Parents and alumni of St. Stephen's Girls' College have won the battle against the school's decision to join the direct subsidy scheme - at least for now.

For a five-member taskforce, set up in July, recommended the school temporarily alter the plans because of the division it has created. "We hope to restore unity and to coexist despite our disagreements," said taskforce chairwoman Angelina Yuen Tsang Woon-kai, pointedly.

The school accepted the recommendation on August 19. Whether it will accept the recommendation is up in the air, with Yuen declining to speculate on whether the school will propose a switch down the road, saying it is a question for future stakeholders.

St. Stephen's climbdown may be wise: in February, St. Paul's Secondary School in Happy Valley filed an application for DSS status with the Education Bureau in the face of strong opposition from parents and ex-students. The application was rejected on July 23.

Jody Wong, with one daughter in St. Paul's Secondary School and another in its feeder school, St. Paul's Primary Catholic School, fears the school's transfer will apply again.

"It feels like a Sword of Damocles hanging over our heads," said Wong. But despite the opposition, one can certainly see why schools would want to switch: DSS schools have seen record turnouts at their briefing sessions for prospective Primary One students and their parents.

For instance, around 2,000 parents competed for just 150 places in the primary division of Diocesan Boys' School, which feeds its secondary counterpart, a grant school. Grant schools comprise of 22 prestigious English-medium secondary schools founded by missionaries and church organizations, typically at the turn of the century, that belong to the Grant School Council.

Supply and demand

Similarly, other DSS counterparts of DBS primary like Po Leung Kuk Canoe Kuk Shiu Lin Primary School received 6,335 applications for 165 places this year, compared to around 5,700 last year.

The dichotomy between DSS schools being discredited by parents and ex-students, who oppose any move by long-established grant schools, such as St. Paul's and St. Stephen's, to switch to DSS, and parents desperate to get their kids in the door is enormous.

"It's simply a matter of demand and supply," said Maria Lam Woon-sam, principal of Ying Wa Primary School.

And market principles seem to indicate that the logical next step would be to increase the number of DSS schools.

Currently, 74 DSS schools comprise about 4.6 percent and over 12 percent of primary and secondary school places, respectively, in Hong Kong.

"Education is not supposed to be a business," said Amanda Liw Ngai-ling, a graduate of Diocesan Girls' School, the first cohort of students to enter her school when it first switched from aided to DSS.

"The incentive [that drives schools] should be education as a basic human right."

But the strong opposition to DSS status from parents and alumni suggests that potential problems with the system need to be addressed. "With over 60 DSS schools now, I think the DSS sector is already saturated," said June Chan Yin-hung, principal of Munsang College.

"Fees are a genuine burden on parents," she added. "The parents who can afford DSS and international school fees are just a small group. You still need to provide a large quantity of places for everybody else. If you keep expanding in this sector [of fee-charging schools] and poor people have less choice as a result, it shouldn't be done.

And the unwillingness to charge higher fees is the reason why Munsang College, a Band One English-medium secondary school in Kowloon City, does not want to become a DSS school.

Munsang had come close to considering the DSS option, especially when the bureau announced that secondary schools wanting to continue accepting students from feeder schools must make an application, where both schools must operate under the same financial mode or discontinue their relationships, by 2015.

Under this policy, Munsang cannot maintain its feeder school relationship, which has existed since 1978, unless it switches to DSS because its primary school, located in the same campus, is privately run.

The bureau is reviewing this "through-train" mode policy, and a handful of schools, such as Po Chi Middle School in Ho Man Tin, are in a similar situation.

Nevertheless, Chan is confident that the school's negotiations with the bureau will allow them to maintain the status quo.

But she questions whether changing higher fees is necessary for long-established schools with a solid alumni base, like Munsang, founded in 1926.

Chan also cited the lack of job security for teachers as a disadvantage of aided schools switching to DSS.

One example touted is the government-managed retirement schemes for teachers in aided schools, apart from grant schools, who switch to DSS. They now have to join the mandatory provident fund scheme after five years.

While the MPR contribution rate is flat 5 percent, it is 5 percent to 15 percent of a teacher's salary (depending on years of service) in aided schools.

"I know of some aided schools that turned DSS schools that have lost teachers. This has a definite impact on the quality of teaching," said Chan of Munsang.

However, the head of education policy at the Hong Kong Institute of Education does not agree.

"I don't think the DSS sector will become saturated because there is always a market for parents," Ng Shin-wai, said.

Even parents who prefer the best government and aided schools see Band One and Two DSS schools as a back-up, he added. But DSS schools do offer more choices, said Lam of Ying Wa.

"[DSS schools] admit children based on Munsang College principal June Chan does not want her school to join the DSS scheme."
Some fine-tuning of the direct subsidy scheme is in order once the dust from the St Stephen's row settles, *Apple Lam and Beatrice Siu* report.

their performance in interviews. It is free and fairer for them," she said.

Echoing Lam's views, Donna Yip, an accountant with a 5½-year-old daughter, said DSS schools “provide more flexibility. Government or aided schools give places through the central allocation. The result is more uncertain.”

Lam said that while it's hard to say whether the DSS scheme has become saturated, she feels that fee remissions and scholarships are not useful.

Many schools fail to use up their fee remission and scholarship reserves. In 2009-2010, only 30 out of 72 DSS schools used up all their reserves. Instead, keeping fees low is the key to attracting low-income students, said Lam.

Her school, located in the low-income district of Sham Shui Po, charges just HK$15,000 a year.

Denying the argument that DSS schools will only accept the cream of the crop, Lam said: “DSS does not necessarily keep poor students at bay. We can keep fees low and help them out in other ways, such as the second-hand uniform program.”

**Working-class students**

However, Ng To-pang, principal of Mu Kuang English School in Kwan Tong, believes charging lower fees is far more effective than fee remissions and scholarships.

“Working-class students can still get in the door. Even if it takes a little more work to pay the fees, they will come,” he said.

Incidentally, Mu Kuang has a history of admitting low-income students.

“If you make the switch just to get the best students for yourself or more resources than necessary to meet their needs and abilities, then the purpose of education is lost,” Ng added.

But Cheung Siu-ming, principal of Creative Secondary School, thinks a part of the fee remission and scholarship policy needs to be reviewed.

Schools which charge more than two-thirds of the government subsidy per student must not exceed 10 percent of their income below the two-thirds threshold and 50 percent of additional income above the threshold.

“We don’t particularly want to keep on raising our school fees. But if we want to maintain the quality in our education, we need to set aside a highly unreasonable amount of money. So if we don’t raise our fees, we have to increase the size of our classes and refrain from improving our programs,” said Cheung.

He added that the fee remission and scholarship reserve cannot be used meaningfully because schools charging high fees, like his, cannot attract needy students.

Meanwhile, DSS schools can charge next to nothing, as in the case of Delta Memorial School, up to Secondary Three, or Li Po Chun United World College, which charges HK$98,000 a year.

Those in between include St Paul’s Co-educational College (HK$22,000 to HK$78,000 a year) and Creative Secondary School (HK$58,500 to HK$66,400 a year).

Ng Shun-wing of HKIED said the absolute ceiling on DSS fees – two and one-third of the government subsidy per student – is too high.

For example, in 2012/2013, the highest projected government subsidy per student, for schools over 16 years old, for Form Four to Six was HK$47,098. About two and one-thirds of this subsidy comes to approximately HK$109,895.

Fees close to this ceiling are almost on par with a private independent school in Aberdeen – Victoria Shanghai Academy. Their annual fees for Year 11 students come to HK$110,820.

Ng believes that DSS school fees should be regulated. “Rules should be set up to ensure that these are charged at a reasonable level,” he said.

But he thinks it is unfair for some DSS schools, in the same band as some government and aided schools, to have more resources at their disposal.

“Since the government has no concrete proposal to allocate resources in a fairer manner, I suggest that the government stops approving new DSS applications," he said.

Although many educationists, parents and other stakeholders would like to see a major revamp of the DSS scheme, government bureaucracy will probably mean that only parts of the policy will be tweaking, such as the proportion of income from tuition fees, that have been set aside for fee remission and scholarships, and an upper limit on school fees.

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Unlike schools like Munsang, argument is strong, pre-DSS practitioners like Maria Lam of Ying Wo Primary and Cheung Siu-ming of Creative Secondary School say their system is fairer on students, and the turnout at a Diocesan Boys’ School primary division briefing shows many agree.