non-local students, more than half of schools (57.4%) accorded higher priority of admission for them. The percentage was much higher for international schools (68.1%) as compared to that for PIS or other private schools (33.3%) (Table 4.3).

Table 4.3: Percentage of schools by whether they accord higher priority of admission for non-local students

Priority of admission for non-local students	International schools	PIS/other private	All
With priority	68.1%	33.3%	57.4%
No priority	31.9%	66.7%	42.6%
Total	**100.0%**	**100.0%**	**100.0%**

4.2.4 For schools offering higher priority of admission to non-local students, they explained that the higher priority was accorded to non-local students who sought to study courses in their national curriculum (e.g. French curriculum in French International School). For schools that did not accord higher priority to non-local students, their student admission was primarily based on merits. It should also be noted that some international schools had signed service agreements with the Government to enrol a certain percentage of non-local students in meeting a requisite student mix requirement.

4.3 Future provision of school places

4.3.1 A total of 10 schools (14.7%) offered views on the anticipated changes in admission applications from local students in coming years up to 2028/29. All of them anticipated that there would be an increase in admission applications from local students. On average, an annual increase of 26% was anticipated.

4.3.2 For non-local students, a total of 20 schools (29.4%) anticipated that there would be a decrease in admission applications from non-local students. On average, an annual decrease of 13% was anticipated. Only 6 schools (8.8%) anticipated that there would be an increase in admission applications from non-local students. On average, an annual increase of 41% was anticipated (Table 4.4).

Table 4.4: Percentage of schools by views on changes in admission applications in coming years up to 2028/29

Views on changes in admission applications	**Number of schools**	**Estimated annual % change**
With no information provided	40	-
With information provided on local students		
Expected to increase	10	+26%
Expected to decrease	0	-
With information provided on non-local students		
Expected to increase	6	+41%
Expected to decrease	20	-13%
Total	**68** [6]	

School expansion plans

4.3.3 The schools' anticipation of changes in admission applications in the coming years would affect their school expansion plans. Only about 32.4% of schools indicated that they had plans to increase their provision of school places in the coming years up to 2028/29. The percentage was lower for international schools (25.5%) as compared to that for PIS and other private schools (47.6%) (Table 4.5).

[6] Figures do not add up to total as a school may offer views on both local and non-local students.

Table 4.5: Percentage of schools by whether have plan to adjust provision of school places in the coming years up to 2028/29

Plan to adjust provision of school places	**International schools**	**PIS/other private**	**All**
Yes, have plan	25.5%	47.6%	32.4%
Do not have any plan	74.5%	52.4%	67.6%
Total	**100.0%**	**100.0%**	**100.0%**

4.3.4 Views on the measures adopted in school expansion were also sought from schools. For schools that had plans to adjust provision of school places in the coming years up to 2028/29, the more popular measures that would be adopted included "*on-site expansion in existing school site*" (accounting for 40.9% of schools concerned) and "*converting the use of some existing classrooms/special rooms*" (36.4%) (Table 4.6).

4.3.5 Seven international schools indicated that there would be an increase in the number of places at the primary level, and on average 80 places per school would be added. At the secondary level, 11 international schools indicated that there would be an increase in the number of places, and on average 57 places per school would be added.

Table 4.6: Percentage of schools that had plan to adjust provision of school places in the coming seven years by measures would be taken

Measures	**International schools**	**PIS/other private**	**All**
Converting the use of some existing classrooms / special rooms	16.7%	60.0%	36.4%
Increasing the class sizes	16.7%	20.0%	18.2%
On-site expansion in existing school site	58.3%	20.0%	40.9%
Relocating to rented commercial premises	0.0%	10.0%	4.5%
Applying for allocation of vacant school premises	25.0%	30.0%	27.3%
Application for allocation of greenfield site	16.7%	20.0%	18.2%

Government support measures

4.3.6 For schools that had plan to adjust their provision of school places in the coming years, the majority of them considered "*expediting the procedures required in school expansion*" very helpful (63.7%) and helpful (18.2%), "*provision of capital loan for the construction of the school premises*" very helpful (54.5%) and helpful (18.2%) and "*providing more support (e.g. professional development of teachers) to schools admitting students with special educational needs (SEN)*" very helpful (36.4%) and helpful (36.4%) (Table 4.7).

Table 4.7: Percentage of schools by whether government support measures helpful

<table>
<tr><th rowspan="2">Support measures</th><th>Very helpful</th><th>Helpful</th><th>Not very helpful</th><th>Not helpful at all</th><th rowspan="2">No comment</th></tr>
<tr><th colspan="2">Very helpful/Helpful</th><th colspan="2">Not very helpful/Not helpful at all</th></tr>
<tr><td rowspan="2">Allocation of greenfield sites / vacant school premises in the New Territories</td><td>27.3%</td><td>22.7%</td><td>9.1%</td><td>13.6%</td><td rowspan="2">27.3%</td></tr>
<tr><td colspan="2">50.0%</td><td colspan="2">22.7%</td></tr>
<tr><td rowspan="2">Allocation of greenfield sites / vacant school premises in Kowloon</td><td>40.9%</td><td>9.1%</td><td>4.6%</td><td>13.6%</td><td rowspan="2">31.8%</td></tr>
<tr><td colspan="2">50.0%</td><td colspan="2">18.2%</td></tr>
<tr><td rowspan="2">Allocation of greenfield sites / vacant school premises on Hong Kong Island</td><td>50.0%</td><td>9.1%</td><td>4.5%</td><td>4.5%</td><td rowspan="2">31.9%</td></tr>
<tr><td colspan="2">59.1%</td><td colspan="2">9.0%</td></tr>
<tr><td rowspan="2">Provision of capital loan for the construction of the school premises</td><td>54.5%</td><td>18.2%</td><td>4.6%</td><td>0.0%</td><td rowspan="2">22.7%</td></tr>
<tr><td colspan="2">72.7%</td><td colspan="2">4.6%</td></tr>
<tr><td rowspan="2">Expediting the procedures required in school expansion</td><td>63.7%</td><td>18.2%</td><td>4.5%</td><td>4.5%</td><td rowspan="2">9.1%</td></tr>
<tr><td colspan="2">81.9%</td><td colspan="2">9.0%</td></tr>
<tr><td rowspan="2">Allowing schools having more flexibility (e.g. quota of local and non-local student) in student admission</td><td>54.5%</td><td>4.6%</td><td>13.6%</td><td>0.0%</td><td rowspan="2">27.3%</td></tr>
<tr><td colspan="2">59.1%</td><td colspan="2">13.6%</td></tr>
<tr><td rowspan="2">Providing more support (e.g. professional development of teachers) to schools admitting students with SEN</td><td>36.4%</td><td>36.4%</td><td>9.1%</td><td>4.5%</td><td rowspan="2">13.6%</td></tr>
<tr><td colspan="2">72.8%</td><td colspan="2">13.6%</td></tr>
</table>

Chapter 5 Salient Findings of the Parent Survey

5.1 Introduction

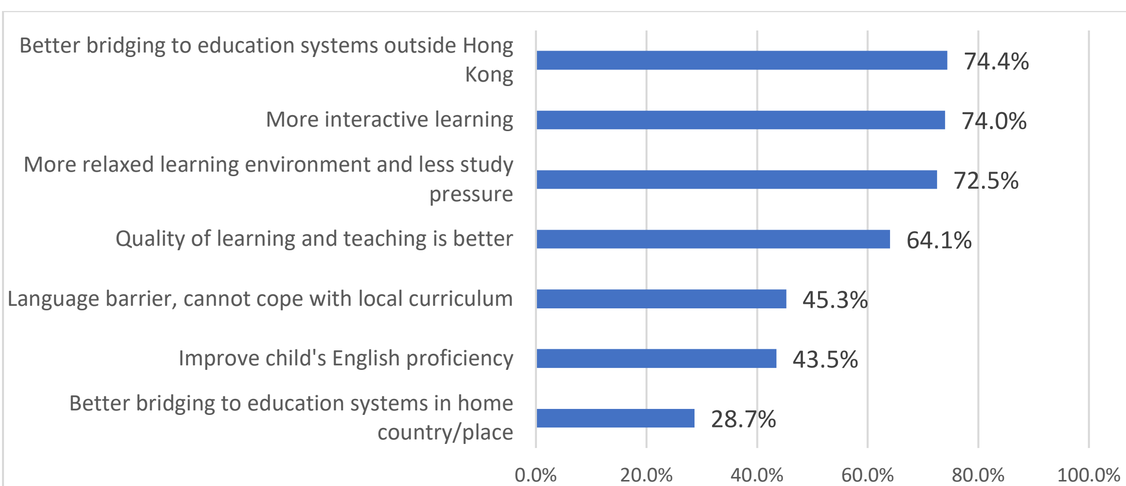
5.1.1 With a two-stage disproportionate stratified random sampling design, the Parent Survey was conducted during October 2022 to June 2023 on 1 070 parents with children studying in international schools, randomly selected from a random sample of 16 international schools. This report is based on a total of 570 parents who had completed the questionnaires, representing a response rate of 53.3%. The salient findings of the Parent Survey are summarised in this chapter.

5.2 Parents' choices and preferences

Reasons for choosing international schools

5.2.1 Parents' reasons of choosing international schools were collated. The reasons were mainly "*more interactive learning*" (accounting for 74.0% of parents), "*better bridging to education systems outside Hong Kong*" (74.4%), "*more relaxed learning environment and less study pressure*" (72.5%) and "*quality of learning and teaching is better*" (64.1%) (*Chart 5.1*). The percentages add up to more than 100% because parents could choose more than one reason.

Chart 5.1: Percentage of parents by reasons for choosing international schools



Types of schools preferred

5.2.2 About 81.6% of parents "*highly preferred*" and 16.7% "*preferred*" international schools. The corresponding percentages for PIS offering non-local curriculum were 12.6% and 43.4% respectively; for schools under the Direct Subsidy Scheme offering non-local curriculum classes, 8.5% and 26.4% respectively; for other private schools offering non-local curriculum, 2.0% and 16.8% respectively; and for schools under the Direct Subsidy Scheme offering local curriculum only, 1.1% and 9.7% respectively (Table 5.1).

Table 5.1: Percentage distribution of parents by types of schools preferred

Types of schools	**Highly preferred**	**Preferred**	**Not preferred**	**Totally not preferred**	**No comment**
	Highly preferred/ Preferred		**Not preferred/ Totally not preferred**		
International Schools	81.6%	16.7%	0.8%	0.0%	0.9%
	98.3%		**0.8%**		
Private Independent School offering non-local curriculum	12.6%	43.4%	16.2%	11.9%	15.9%
	56.0%		**28.1%**		
Schools under Direct Subsidy Scheme offering non-local curriculum classes	8.5%	26.4%	27.1%	18.3%	19.7%
	34.9%		**45.4%**		
Schools under Direct Subsidy Scheme offering local curriculum only	1.1%	9.7%	27.1%	38.2%	23.9%
	10.8%		**65.3%**		
Other private schools offering non-local curriculum	2.0%	16.8%	33.0%	22.6%	25.6%
	18.8%		**55.6%**		
Local government or aided schools	0.7%	6.9%	24.0%	44.0%	24.4%
	7.6%		**68.0%**		
Special school operated by English Schools Foundation	7.9%	14.8%	13.5%	23.4%	40.4%
	22.7%		**36.9%**		
Local aided special school	0.7%	2.0%	14.3%	33.4%	49.6%
	2.7%		**47.7%**		

Factors affecting choice of schools

5.2.3 About 40.8% of parents considered the type of "*curriculum*" offered by the school the first most important factor affecting their choice of schools. About 33.6% of parents considered "*quality of teaching staff*" the second most important factor. Taking the views of parents on the ranking of the six factors, as reflected in the average ranking score, "*curriculum*" was the first most important factor (with the lowest average ranking score) and "*quality of teaching staff*" was the second most important factor (Table 5.2).

Table 5.2: Percentage of schools by ranking of factors affecting the choice of schools

Factors	1	2	3	4	5	6	Other[7]	Average ranking score[8]
Location	6.1%	10.0%	11.7%	18.2%	27.8%	26.2%	1.1%	**4.30**
Curriculum	40.8%	20.8%	15.2%	14.1%	6.5%	2.6%	0.0%	**2.33**
Quality of teaching staff	24.1%	33.6%	19.4%	15.7%	4.6%	2.6%	0.6%	**2.51**
Reputation	13.8%	17.0%	26.2%	24.1%	14.1%	4.8%	0.4%	**3.22**
Prospects of graduates	6.8%	10.0%	16.0%	18.6%	20.0%	29.0%	3.1%	**4.23**
Tuition fees	0.0%	8.5%	11.6%	9.4%	27.0%	34.8%	1.6%	**4.42**

Types of curricula preferred

5.2.4 As regards the types of curricula, the great majority of parents highly preferred (63.5%) or preferred (29.8%) International Baccalaureate (IB). The corresponding percentages for UK-based curriculum (e.g. IGCSE) were 29.8% ("highly preferred") and 42.9% ("preferred") respectively; for national curriculum of country of origin (e.g. American, French, German, Japanese, Korean, etc.), 15.9% ("highly preferred") and 23.6% ("preferred") respectively;

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7 Other factors suggested by parents include language, school facilities and school atmosphere.

8 Smaller figure indicates higher importance.

for Hong Kong local curriculum, 1.0% ("highly preferred") and 4.2% ("preferred") respectively; and for curriculum not offered in Hong Kong, 1.0% ("highly preferred") and 2.1% ("preferred") respectively (Table 5.3).

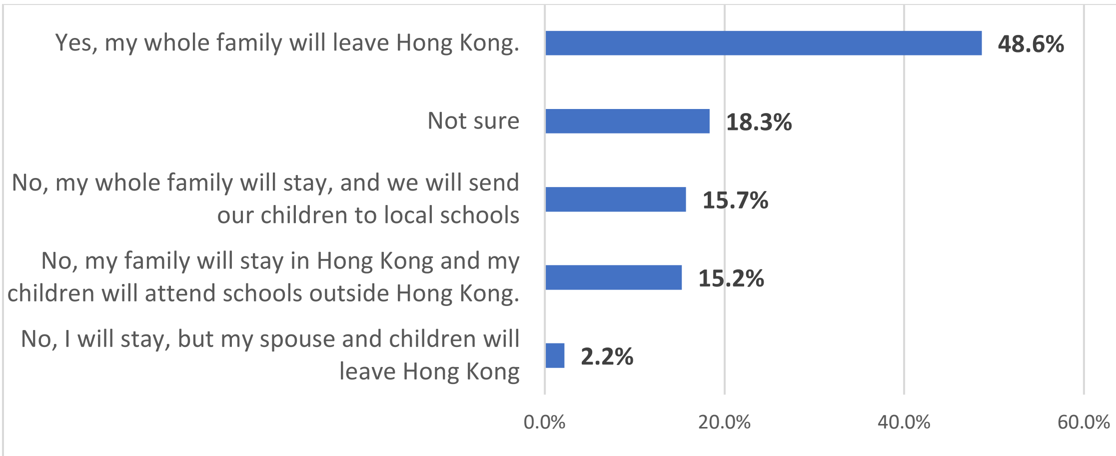
Table 5.3: Percentage distribution of parents by types of curricula preferred

<table>
<tr><th rowspan="2">Types of curricula</th><th>Highly preferred</th><th>Preferred</th><th>Not preferred</th><th>Totally not preferred</th><th rowspan="2">No comment</th></tr>
<tr><th colspan="2">Highly preferred/ Preferred</th><th colspan="2">Not preferred/ Totally not preferred</th></tr>
<tr><td rowspan="2">International Baccalaureate curriculum</td><td>63.5%</td><td>29.8%</td><td>1.8%</td><td>0.9%</td><td rowspan="2">4.0%</td></tr>
<tr><td colspan="2">93.3%</td><td colspan="2">2.7%</td></tr>
<tr><td rowspan="2">UK-based curriculum (e.g. IGCSE)</td><td>29.8%</td><td>42.9%</td><td>13.9%</td><td>3.5%</td><td rowspan="2">9.9%</td></tr>
<tr><td colspan="2">72.7%</td><td colspan="2">17.4%</td></tr>
<tr><td rowspan="2">National curriculum of country of origin (e.g. American, French, German, Japanese, Korean, etc.)</td><td>15.9%</td><td>23.6%</td><td>30.6%</td><td>12.3%</td><td rowspan="2">17.6%</td></tr>
<tr><td colspan="2">39.5%</td><td colspan="2">42.9%</td></tr>
<tr><td rowspan="2">Hong Kong local curriculum</td><td>1.0%</td><td>4.2%</td><td>39.0%</td><td>41.5%</td><td rowspan="2">14.3%</td></tr>
<tr><td colspan="2">5.2%</td><td colspan="2">80.5%</td></tr>
<tr><td rowspan="2">Curriculum not offered in Hong Kong. (e.g. Mainland curriculum)</td><td>1.0%</td><td>2.1%</td><td>1.1%</td><td>1.4%</td><td rowspan="2">94.4%</td></tr>
<tr><td colspan="2">3.1%</td><td colspan="2">2.5%</td></tr>
</table>

5.3 Impact of no place from schools offering non-local curriculum

5.3.1 In case no school places from schools offering non-local curriculum could be secured, about half of parents (48.6%) indicated that their whole families would leave Hong Kong. Only about 15.7% of parents indicated that their whole families would stay in Hong Kong and send their children to study in local schools (*Chart 5.2*).

Chart 5.2: Percentage distribution of parents by choices if no place from schools offering non-local curriculum



Chapter 6 Salient Findings on the Provision of Special Education Services

6.1 Views of international schools

Types of special education services provided

6.1.1 Most schools, including international schools, PIS and other private schools, in Hong Kong provide support to students with SEN. For students with mild disability in learning, who require more extensive, daily, teaching and learning adjustments are catered for within the mainstream learning in most international schools, either in integrated class or special class. Students who require the most extensive teaching and learning adjustments are catered for by one special school operated by ESF.

6.1.2 Most schools (85.3%), including international schools, PIS and other private schools, indicated they were providing support to students with SEN. The percentage was slightly higher for international schools (87.2%) as compared to that for PIS and other private schools (81.0%).

6.1.3 For those schools providing support to SEN students, the great majority of them were providing support to SEN students with Specific Learning Difficulties in Reading/Writing (87.9%) or Attention Deficit/Hyperactivity Disorder (AD/HD) (89.7%). Majority of them were providing support to SEN students with Autistic Spectrum Disorders (81.0%) or Speech and Language Impairment (72.4%). The proportion of schools providing support to other types of SEN was lower. For instance, slightly more than half were providing support to SEN students with Physical Disability (53.4%) or Visual Impairment (50.0%). Less than half were providing support to SEN students with mental illness (41.4%).

6.1.4 For those schools not providing support to SEN students, the main reasons were that the additional operating cost involved was very high (90% of schools concerned sharing the same view), and since there were many types of SEN, the schools could not cater for all different types of SEN (30%) and that the schools could not recruit teachers or professionals with training in special education to support SEN students (20%). The percentages add up to more than 100% as schools had more than one reason.

Learning support for SEN students

6.1.5 For schools providing support to SEN students, all of them indicated that SEN students attended classes together with other students under the same curriculum. A great majority of schools indicated that they offered learning support to their SEN students (93.8%). The percentage was higher for international schools (97.7%) as compared to that for PIS and other private schools (85.7%).

6.1.6 For schools providing learning support to their SEN students, most of them arranged quality teaching in the regular classroom for students with transient or mild learning difficulties (88.5%), implemented pull-out teaching for supporting students with SEN (80.3%) and hired extra teaching staff (78.7%) (Table 6.1).

Table 6.1: Percentage of schools by types of learning support for SEN students

Types of learning support for SEN students	International schools	PIS/other private	All
Quality teaching in the regular classroom for students with transient or mild learning difficulties	93.0%	77.8%	88.5%
Integrated class of international school / learning support of English Schools Foundation schools	53.5%	33.3%	47.5%
Implementing pull-out teaching for supporting students with SEN	86.0%	66.7%	80.3%
Special class of international school	9.3%	16.7%	11.5%
Hiring extra teaching staff	86.0%	61.1%	78.7%
Purchasing facilities required for SEN students (e.g. barrier free access facilities/braille machines/ hearing aid devises, etc.)	53.5%	22.2%	44.3%
Hiring of nurses/ allied health professionals (e.g. Occupational Therapist/ Physiotherapist/ Clinical or Educational Psychologist/ Speech Therapist, etc.)	65.1%	38.9%	57.4%

Note: The percentages add up to more than 100% as schools offer more one type of learning support service.

Issues encountered by schools

6.1.7 For schools providing support to SEN students, more than half of them indicated that they had encountered difficulties in providing supporting measures to students with SEN (67.7%). The percentage was much lower for international schools (59.1%) as compared to that for PIS and other private schools (85.7%). Among these schools that had encountered difficulties, more than half of them indicated that the difficulties encountered were "*some types of SEN require heavy support which the school may not be able to fully cover*" (70.5%) and "*difficulties in financing the cost involved in providing support to students with SEN*" (59.1%).

6.2 Views of parents

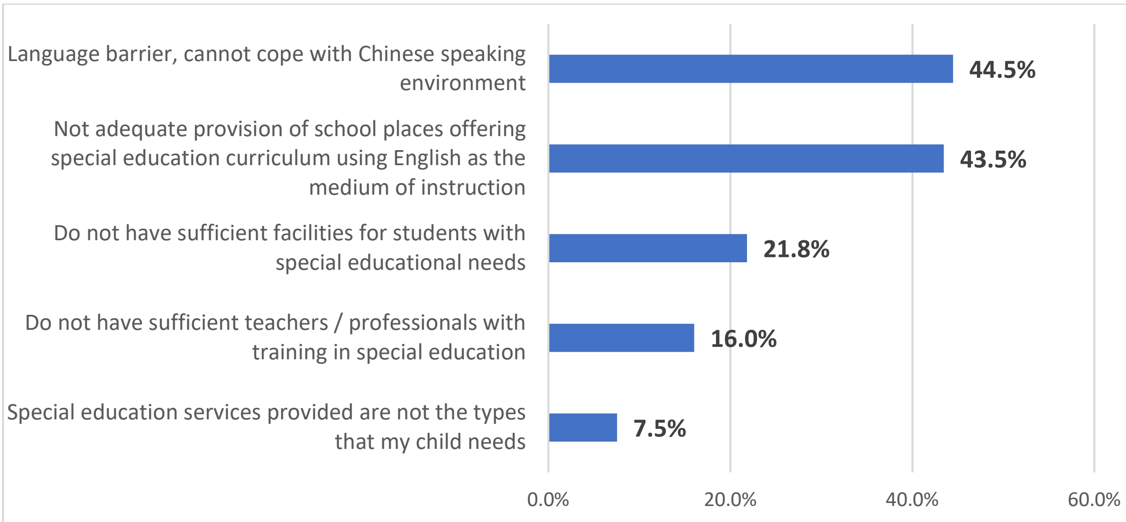
Special education services provided by international schools

6.2.1 Only a very small proportion of students attending international schools, at around 5%, are SEN students. For parents with SEN children, most of them were satisfied with the SEN services provided by their schools (70.0%). Some parents with SEN children (36.5%) had to pay for the additional support service to address the special educational needs of their children on top of those services already provided by the schools.

Special education services provided by local schools

6.2.2 Most parents with SEN children considered that the special education services offered by local schools did not meet the special educational needs of their children (78.0%). The reasons were mainly that there were "*language barriers, and their children could not cope with Chinese speaking environment*" (44.5%), "*not adequate provision of school places offering special education curriculum using English as the medium of instruction*" (43.5%) in local schools (*Chart 6.1*).

Chart 6.1: Percentage of parents by reasons for considering SEN provision of local schools not meeting their children's needs



Note: The percentages add up to more than 100% as parents could choose more than one reason.

Chapter 7 Salient Findings of the Business Survey

7.1 Introduction

7.1.1 The Business Survey was conducted during April 2022 to June 2023 on a sample of 3 499 business corporations that were found to be relevant during the survey period. The salient findings of the survey are summarised in this chapter. These business corporations are those more likely to be employing or have employed staff who are current or previous holders of employment visas (the target employees). In addition, chambers of commerce had been approached to help promoting the survey to their members. Given that there is not a sampling frame of business corporations employing or have employed the target employees, the survey represents the best effort to gather views from business corporations with target employees.

7.1.2 Among the 3 499 business corporations covered in the survey, 2 081 companies were successfully enumerated where 1 888 business corporations (including 1 635 with employment size below 100 and 253 with employment size 100 or above) were fully enumerated and 193 business corporations (192 and 1 respectively) were partially enumerated[9]. Of the 1 888 business corporations that were fully enumerated, 504 had target employees.

7.2 Factors affecting demand for international school places

Target employees with children attending international schools in Hong Kong

7.1.3 Among the business corporations with the target employees, only in a small proportion of such business corporations (19.6%), the target employees were having children who were attending international schools in Hong Kong. It may be worth noting that for about 29.2% of such business corporations, they were not sure if their target employees had children attending schools in Hong Kong (Table 7.1).

9 A survey needs to be substantially completed before it is enumerated and be count as "good sample". "Partially enumerated" refers to business corporations that partly responded to the survey but did not complete the entire survey questionnaire. The "partially enumerated" business corporations are not included in the business survey analysis and survey findings, and only the 1 888 "fully enumerated" business corporations are included.

Table 7.1: Number of business corporations with target employees by whether having children attending international schools in Hong Kong

Whether having children attending international schools	Number of business corporations	Percentage
Yes	99	19.6%
No	258	51.2%
Not sure	147	29.2%
Total	**504**	**100.0%**

Plans to lay off, relocate or replace target employees

7.2.1 Among the business corporations with target employees, only a small proportion of such business corporations (2.2%) had plans in the coming seven years to lay off, to relocate to offices outside Hong Kong or to replace the target employees with local staff. More than half (63.5%) had no such plan (Table 7.2).

Table 7.2: Number of business corporations with target employees by whether to lay off, relocate or replace target employees

To lay off, relocate or replace target employees	Number of business corporations	Percentage
Yes	11	2.2%
No	320	63.5%
Not sure	173	34.3%
Total	**504**	**100.0%**

Employees resigned and left Hong Kong

7.2.2 As indicated in the responses, only a small proportion of business corporations (1.0%) had employees resigned and left Hong Kong because they could not find schools offering non-local curriculum for their children. More than half (62.4%) of them did not have employees having made such decision and one-third (35.6%) were not sure if their employees had made such decision (Table 7.3).

Table 7.3: Number of business corporations by whether employees resigned and left Hong Kong because they could not find schools offering non-local curriculum for their children in the past 24 months

Whether employees resigned and left Hong Kong because they could not find schools offering non-local curriculum for their children in the past 24 months	**Number of business corporations**	**Percentage**
Yes	19	1.0%
No target employees in the past 24 months	18	1.0%
No	1 178	62.4%
Not sure	673	35.6%
Total	**1 888**	**100.0%**

Future potential demand

7.2.3 Among all business corporations enumerated in the survey, about 7.6% indicated that in the coming seven years they had plans to increase their employment size. Only a small proportion (0.8%) had plans to reduce their employment size. More than half (64.2%) were not sure if they would increase or reduce their employment size in the coming seven years (Table 7.4). The high percentage of business corporations indicating they were not sure if they would increase or reduce their employment size is likely to be due to the volatile market situations which may be affected by such factors as inflation outlook and the strength of post-COVID recovery.

Table 7.4: Number of business corporations by plans to increase or reduce employment size

Plans	**Number of business corporations**	**Percentage**
Plan to increase employment size	143	7.6%
Plan to reduce employment size	15	0.8%
No change	518	27.4%
Not sure	1 212	64.2%
Total	**1 888**	**100.0%**

7.2.4 About 6.3% all business corporations enumerated in the survey indicated that in the coming seven years they would recruit or relocate from offices outside Hong Kong target employees. More than half (62.9%) were not sure whether they would increase or reduce the number of target employees in the coming seven years (Table 7.5). The high percentage of business corporations indicating they were not sure if they would increase or reduce the number of target employees is likely to be due to the volatile market situations which may be affected by such factors as inflation outlook and the strength of post-COVID recovery. For those business corporations planning to recruit or relocate target employees, the number of such target employees recruited or relocated accounted for about 11% (or 3.5 employees) of their existing employees.

Table 7.5: Number of business corporations by plans to recruit or relocate target employees outside Hong Kong

Plans	No. of business corporations	Percentage
Plan to recruit or relocate target employees	118	6.3%
No plan	582	30.8%
Not sure	1 188	62.9%
Total	**1 888**	**100.0%**

7.3 Impact on business

Factors affecting decisions on business expansion

7.3.1 For business corporations with target employees, a higher proportion of these business corporations enumerated indicated the following parameters very important or important – "*staff costs (except education allowance)*" (43.1%), "*availability of employable staff in Hong Kong*" (42.0%), "*safety of the city*" (41.5%) and "*business and market potential*" (42.5%). The corresponding percentage was slightly lower for other factors including "*travel convenience of the city*" (39.3%) and "*availability of good medical care*" (39.4%). It may be worth noting that only 25.0% considered the "*cost of education allowance*" important or very important (Table 7.6).

Table 7.6: Level of importance of factors affecting decisions on business expansion for business corporations with target employees

Factors	Very important	Important	Not very important	Not important at all	No comment
	Very important/ Important		**Not very important/ Not important at all**		
Staff costs (except education allowance)	13.3%	29.8%	6.9%	3.8%	46.2%
	43.1%		**10.7%**		
Availability of employable staff in Hong Kong	7.7%	34.3%	5.0%	3.4%	49.6%
	42.0%		**8.4%**		
Safety of the city	10.7%	30.8%	5.0%	4.6%	48.9%
	41.5%		**9.6%**		
Business and market potential	13.3%	29.2%	4.2%	3.0%	50.3%
	42.5%		**7.2%**		
Travel convenience of the city	10.1%	29.2%	6.3%	4.2%	50.2%
	39.3%		**10.5%**		
Availability of good medical care	6.3%	33.1%	5.0%	4.0%	51.6%
	39.4%		**9.0%**		
Costs of compliance with laws and regulations	6.3%	28.6%	9.3%	4.4%	51.4%
	34.9%		**13.7%**		
Costs of office accommodation	6.9%	26.2%	9.7%	6.0%	51.2%
	33.1%		**15.7%**		
Cost of business support services	4.8%	29.2%	9.1%	4.4%	52.5%
	34.0%		**13.5%**		
Costs of staff housing allowance	7.9%	22.0%	14.3%	5.4%	50.4%
	29.9%		**19.7%**		
Availability of open and leisure space	3.8%	26.4%	12.7%	4.4%	52.7%
	30.2%		**17.1%**		
Environmental quality (e.g. air pollution)	4.0%	25.0%	12.7%	6.9%	51.4%
	29.0%		**19.6%**		

Factors	Very important	Important	Not very important	Not important at all	No comment
	Very important/ Important		**Not very important/ Not important at all**		
Cost of education allowance (for children of staff recruited from outside Hong Kong), including buying school debentures, nomination rights or paying capital levy etc.	6.0%	19.0%	16.3%	6.9%	51.8%
	25.0%		**23.2%**		
Availability of school places offering high quality non-local curriculum	5.0%	15.9%	15.3%	10.3%	53.5%
	20.9%		**25.6%**		

Impact of shortage of international school places

7.3.2 For business corporations with target employees, 29.7% of these business corporations fully agreed or agreed that "*the business corporations will have difficulties recruiting or relocating qualified staff from outside Hong Kong*". 28.6% also fully agreed or agreed that "*the business corporations will have difficulties retaining staff who have problems finding suitable school places offering non-local curriculum for their children*". Only about 2.0% of business corporations fully agreed and 6.0% agreed that "*the business corporations will have to consider relocating to places outside Hong Kong where there is adequate provision of school places offering non-local curriculum*" (Table 7.7).

Table 7.7: Views of business corporations with target employees for impact on business if staff had difficulties finding international schools for their children in Hong Kong

<table>
<tr><th rowspan="2">Difficulties</th><th>Fully agree</th><th>Agree</th><th>Disagree</th><th>Totally disagree</th><th rowspan="2">No comment</th></tr>
<tr><th colspan="2">Fully agree/ Agree</th><th colspan="2">Disagree/Totally disagree</th></tr>
<tr><td rowspan="2">the business corporations will have difficulties recruiting or relocating qualified staff from outside Hong Kong</td><td>6.7%</td><td>23.0%</td><td>18.7%</td><td>3.2%</td><td rowspan="2">48.4%</td></tr>
<tr><td colspan="2">29.7%</td><td colspan="2">21.9%</td></tr>
<tr><td rowspan="2">the business corporations will have difficulties retaining staff who have problems finding suitable school places offering non-local curriculum for their children</td><td>5.8%</td><td>22.8%</td><td>17.3%</td><td>3.2%</td><td rowspan="2">51.0%</td></tr>
<tr><td colspan="2">28.6%</td><td colspan="2">20.5%</td></tr>
<tr><td rowspan="2">the business corporations will have to consider recruiting or relocating staff from outside Hong Kong having no child(ren)</td><td>2.6%</td><td>11.5%</td><td>18.5%</td><td>7.3%</td><td rowspan="2">60.1%</td></tr>
<tr><td colspan="2">14.1%</td><td colspan="2">25.8%</td></tr>
<tr><td rowspan="2">the business corporations will have to reduce the number of staff in Hong Kong who are recruited or relocated from outside Hong Kong</td><td>2.0%</td><td>10.3%</td><td>19.8%</td><td>7.5%</td><td rowspan="2">60.4%</td></tr>
<tr><td colspan="2">12.3%</td><td colspan="2">27.3%</td></tr>
<tr><td rowspan="2">the business corporations will have to slow down the pace of expansion in Hong Kong</td><td>1.2%</td><td>10.5%</td><td>18.5%</td><td>6.0%</td><td rowspan="2">63.9%</td></tr>
<tr><td colspan="2">11.7%</td><td colspan="2">24.5%</td></tr>
<tr><td rowspan="2">the business corporations will have to consider relocating to places outside Hong Kong where there is adequate provision of school places offering non-local curriculum</td><td>2.0%</td><td>6.0%</td><td>17.5%</td><td>10.9%</td><td rowspan="2">63.7%</td></tr>
<tr><td colspan="2">8.0%</td><td colspan="2">28.4%</td></tr>
</table>

Views on international schools

7.3.3 For business corporations with target employees, 57.7% fully agreed or agreed that "*having international schools preferred by parents is very important to Hong Kong as city for international business*". 55.6% also fully agreed or agreed that "*having international schools preferred by in Hong Kong will help attract talents from outside Hong Kong to come to work in Hong Kong*" and 54.9% fully agreed or agreed that "*there is a good variety of different non-local curriculum in Hong Kong*" (Table 7.8).

Table 7.8: Views on international schools of business corporations with target employees

<table>
<tr><th rowspan="2">Views</th><th>Fully agree</th><th>Agree</th><th>Disagree</th><th>Totally disagree</th><th rowspan="2">No comment</th></tr>
<tr><th colspan="2">Fully agree/ Agree</th><th colspan="2">Disagree/Totally disagree</th></tr>
<tr><td rowspan="2">Having international schools preferred by parents is very important to Hong Kong as city for international business</td><td>19.6%</td><td>38.1%</td><td>4.2%</td><td>1.2%</td><td rowspan="2">36.9%</td></tr>
<tr><td colspan="2">57.7%</td><td colspan="2">5.4%</td></tr>
<tr><td rowspan="2">Having international schools preferred by in Hong Kong will help attract talents from outside Hong Kong to come to work in Hong Kong</td><td>18.5%</td><td>37.1%</td><td>5.4%</td><td>1.2%</td><td rowspan="2">37.8%</td></tr>
<tr><td colspan="2">55.6%</td><td colspan="2">6.6%</td></tr>
<tr><td rowspan="2">There is a good variety of different non-local curriculum in Hong Kong</td><td>9.3%</td><td>45.6%</td><td>4.2%</td><td>1.6%</td><td rowspan="2">39.3%</td></tr>
<tr><td colspan="2">54.9%</td><td colspan="2">5.8%</td></tr>
<tr><td rowspan="2">There should be more transparency in the settings of school fees and other charges by international schools</td><td>9.9%</td><td>37.7%</td><td>4.8%</td><td>0.8%</td><td rowspan="2">46.8%</td></tr>
<tr><td colspan="2">47.6%</td><td colspan="2">5.6%</td></tr>
<tr><td rowspan="2">Standard of operation of international schools in Hong Kong is generally good</td><td>7.7%</td><td>45.0%</td><td>3.0%</td><td>0.6%</td><td rowspan="2">43.7%</td></tr>
<tr><td colspan="2">52.7%</td><td colspan="2">3.6%</td></tr>
</table>

Views	Fully agree	Agree	Disagree	Totally disagree	No comment
	Fully agree/ Agree		Disagree/Totally disagree		
International schools should have more flexibility in admitting children of staff from outside Hong Kong who have to be relocated to Hong Kong at short notice by their companies	8.7%	42.5%	3.4%	0.4%	45.0%
	51.2%		**3.8%**		
The fees and other charges of international schools are too high and not affordable for staff recruited from outside Hong Kong	9.3%	34.9%	7.5%	0.8%	47.5%
	44.2%		**8.3%**		

Chapter 8 Projection of Demand for International School Places

8.1 Projected demand from local students

Projection methodology

8.1.1 The usual approach adopted in projecting enrolment is the use of enrolment ratio and the grade transition model. The enrolment ratio method is applicable to Grade 1 enrolment. Given that the enrolment in higher grades (i.e. Grades 2 – 13) is dependent on the enrolment of the lower grades in the preceding years, as children progress from one grade to the next higher grade, the grade transition model is applicable to Grades 2 – 13. This approach was also adopted in the 2017 Study. With the availability of sufficiently long historical time series data on enrolment by grades, it is possible to conduct time series analysis of the historical data and the projection may be made based on an extrapolation of the past trend, as identified in the time series analysis.

8.1.2 Due to the impact of stringent measures related to COVID-19 epidemic, it may not be advisable to rely on the analysis of long historical time series data, at least for the current study. In the circumstances, the more recent data, rather than a very long historical time series data, were used in developing the projection model.

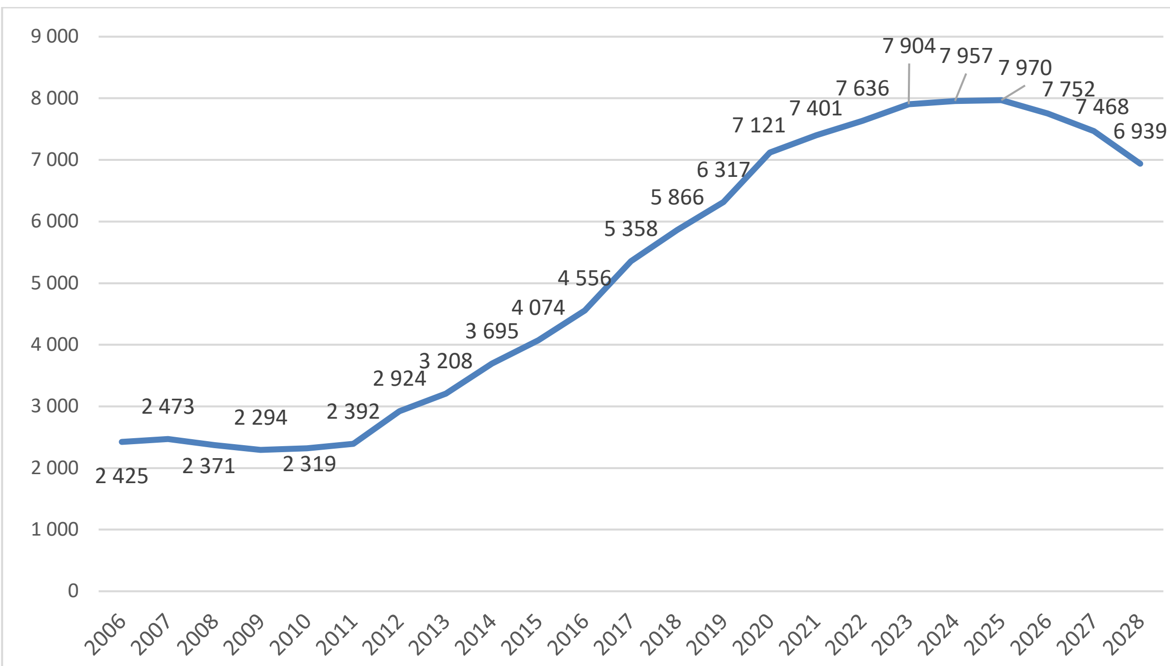
8.1.3 Following the approach suggested above, the projection of Grade 1 enrolment using the enrolment ratio method was based on the 3-year moving average of the enrolment ratio for Grade 1 (i.e. the ratio of total enrolment in Grade 1 to the population aged 5 years old). As regards the projection of enrolment in Grades 2 – 13, the grade transition model was adopted by taking the 4-year moving average of difference between consecutive grades from Grade 2 to Grade 13 in consecutive years. For example, the grade transition difference for Grade 2 to Grade 3 in Year (t+1) is the difference between the Grade 3 enrolment in Year (t+1) and the Grade 2 enrolment in Year (t).

8.1.4 With the projected enrolment ratio for Grade 1 computed from the 3-year moving average, the projected enrolment in Grade 1 may be computed by applying the projected enrolment ratio to the projected population of the 5 years old. Based on the projected Grade 1 enrolment, the enrolment in Grade 2 in Year (t+1) is projected by adding the projected Grade 1 enrolment in Year (t) to the projected grade transition difference from Grade 1 to Grade 2 in Year (t+1). Similarly, the projected enrolment in Grade n (n=3 to 13) in Year (t) is computed by adding the projected enrolment Grade n-1 in Year (t-1) to the projected grade transition difference for Grade n in Year (t).

Projected enrolment of local students at the primary level

8.1.5 The number of local students attending international schools at the primary level was projected to increase slightly from 7 957 in 2024/25 to 7 970 in 2025/26 and decrease to 6 939 in 2028/29. This decreasing trend during the period from 2025/26 to 2028/29, as depicted in the chart below, is largely due to the projected decrease in the number of children in the school-age population.

Chart 8.1: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of local students studying in international schools at the primary level

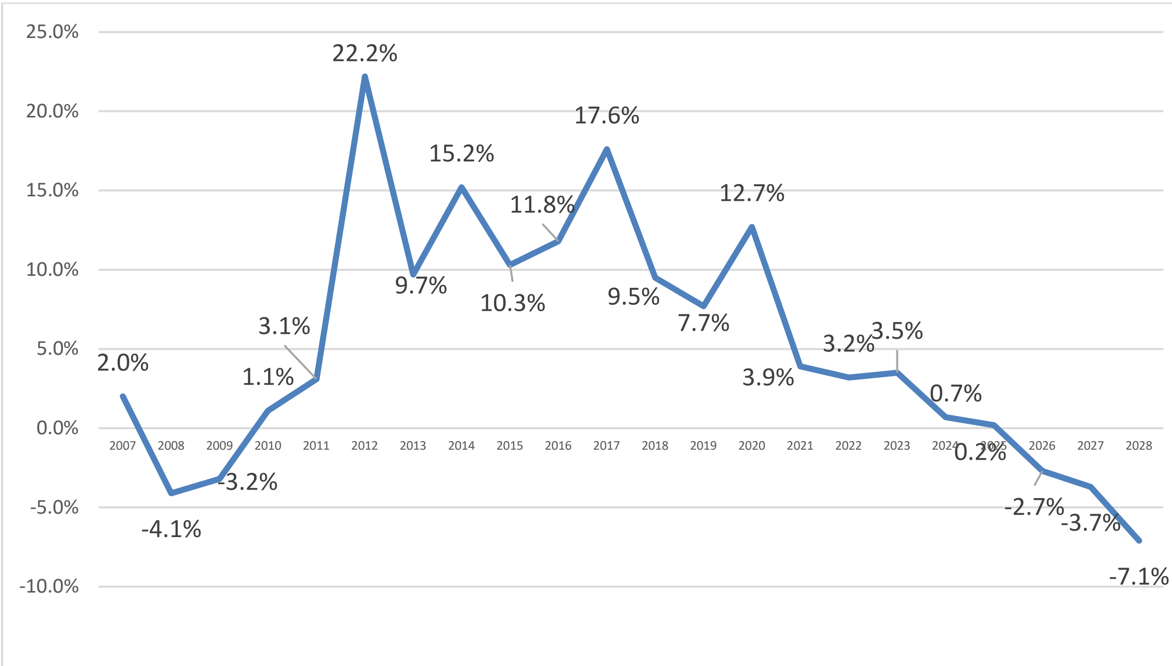


8.1.6 The year-on-year percentage change in the actual and projected enrolment is shown in the table below. In relative terms, the year-on-year projected percentage changes during the period from 2024/25 to 2028/29 range from 0.7% in 2024/25 to minus 7.1% in 2028/29. While the projected decrease in enrolment is largely due to decreasing number of children in the school-age group, as pointed out above, it is likely that, judging from past enrolment data, the actual enrolment would fluctuate from year to year, reflecting changes in parents' aspirations for places in international schools as well as changes in the supply of places in international schools available for local students. Thus, it is desirable that the projection to be reviewed periodically.

Table 8.1: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of local students studying in international schools at the primary level

School Year	**Enrolment**	**Year-on-Year Change (%)**
2006	2 425	-
2007	2 473	2.0%
2008	2 371	-4.1%
2009	2 294	-3.2%
2010	2 319	1.1%
2011	2 392	3.1%
2012	2 924	22.2%
2013	3 208	9.7%
2014	3 695	15.2%
2015	4 074	10.3%
2016	4 556	11.8%
2017	5 358	17.6%
2018	5 866	9.5%
2019	6 317	7.7%
2020	7 121	12.7%
2021	7 401	3.9%
2022	7 636	3.2%
2023	7 904	3.5%
2024	7 957	0.7%
2025	7 970	0.2%
2026	7 752	-2.7%
2027	7 468	-3.7%
2028	6 939	-7.1%

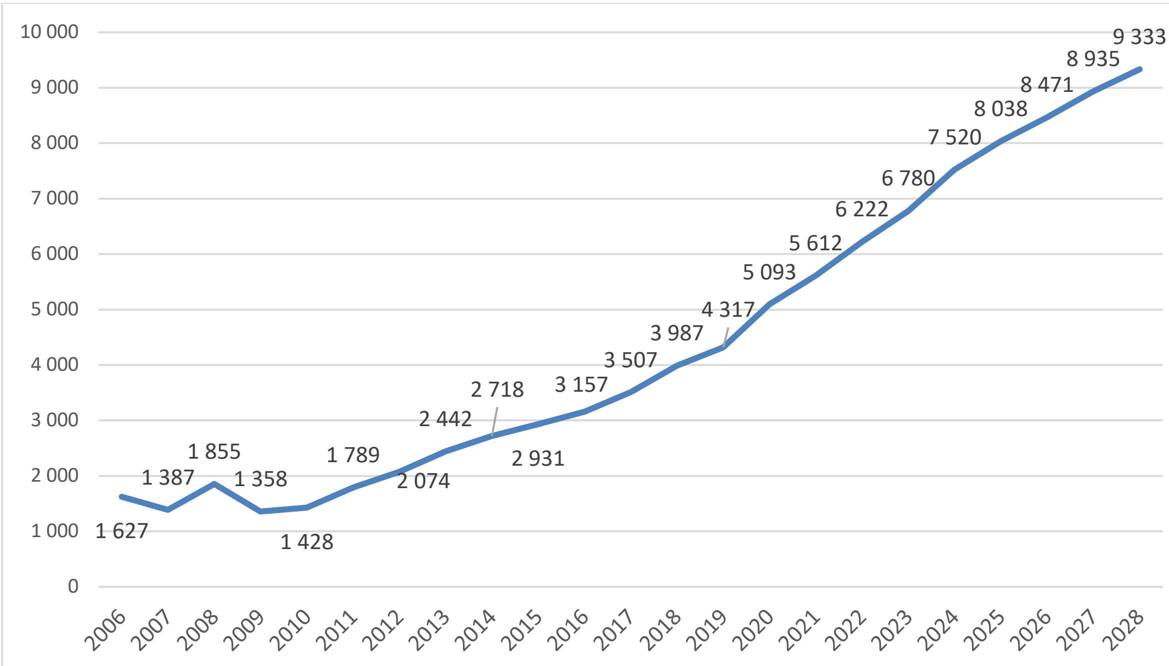
Chart 8.2: Actual (2006/07-2023/24) and projected (2024/25-2028/29) year-to-year changes in the total number of local students studying in international schools at the primary level



Projected enrolment of local students at the secondary level

8.1.7 As discussed above, the projection of enrolment at the secondary level was based on the grade transition model. The number of local students attending international schools at the secondary level was projected to increase from 7 520 in 2024/25 to 9 333 in 2028/29. This increasing trend, as depicted in the chart below, is in line with the past enrolment trend from 2010/11 to 2023/24.

Chart 8.3: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of local students studying in international schools at the secondary level

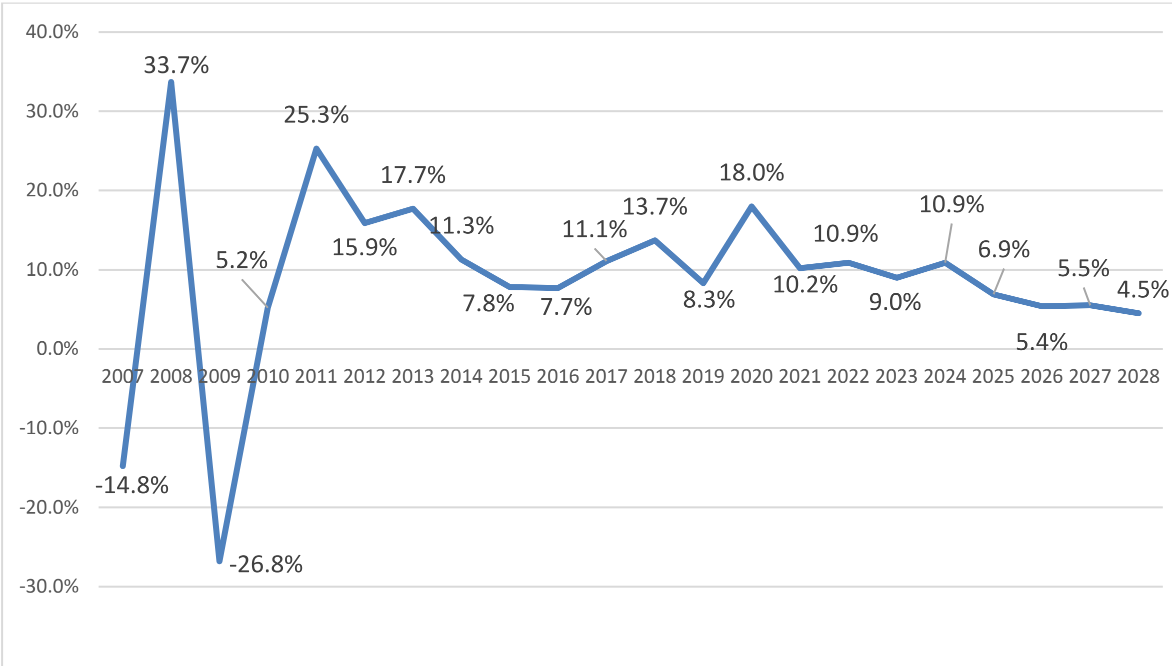


8.1.8 The year-on-year percentage change in the actual and projected enrolment is shown in the table below. In relative terms, there is a general increase during the period from 2024/25 to 2028/29 but the rate of increase is decreasing gradually. While the projected enrolment follows past trend, as pointed out above, it is likely that, judging from past enrolment data, the actual enrolment would fluctuate from year to year, reflecting changes in parents' aspirations for places in international schools as well as changes in the supply of places in international schools available for local students. Thus, it is desirable that the projection be reviewed periodically.

Table 8.2: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of local students studying in international schools at the secondary level

School Year	Enrolment	Year-on-Year Change (%)
2006	1 627	-
2007	1 387	-14.8%
2008	1 855	33.7%
2009	1 358	-26.8%
2010	1 428	5.2%
2011	1 789	25.3%
2012	2 074	15.9%
2013	2 442	17.7%
2014	2 718	11.3%
2015	2 931	7.8%
2016	3 157	7.7%
2017	3 507	11.1%
2018	3 987	13.7%
2019	4 317	8.3%
2020	5 093	18.0%
2021	5 612	10.2%
2022	6 222	10.9%
2023	6 780	9.0%
2024	7 520	10.9%
2025	8 038	6.9%
2026	8 471	5.4%
2027	8 935	5.5%
2028	9 333	4.5%

Chart 8.4: Actual (2006/07-2023/24) and projected (2024/25-2028/29) year-to-year changes in the total number of local students studying in international schools at the secondary level



8.2 Projected demand from non-local students

Projection methodology

8.2.1 Similar to the projection methodology adopted for local students, the enrolment ratio method was adopted for projecting Grade 1 enrolment and the grade transition model was adopted for projecting Grades 2 – 13 enrolments for non-local students. Unlike the enrolment of local students in Grade 1 which was related to the number of children aged 5 years, the enrolment of non-local students in Grade 1 should not be related to the size of the local population aged 5 years. The number of target employees in Hong Kong is highly related to the extent of economic activities. It follows that the number of non-local students in Grade 1 in international schools is also related to the extent of economic activities. For the purposes of the present study, the real GDP was used as a proxy of economic activity. In this connection, a statistical model between the enrolment and GDP was developed, where the correlation of these data was established. With the short-term GDP forecasts estimated by the Office of the Government Economist, the projected number of non-local students in Grade 1 was compiled. The same methodology was also adopted in the 2017 study.

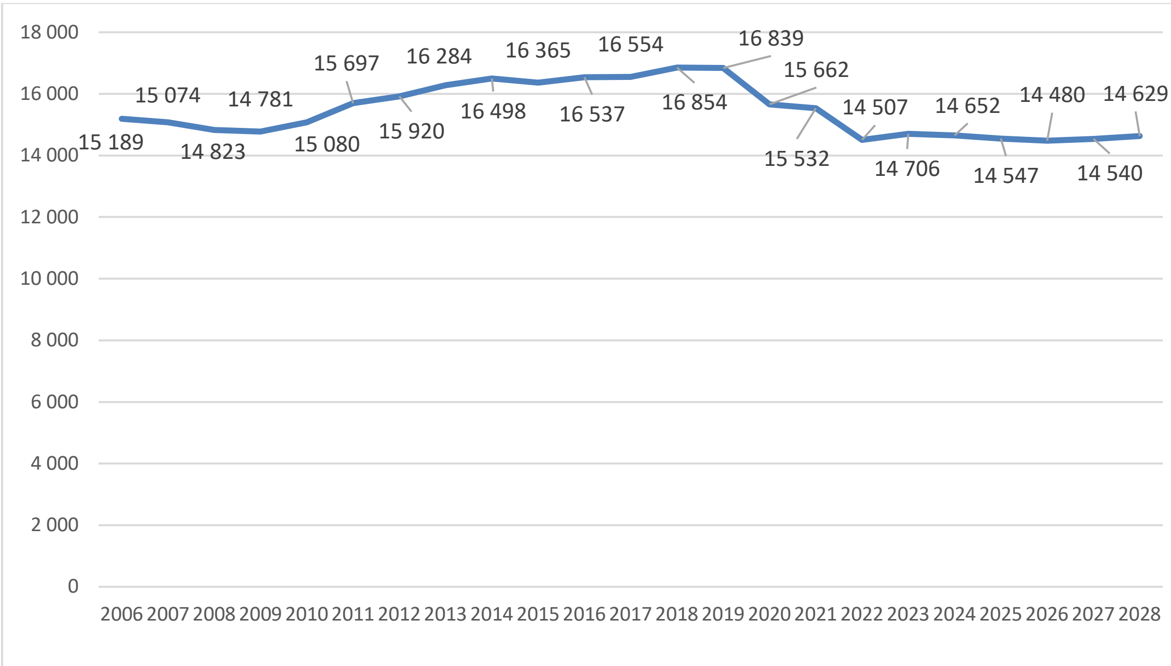
8.2.2 As regards the projection of enrolment in Grades 2 – 13, the grade transition model was adopted by taking the 4-year moving average of difference between consecutive grades from Grade 2 to Grade 13 in consecutive years. For example, the grade transition difference for Grade 2 to Grade 3 in Year (t+1) is the difference between the Grade 3 enrolment in Year (t+1) and the Grade 2 enrolment in Year (t). This approach was the same as that adopted for local students.

8.2.3 Based on the projected Grade 1 enrolment, the enrolment in Grade 2 in Year (t+1) is projected by adding the projected Grade 1 enrolment in Year (t) to the projected grade transition difference from Grade 1 to Grade 2 in Year (t+1). Similarly, the projected enrolment in Grade n (n=3 to 13) in Year (t) is computed by adding the projected enrolment Grade n-1 in Year (t-1) to the projected grade transition difference for Grade n in Year (t). The same approach was also adopted for the projection of enrolment of local students.

Projected enrolment of non-local students at the primary level

8.2.4 The number of non-local students attending international schools at the primary level was projected to remain stable from 14 652 in 2024/25 to 14 629 in 2028/29. The slight decreasing trend during the period from 2024/25 to 2026/27, as depicted in the chart below, follows the general decreasing trend in the actual enrolment from 2018/19 to 2022/23. The enrolment was projected to increase slightly during the period from 2026/27 to 2028/29.

Chart 8.5: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of non-local students studying in international schools at the primary level

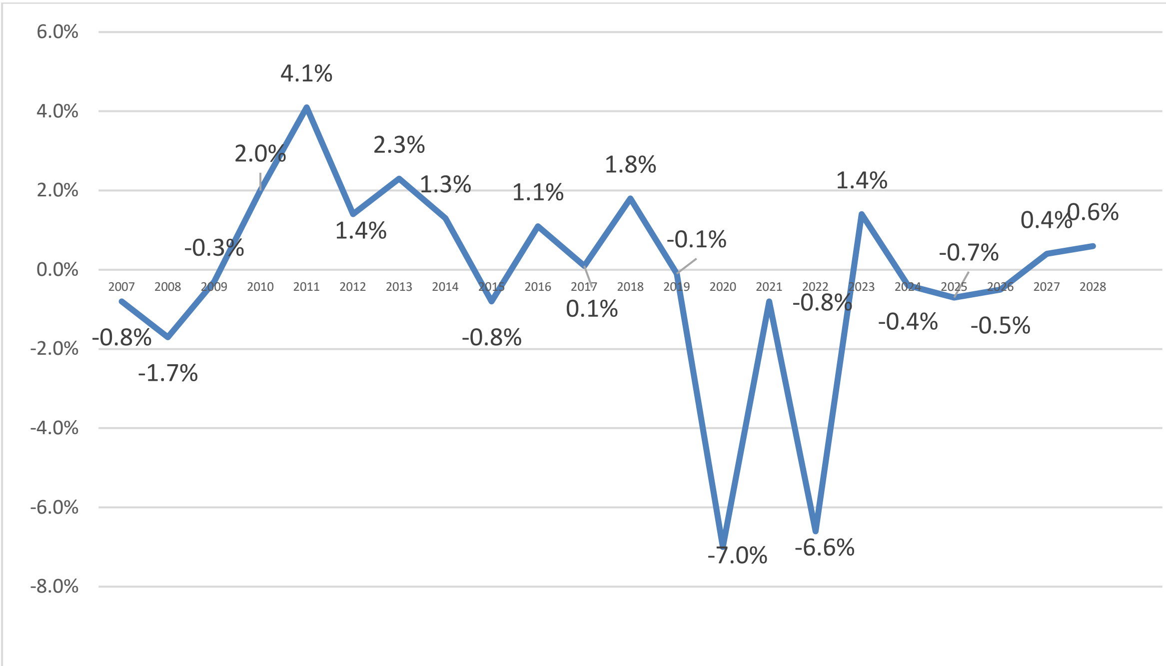


8.2.5 The year-on-year percentage change in the actual and projected enrolment is shown in the table below. In relative terms, the percentage change fluctuated during the period under study with no clear trend. It is likely that, judging from past enrolment data, the actual enrolment would fluctuate from year to year, reflecting changes in the number of target employees with children in the school-age group residing in Hong Kong. Thus, it is desirable that the projection be reviewed periodically.

Table 8.3: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of non-local students studying in international schools at the primary level

School Year	Enrolment	Year-on-Year Change (%)
2006	15 189	-
2007	15 074	-0.8%
2008	14 823	-1.7%
2009	14 781	-0.3%
2010	15 080	2.0%
2011	15 697	4.1%
2012	15 920	1.4%
2013	16 284	2.3%
2014	16 498	1.3%
2015	16 365	-0.8%
2016	16 537	1.1%
2017	16 554	0.1%
2018	16 854	1.8%
2019	16 839	-0.1%
2020	15 662	-7.0%
2021	15 532	-0.8%
2022	14 507	-6.6%
2023	14 706	1.4%
2024	14 652	-0.4%
2025	14 547	-0.7%
2026	14 480	-0.5%
2027	14 540	0.4%
2028	14 629	0.6%

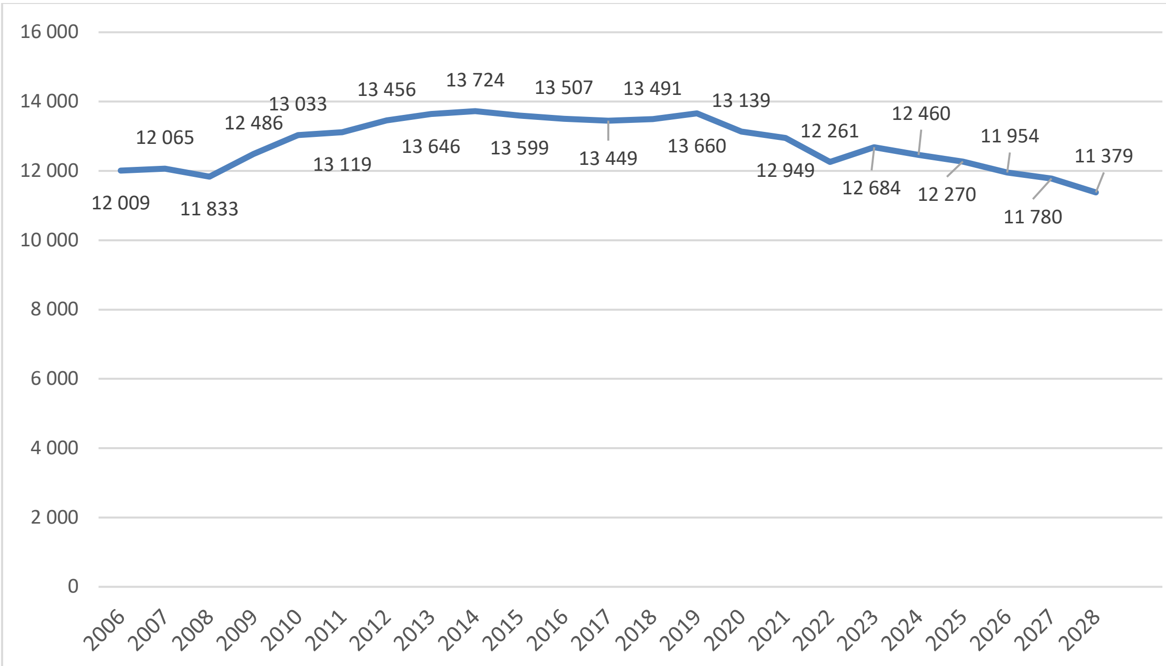
Chart 8.6: Actual (2006/07-2023/24) and projected (2024/25-2028/29) year-to-year changes in the total number of non-local students studying in international schools at the primary level



Projected enrolment of non-local students at the secondary level

8.2.6 As discussed above, the projection of enrolment in Grades 7 – 13 at the secondary level was based on the grade transition model. The number of non-local students attending international schools at the secondary level was projected to decrease from 12 460 in 2024/25 to 11 379 in 2028/29. This decreasing trend, as depicted in the chart below, reflects the consequential impact of the decreasing trend in the number of non-local students at the primary level as presented above.

Chart 8.7: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of non-local students studying in international schools at the secondary level

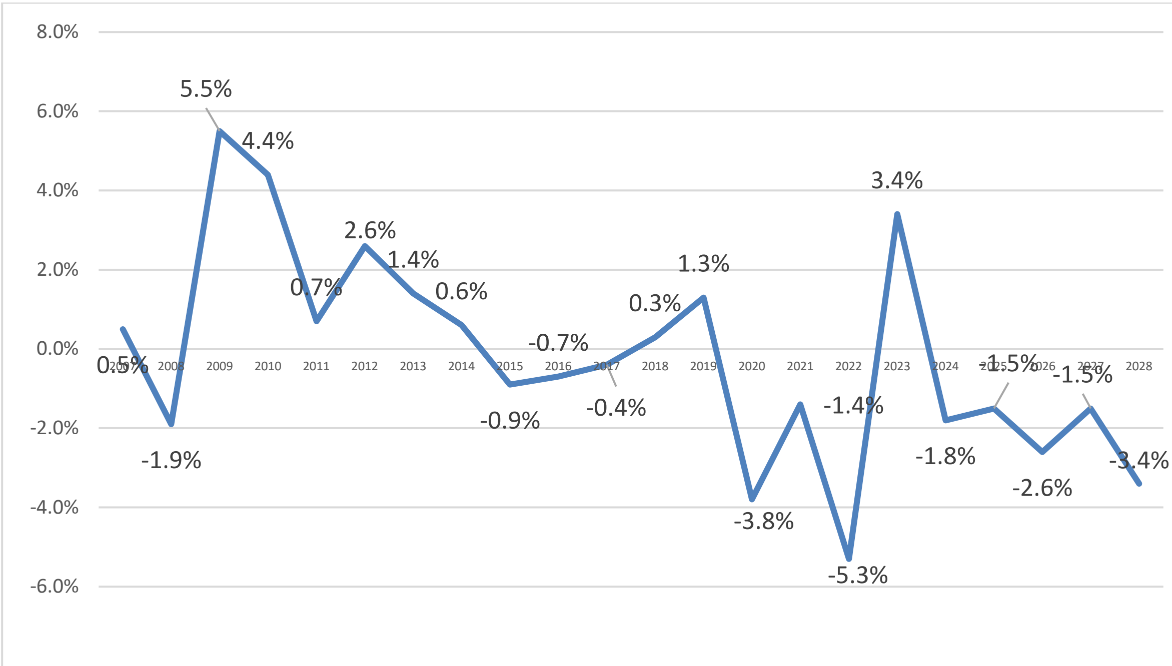


8.2.7 The year-on-year percentage change in the actual and projected enrolment is shown in the table below. In relative terms, the projected year-on-year percentage changes during the period from 2024/25 to 2028/29 range from minus 1.8% in 2024/25 to minus 3.4% in 2028/29. While the projected enrolment follows past trend, as pointed out above, it is likely that, judging from past enrolment data, the actual change in enrolment may fluctuate from year to year, reflecting changes in the number of target employees with children in the school-age group residing in Hong Kong. Thus, it is desirable that the projection be reviewed periodically.

Table 8.4: Actual (2006/07-2023/24) and projected (2024/25-2028/29) total number of non-local students studying in international schools at the secondary level

School Year	Enrolment	Year-on-Year Change (%)
2006	12 009	-
2007	12 065	0.5%
2008	11 833	-1.9%
2009	12 486	5.5%
2010	13 033	4.4%
2011	13 119	0.7%
2012	13 456	2.6%
2013	13 646	1.4%
2014	13 724	0.6%
2015	13 599	-0.9%
2016	13 507	-0.7%
2017	13 449	-0.4%
2018	13 491	0.3%
2019	13 660	1.3%
2020	13 139	-3.8%
2021	12 949	-1.4%
2022	12 261	-5.3%
2023	12 684	3.4%
2024	12 460	-1.8%
2025	12 270	-1.5%
2026	11 954	-2.6%
2027	11 780	-1.5%
2028	11 379	-3.4%

Chart 8.8: Actual (2006/07-2023/24) and projected (2024/25-2028/29) year-to-year changes in the total number of non-local students studying in international schools at the secondary level



Chapter 9 Adequacy of International School Places

9.1 Demand and supply at the primary level

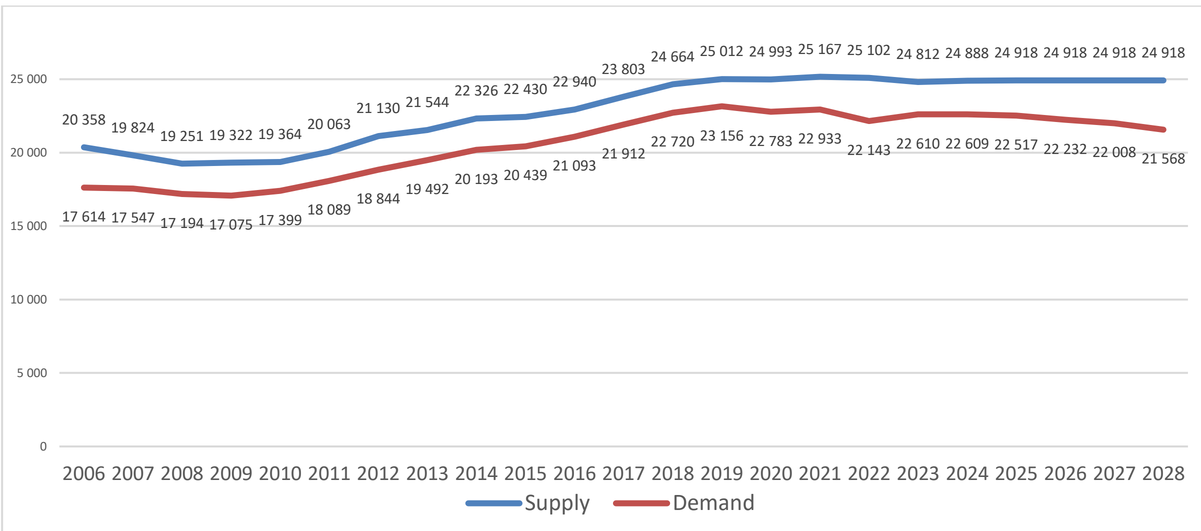
9.1.1 Based on the projected number of local and non-local students in international schools at the primary level, as presented in Chapter 8 above, the total demand for international school places at the primary level is projected to decrease from 22 610 in 2023/24 to 21 568 in 2028/29, or by 4.6%. Details on the projected enrolment in 2024/25 to 2028/29 are shown in the table below. It may be worth noting that the percentage of non-local students is projected to increase from 65.0% in 2023/24 to 67.8% in 2028/29.

Table 9.1: Actual (2006/07-2023/24) and projected (2024/25-2028/29) demand for places in international schools at the primary level

School Year	Local students	Non-local students	Total	% of non-local
2006	2 425	15 189	17 614	86.2%
2007	2 473	15 074	17 547	85.9%
2008	2 371	14 823	17 194	86.2%
2009	2 294	14 781	17 075	86.6%
2010	2 319	15 080	17 399	86.7%
2011	2 392	15 697	18 089	86.8%
2012	2 924	15 920	18 844	84.5%
2013	3 208	16 284	19 492	83.5%
2014	3 695	16 498	20 193	81.7%
2015	4 074	16 365	20 439	80.1%
2016	4 556	16 537	21 093	78.4%
2017	5 358	16 554	21 912	75.5%
2018	5 866	16 854	22 720	74.2%
2019	6 317	16 839	23 156	72.7%
2020	7 121	15 662	22 783	68.7%
2021	7 401	15 532	22 933	67.7%
2022	7 636	14 507	22 143	65.5%
2023	7 904	14 706	22 610	65.0%
2024	7 957	14 652	22 609	64.8%
2025	7 970	14 547	22 517	64.6%
2026	7 752	14 480	22 232	65.1%
2027	7 468	14 540	22 008	66.1%
2028	6 939	14 629	21 568	67.8%

9.1.2 While the demand for places is projected to decrease during the forecast period, the supply of places in international schools at the primary level is expected to continue to increase slightly based on the schools' earlier plans, and flat out in 2025/26. As shown in the chart below, the supply of international school places at the primary level will increase slightly from 24 812 in 2023/24 to 24 918 in 2028/29 or by 0.4%. There is and will be a surplus of international school places at the primary level. The surplus provision is projected to widen further during the forecast period from 2024/25 to 2028/29.

Chart 9.1: Actual (2006/07-2023/24) and projected (2024/25-2028/29) demand and supply of places in international schools at the primary level



9.1.3 As detailed in the table below, the number of surplus international school places at the primary level is projected to increase from 2 202 in 2023/24 to 3 350 in 2028/29. In relative terms, the surplus provision expressed as a percentage of total demand is projected to increase from 9.7% in 2023/24 to 15.5% in 2028/29. It should be noted that the increase in the number and percentage of surplus provision is due to the projected decrease in demand in the coming years.

Table 9.2: Actual (2006/07-2023/24) and projected (2024/25-2028/29) demand and supply of places in international schools at the primary level

School Year	Supply	Demand	Surplus provision	Surplus as % of demand
2006	20 358	17 614	2 744	15.6%
2007	19 824	17 547	2 277	13.0%
2008	19 251	17 194	2 057	12.0%
2009	19 322	17 075	2 247	13.2%
2010	19 364	17 399	1 965	11.3%
2011	20 063	18 089	1 974	10.9%
2012	21 130	18 844	2 286	12.1%
2013	21 544	19 492	2 052	10.5%
2014	22 326	20 193	2 133	10.6%
2015	22 430	20 439	1 991	9.7%
2016	22 940	21 093	1 847	8.8%
2017	23 803	21 912	1 891	8.6%
2018	24 664	22 720	1 944	8.6%
2019	25 012	23 156	1 856	8.0%
2020	24 993	22 783	2 210	9.7%
2021	25 167	22 933	2 234	9.7%
2022	25 102	22 143	2 959	13.4%
2023	24 812	22 610	2 202	9.7%
2024	24 888	22 609	2 279	10.1%
2025	24 918	22 517	2 401	10.7%
2026	24 918	22 232	2 686	12.1%
2027	24 918	22 008	2 910	13.2%
2028	24 918	21 568	3 350	15.5%

9.2 Demand and supply at the secondary level

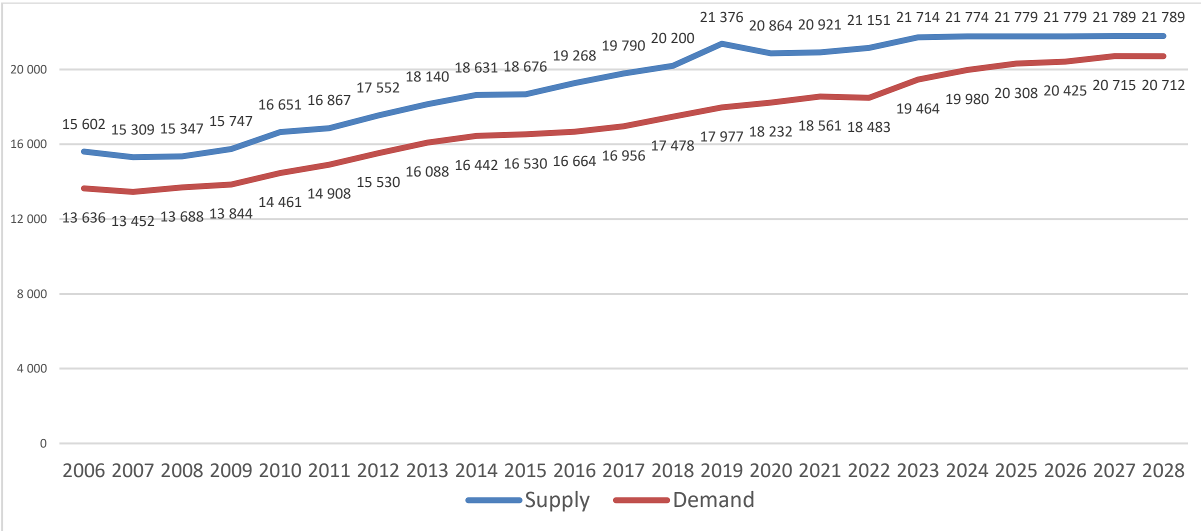
9.2.1 Based on the projected number of local and non-local students in international schools at the secondary level, as presented in Chapter 8 above, the total demand for international school places at the secondary level is projected to increase from 19 464 in 2023/24 to 20 712 in 2028/29, or by 6.4%. Details on the projected enrolment in 2024/25 to 2028/29 are shown in the table below. It may be worth noting that the percentage of non-local students is projected to decrease from 65.2% in 2023/24 to 54.9% in 2028/29.

Table 9.3: Actual (2006/07-2023/24) and projected (2024/25-2028/29) demand for places in international schools at the secondary level

School Year	Local students	Non-local students	Total	% of non-local
2006	1 627	12 009	13 636	88.1%
2007	1 387	12 065	13 452	89.7%
2008	1 855	11 833	13 688	86.4%
2009	1 358	12 486	13 844	90.2%
2010	1 428	13 033	14 461	90.1%
2011	1 789	13 119	14 908	88.0%
2012	2 074	13 456	15 530	86.6%
2013	2 442	13 646	16 088	84.8%
2014	2 718	13 724	16 442	83.5%
2015	2 931	13 599	16 530	82.3%
2016	3 157	13 507	16 664	81.1%
2017	3 507	13 449	16 956	79.3%
2018	3 987	13 491	17 478	77.2%
2019	4 317	13 660	17 977	76.0%
2020	5 093	13 139	18 232	72.1%
2021	5 612	12 949	18 561	69.8%
2022	6 222	12 261	18 483	66.3%
2023	6 780	12 684	19 464	65.2%
2024	7 520	12 460	19 980	62.4%
2025	8 038	12 270	20 308	60.4%
2026	8 471	11 954	20 425	58.5%
2027	8 935	11 780	20 715	56.9%
2028	9 333	11 379	20 712	54.9%

9.2.2 While the demand for places is projected to increase generally during the forecast period, the supply of places in international schools at the secondary level is expected to continue to increase slightly based on the schools' earlier plans, and flat out in 2027/28. As shown in the chart below, the supply of international school places at the secondary level is projected to increase slightly from 21 714 in 2023/24 to 21 789 in 2028/29 or by 0.3%. There is and will be a surplus of international school places at the secondary level. The surplus provision is projected to be diminishing during the forecast period from 2024/25 to 2028/29.

Chart 9.2: Actual (2006/07-2023/24) and projected (2024/25-2028/29) demand and supply of places in international schools at the secondary level



9.2.3 As detailed in the table below, the number of surplus international school places at the secondary level is projected to decrease from 2 250 in 2023/24 to 1 077 in 2028/29. In relative terms, the surplus provision expressed as a percentage of total demand is projected to decrease from 11.6% in 2023/24 to 5.2% in 2028/29. It should be noted that the decrease in the number and percentage of surplus provision is largely due to the projected increase in demand in the coming years.

Table 9.4: Actual (2006/07-2023/24) and projected (2024/25-2028/29) demand and supply of places in international schools at the secondary level

School Year	Supply	Demand	Surplus provision	Surplus as % of demand
2006	15 602	13 636	1 966	14.4%
2007	15 309	13 452	1 857	13.8%
2008	15 347	13 688	1 659	12.1%
2009	15 747	13 844	1 903	13.7%
2010	16 651	14 461	2 190	15.1%
2011	16 867	14 908	1 959	13.1%
2012	17 552	15 530	2 022	13.0%
2013	18 140	16 088	2 052	12.8%
2014	18 631	16 442	2 189	13.3%
2015	18 676	16 530	2 146	13.0%
2016	19 268	16 664	2 604	15.6%
2017	19 790	16 956	2 834	16.7%
2018	20 200	17 478	2 722	15.6%
2019	21 376	17 977	3 399	18.9%
2020	20 864	18 232	2 632	14.4%
2021	20 921	18 561	2 360	12.7%
2022	21 151	18 483	2 668	14.4%
2023	21 714	19 464	2 250	11.6%
2024	21 774	19 980	1 794	9.0%
2025	21 779	20 308	1 471	7.2%
2026	21 779	20 425	1 354	6.6%
2027	21 789	20 715	1 074	5.2%
2028	21 789	20 712	1 077	5.2%

9.2.4 In reading the above surplus figures, it should be noted that keeping a certain level of surplus is reasonable since the demand for international schools are more susceptible to fluctuation due to the movement of non-local expatriate families. There is a need for schools to maintain certain vacancies at each grade to cater for *ad hoc* new demands from children of different age and level. This is especially so for those schools which offer national curricula.

Chapter 10 Observations and Recommendations

10.1 Meeting the demand for international school places

Continuous monitoring of the provision of international school places

10.1.1 As discussed in Chapter 9 above, it is projected that there will be an overall surplus of places in international schools at both the primary and secondary levels. At the primary level, the surplus provision is projected to increase from 9.7% of the projected demand in 2023/24 to 15.5% of the projected demand in 2028/29. At the secondary level, the surplus provision is projected to decrease from 11.6% of the projected demand in 2023/24 to 5.2% of the projected demand in 2028/29.

10.1.2 The increase in the surplus provision of international school places at the primary level is mainly due to the decrease in demand. As discussed in Chapters 8 and 9 above, the total enrolment in international schools at the primary level is projected to decrease from 22 610 in 2023/24 to 21 568 in 2028/29; and at the secondary level, increase from 19 464 in 2023/24 to 20 712 in 2028/29. The decline in enrolment at the primary level is mainly due to the projected decrease in the number of local students, from 7 957 in 2024/25 to 6 939 in 2028/29. The increase in enrolment at the secondary level is mainly due to the projected increase in the number of local students from 7 520 in 2024/25 to 9 333 in 2028/29.

10.1.3 Given the decrease in the number of non-local students in recent years, it is not surprising that by extrapolating the time series data we can see that such a decline will continue. Findings of the Business Survey and in-depth interviews with some representatives of consulates, chambers of commerce and business corporations also indicate that the projected decrease in the enrolment of non-local students does not seem unlikely, even though they were also acutely aware of the high degree of uncertainty on future demand, having regard to the speed and degree of the rebound of Hong Kong's economy.

10.1.4 For instance, as discussed in Chapter 7 above, only about 7.6% of business corporations indicated that in the coming seven years they had plans to increase their employment size, while more than half (64.2%) were not sure. Only about 6.3% business corporations indicated that in the coming seven years they would recruit or relocate from offices outside Hong Kong target employees, while more than half (62.9%) were not sure. On the other hand, among the business corporations with the target employees, about 2.2% had plans in the coming seven years to lay off, to relocate to offices outside Hong Kong or to replace the target employees with local staff, while more than half (63.5%) had no such plan. In short, there is a high degree of uncertainty concerning the future changes in the demand for international school places from non-local students.

10.1.5 Views of representatives of consulates, chambers of commerce and business corporations interviewed were mixed. On one hand, it was pointed out by several interviewees that once the target employees had left Hong Kong and relocated to other places, when stringent COVID-19 epidemic measures were enforced in Hong Kong, these target employees would unlikely return to Hong Kong, especially for those with children, when they have already settled down in places outside Hong Kong.

10.1.6 On the other hand, it was pointed out by several others interviewed that while that there had been a decrease in the number of expatriates in Hong Kong, such a declining trend appeared to have stopped. It should also be noted that for those interviewed in early phase of the study, when the stringent measures related to COVID-19 epidemic were still in place, the outlook painted by those interviewees on the number of target employees coming to Hong Kong was bleak. The views of those interviewed during the first half of 2023, when most measures related to COVID-19 epidemic were removed, were more upbeat. Several of them were confident that government measures in attracting talents implemented from the end of 2022 should help attract more talents to Hong Kong. It was also pointed out that many large foreign business corporations were maintaining their presence in Hong Kong and the senior management staff of these business corporations were mainly expatriate staff.

10.1.7 Views of international schools enumerated in the School Survey were also mixed. Six international schools anticipated that there would be an increase in admission applications from non-local students, while some other 20 schools anticipated that there would be a decrease in admission applications from non-local students.

10.1.8 To sum up from the above discussion, while the projected demand for international school places, as presented in Chapters 8 and 9 above, are still plausible, on the strength of statistical data available so far, there is a certain degree of uncertainty as to the future changes in demand from non-local students in particular which has to be taken on board in planning the provision of international school places.

10.1.9 Hong Kong's future success and prosperity hinges on whether we could maintain an abundant supply of quality talents to meet the market demand. To this end, as set out in the 2022 and 2023 Policy Address, the Government launched a series of initiatives and measures to trawl talents in a bolder, more targeted, and proactive manner with a view to admitting at least 35 000 talents annually with an intended duration of stay of at least 12 months through the talent admission schemes from 2023 to 2025, representing a 40% increase over the annual average number in 2020 and 2021. By the first 11 months of 2023, the Government announced that around 81 000 talents approved under various talent admission schemes had arrived in Hong Kong, which had far exceeded the annual target, reflecting the response to the schemes has been very positive. The actual effect regarding these admission schemes and related measures are yet to be evaluated in the present Study, though this report has taken into account the latest population data released by the Census and Statistics Department in mid-August 2023 and the latest GDP forecasts estimated by the Office of Government Economist in November 2023, which have already factored in the effect of the various talent schemes. In this regard, the Government should regularly review the projection of demand for internationals school places, especially when such schemes or talents from around the world may come to Hong Kong and stay in Hong Kong.

<u>Recommendation 1</u>

10.1.10 In view of the Government's strong initiatives and measures on attracting talents to come to and stay in Hong Kong, there are quite a lot of uncertainties related to the future demand for international school places, in particular those from non-local students. It is recommended that the Government should regularly monitor and review the supply of and demand for international school places.

Managing the surplus provision of international school places

10.1.11 The analysis of demand and supply of international school places presented in Chapter 9 above shows that there is and will be a surplus provision of international school places at both the primary and secondary levels. The surplus provision at the primary level is projected to be widening in the coming years, from 9.7% of demand in 2023/24 to 15.5% in 2028/29. The surplus provision at the secondary level is projected to be diminishing in the coming years, from 11.6% of demand in 2023/24 to 5.2% in 2028/29. Overall speaking, readers should be mindful that keeping a certain level of surplus is reasonable since the demand for international schools are more susceptible to fluctuation due to the movement of non-local expatriate families. In practice, there is a need for schools to maintain certain vacancies at each grade to cater for ad hoc new demands from children of different age and level.

10.1.12 The surplus provision of international school places should be welcomed by local and non-local students applying for places in international schools. However, it was opined by several international school principals interviewed that the competition for international school places was very keen if parents merely chose the few international schools that were considered as "the best of the best". Places at these few international schools were always oversubscribed with hundreds of applicants placed on the waiting lists. And, very often the candidates would be found on the waiting lists of multiple schools, too. From the perspectives of these parents, needless to say, there was always an acute shortage of international school places.

10.1.13 It was pointed out by several principals interviewed that for other international schools that were not as popular, they were having a hard time filling their vacant places. These schools had difficulties maintaining respective enrolments regarding the student-mix requirement[10] of local and non-local students. In the event that there were inadequate applications from non-local students or that some of their non-local students left Hong Kong or transferred to other schools, the international schools concerned could not accept more local students to fill the vacant places available at the school. This would have an adverse impact on the financial viability of the international schools concerned.

10.1.14 A principal remarked that it would take many years for a school to build up its reputation and become popular among parents of both local and non-local students. For those newly opened international schools, the problems of a sudden decrease in demand from non-local students in recent years were particularly acute.

10.1.15 Admittedly, international schools are privately operated enterprises. There is little justification for government financial assistance to ensure that they could weather the ups and downs of the business cycle in the international education sector. Nevertheless, international schools perform an important role in helping businesses in attracting and retaining foreign talents and in turn maintaining

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[10] Since 2007, school sponsoring bodies of international schools that are allocated school premises or sites are required by the EDB to enter into a service agreement with EDB. The agreement terms include a requirement on the percentage of non-local students to be admitted. These international schools were required under the service agreement to enroll no less than 70% of non-local students since 2009.

Hong Kong's competitiveness. Findings from the Business Survey show that for business corporations with target employees, as discussed in paragraph 7.3.3, more than half agreed or fully agreed that "*having international schools preferred by parents is very important to Hong Kong as city for international business*" and that "*having international schools preferred by parents in Hong Kong will help attract talents from outside Hong Kong to come to work in Hong Kong*". Indeed, during discussions with representatives of consulates and chambers of commerce, all of them commended that international schools in Hong Kong were highly reputable in delivering quality education programmes. Having good international schools was important in helping businesses in attracting and retaining foreign talents in Hong Kong.

10.1.16 It should also be noted that the proportion of non-local students at the secondary level is projected to decrease from 65.2% in 2023/24 to 54.9% in 2028/29 (paragraph 9.2.1). In other words, the proportion of local students at the secondary level is projected to increase from 34.8% in 2023/24 to 45.1% in 2028/29. Such projections are based on extrapolation of past trends which in turn are heavily influenced by changes in recent years. In practice, such trend would be curbed as the mix of local students would be capped by the current policy on the general requirement that the international schools have to enroll no less than 70% of non-local students (i.e. the "student-mix requirement"). Should there be an upsurge in demand from non-local students, arising from recent strong government initiatives and measures on attracting talents to come to and stay in Hong Kong, the demand might be partially met in the short run owing to this student-mix cap.

10.1.17 Amid the COVID-19 epidemic, the Government noted that some non-local students had moved back to their hometowns with their families leading to a higher than usual dropout rate among non-local students. The Government had therefore temporarily relaxed the requirement on the percentage of non-local students in the 2020/21 and 2021/22 school years for several newly-established international schools, having regard to the actual circumstances of individual schools. Nevertheless, the majority of their student population should remain non-local students.

Recommendation 2

10.1.18 *In view of the uncertainty on the demand from non-local students, and drawing reference from the experience of flexible approach during the past few years in managing the impact of COVID-19 epidemic, consideration could be given to* *temporarily allow some flexibility for international schools in respect of their student-mix requirements when such a need arises, after due consideration of various factors, so that once there is economic rebound, the schools could be receptive to short-term fluctuation in the demand from non-local students.*

Facilitating the school sector

10.1.19 Several principals interviewed pointed out that although international schools were privately run which were subject to market mechanism, the international schools were also regulated by the Government. In fact, like all other schools, the premises and teachers of international schools need to be registered, and fees to be approved as well. Given the important role played by international schools in Hong Kong, some interviewees considered it desirable to have some government facilitation measures to assist the international schools to cope with changes over time, in response partly to the ups and downs of the business cycle.

10.1.20 For instance, some interviewees suggested that international schools should be allowed flexibility in adjusting their provision of places in response to changing demand from both local and non-local students, at both primary and secondary level, against the commitment at their respective Service Agreements with the Government. It should, however, be fully justified having due consideration of various factors including the enrolment situation, the projected demand and the operating quality of individual schools.

10.1.21 On the other hand, as set out in the 2022 and 2023 Policy Address, the Government aimed to admit at least 35 000 talents annually with an intended duration of stay of at least 12 months through the talent admission schemes from 2023 to 2025, representing a 40% increase over the annual average number in 2020 and 2021. By the first 11 months of 2023, the Government announced that around 81 000 talents approved under various talent admission schemes had arrived in Hong Kong, which had far exceeded the annual target, reflecting the response to the schemes has been very positive. The actual effect regarding these admission schemes and related measures are yet to be evaluated in the present Study, though this report has taken into account the latest population data released by the Census and Statistics Department in mid-August 2023 and the latest GDP forecasts estimated by The Office of Government Economist in November 2023, which have already factored in the effect of the various talent schemes. As opined by a representative of a chamber of commerce consulted, the various visa schemes were welcome by the business community. In the event of a sharp rebound of demand for international school places from non-local students, it is desirable that international schools could promptly expand their provision of places, at either primary or secondary level or both, to meet the increase in demand from non-local students.

10.1.22 As discussed in paragraph 4.3.6 above, the majority of international schools considered government measures such as "*expediting the procedures required in school expansion*", "*provision of capital loan for the construction of the school premises*" and "*providing more support (e.g. professional development of teachers) to schools admitting students with SEN*" very helpful or helpful. It is therefore desirable that the Government might consider measures that can quickly be put in place to assist the schools in implementing school expansion programme, if required.

Recommendation 3

10.1.23 To help international schools cope with the demand from non-local students, consideration should be given to allow international schools to adjust (both upwards or downwards) their committed school places under the Service Agreements signed with the Government, and on the other hand facilitate their expansion when there is rebound in the demand for international schools from non-local students.

Enhancing accessibility of information

10.1.24 The international school sector is privately operated and subject to the market mechanism of changing demand and supply. That said, the market mechanism is still subject to a regulatory framework governing, among others, the quality of education and the student mix for local and non-local students.

10.1.25 During discussions with representatives of consulates and chambers of commerce, it was suggested that efforts should be devoted to making international schools more accessible to potential parents and students, and to minimising efforts made by parents in securing international school places for their children. Consideration could be given to setting up some mechanism to provide parents with information such as the availability of school places in different schools. It is, however, understandable that this idea might not be welcome by the schools given their competitive role.

10.1.26 During discussions with parents, many of them said that they could not gain access to comprehensive information about international schools in Hong Kong, including the types of curricula offered, the number of places available to local or non-local students, the fees charged and other related expenses and the admission arrangement. Unlike those who were employed by large corporations that hired relocation agencies to help parents to find international school places, many had to search for the information on their own. It was suggested by parents interviewed that information of various international schools in Hong Kong should be more accessible to potential parents.

Recommendation 4

10.1.27 *To enhance the accessibility of information of the international school sector, consideration should be given to augment the information flow between international schools and potential parents/students.*

10.2 Provision of special education services

10.2.1 As discussed in paragraph 6.1.2 above, findings of the School Survey show that the majority of international schools and PIS/other private schools provided education support to students with special educational needs in an integrated education setting. Most of these schools also had admission policy for students with special educational needs.

10.2.2 During discussions with the principals of these schools, it was pointed out that schools in general were adopting an inclusive approach with emphasis placed on addressing the needs of students with a variety of backgrounds, learning modalities, and abilities. Once the children had been admitted to the schools, every effort would be made to cater for the diverse needs of these children, including those with special educational needs. They considered having students with different abilities, aptitudes and interests in the schools would be conducive to the whole-person development of their students. That said, since these schools in Hong Kong are privately run, provision of services to students with special educational needs would always be subject to the resources that the schools could deploy, and cross-subsidy from those who do not require such services is highly likely.

10.2.3 Echoing the views of principals presented above, several parents were of the views that international schools, PIS and other private schools could not possibly cope with different types of special educational needs without raising school fees. Some quoted examples that schools would have difficulty acquiring expensive hardware to accommodate the needs of children with physical disabilities.

10.2.4 It was also noted by several principals that there were schools in Hong Kong which had many years of experience offering supporting services to students with special educational needs. Those schools with richer experience and expertise should be encouraged to conduct sharing sessions with the international schools community to share good practices and expertise in this regard.

Recommendation 5

10.2.5 It is recommended that the Government should continue to encourage the provision of special education services by international schools to cater for students with mild to moderate SEN in an integrated setting.