



Report on the Development of Education Services in Hong Kong

Education Commission Working Group on the
Development of Education Services in Hong Kong

September 2011

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Executive Summary

1. Education services is identified as one of the six economic areas in which Hong Kong enjoys clear advantages with good potential for further development. To advise the Government on the framework and strategy for developing Hong Kong's education services, the Education Commission (EC) set up the Working Group on the Development of Education Services in Hong Kong (Working Group) in February 2010. Under its terms of reference, the Working Group will, taking into account the Government's stated objectives and latest global development in education services, advise the Government on the following aspects concerning the development of education services in Hong Kong –

- (a) the effectiveness of measures implemented to date to develop Hong Kong as an education hub;
- (b) comparative strengths, weaknesses, opportunities and threats of the development of education services in Hong Kong; and
- (c) strategies, positioning and framework for the development of education services in Hong Kong.

2. Having conducted five meetings and extensive public engagement exercises (through focus group meetings, roundtable discussion and discussion forum), the Working Group has formulated the following 17 recommendations:

Stepping up Promotion and Branding

Recommendation 1

The Government should proactively promulgate to the local and overseas community the policy objectives and the benefits to Hong Kong and local students in developing education services in Hong Kong.

Recommendation 2

A task force should be set up to consider and implement initiatives on branding and promotion of Hong Kong as an education hub.

Recommendation 3

The Education Bureau should continue to lead promotion trips to targeted countries, with better coordination with trips organised by institutions and the Trade Development Council.

Recommendation 4

The Education Bureau should coordinate with institutions and relevant government departments such as Information Services Department, Tourism Commission and overseas economic and trade offices in promoting Hong Kong as a regional education hub.

Recommendation 5

Key statistics and indicators on internationalisation should be compiled by the Government with inputs from institutions concerned.

Developing niche areas

Recommendation 6

Other niche areas in the education sector that possess great potential should be explored, e.g. vocational English, examination and testing services and vocational education such as Chinese cuisine.

Refining tuition fee policy

Recommendation 7

Institutions, both within and outside UGC-funded sector, should charge non-local students at a level that can at least recover all additional direct costs and can consider charging the students at full cost level. The education sector should consider adopting the differential fee model for different disciplines and different institutions, particularly for non-local students provided that no additional public resources would be required for the higher education sector.

Widening the net of non-local students

Recommendation 8

We should diversify the source of non-local students, particularly focusing on the Asian region outside the Mainland and ethnic Chinese in the region as well as in other overseas countries.

Recommendation 9

The Government should explore the possibility of establishing more high-level collaboration with its counterparts in the Asian countries and formulating target measures for attracting students from these economies.

Recommendation 10

Institutions should actively promote student exchange programmes.

Recommendation 11

The Government should consider allowing non-local students to come to Hong Kong on exchange at sub-degree level.

Recommendation 12

The Government should consider allowing non-local students enrolled in sub-degree programmes to take up study/curriculum-related internships.

Recommendation 13

The Government should consider relaxing the immigration arrangement for selected programmes at below sub-degree level.

Recommendation 14

The length of stay granted to non-local students should be in line with the normal duration of their study programmes.

Recommendation 15

The Government should continue to explore the feasibility of further relaxing the existing restrictions on immigration arrangement such as allowing Mainland students to study in non-local courses and other measures concerning the school sector.

Enriching the experience of non-local students

Recommendation 16

Institutions should further enhance the learning experience of non-local students and foster interaction among local and non-local students. Institutions are encouraged to share best practices with each other and work together to develop innovative programmes in this respect.

Recommendation 17

The Government should step up its efforts in providing more hostel places for the higher education sector, including expediting the implementation of joint-hostel projects. Institutions should also consider other innovative means to complement the efforts.

Chapter 1

Introduction

Working Group on the Development of Education Services in Hong Kong

1.1. The Task Force on Economic Challenges chaired by the Chief Executive (CE) has identified education services as one of the six economic areas¹ in which Hong Kong enjoys clear advantages with good potential for further development. Subsequently, the CE has stated in the 2009-10 Policy Address that the objective of developing education services is to enhance Hong Kong's status as a regional education hub and nurture talents for other industries, boosting Hong Kong's competitiveness and facilitating our long term development.

1.2. To advise the Government on the framework and strategy for developing Hong Kong's education services, the Education Commission (EC) set up the Working Group on the Development of Education Services in Hong Kong (Working Group) in February 2010. Under its terms of reference, the Working Group will, taking into account the Government's stated objectives and latest global development in education services, advise the Government on the following aspects concerning the development of education services in Hong Kong:

- (a) the effectiveness of measures implemented to date to develop Hong Kong as an education hub;
- (b) comparative strengths, weaknesses, opportunities and threats of the development of education services in Hong Kong; and
- (c) strategies, positioning and framework for the development of education services in Hong Kong.

The membership and terms of reference of the Working Group are at **Annex I**.

¹ The other five economic areas are testing and certification, medical services, innovation and technology, cultural and creative industries, and environmental industry.

1.3. The Working Group held five meetings to take stock of local and overseas experiences as well as discuss key issues, strategies and framework for further development.

1.4. Recognising the importance of securing public support in the development of education services, the Working Group conducted the following public engagement activities :

- (a) *Focus groups:* The Working Group held eight focus groups in June and July 2010 to facilitate in-depth sharing and discussion with specific target groups, including local students, Mainland students, non-local students from outside the Mainland, representatives of admission and international offices of higher education institutions and alumni of overseas institutions.
- (b) *Roundtable discussion:* A roundtable discussion was organised in September 2010 to consult leaders of the academic community (e.g. heads of local higher education institutions), major chambers of commerce and think tanks.
- (c) *Discussion forum:* The Working Group held a discussion forum for the education sector in December 2010 to consult school heads, teachers, students and representatives of parent-teacher associations.

Summaries of comments received are set out at **Annexes II to IV**.

Organisation of the Report

1.5. This report sets out the key deliberations of the Working Group. Chapter 2 elucidates on the policy objectives and measures implemented to develop education services. Chapter 3 presents an analysis of Hong Kong's strengths, weaknesses, opportunities and threats as a regional education hub and lessons learned from overseas experience. Chapter 4 outlines possible positioning and strategic framework for developing education services. Chapter 5 sets out our recommendations.

Chapter 2

Education Services: Policy and Implementation

Policy Objectives

2.1. As stated in the CE's 2009-2010 Policy Address, the objective of developing education services is to enhance Hong Kong's status as a regional education hub and nurture talents for other industries, boosting Hong Kong's competitiveness and facilitating our long term development. In the longer term, the development of education services will bring synergy to other economic activities, create job opportunities and complement Hong Kong's status as Asia's world city.

2.2. At the outset, it is apparent to us that the concept of "education services" may convey ambiguous messages. Education has traditionally been regarded as a form of non-profit-making social service in Hong Kong. When "education services" is identified among the priority economic sectors for further development, it is not surprising that some people may wonder whether there is a policy shift towards developing education services as an income-generating activity. Indeed, in all public engagement sessions, the meaning of education services and the purpose of developing education services were always among the first questions to be raised. Participants felt strongly that the purpose of developing education services should not be generating profit or commercialising education. In fact, these views are in line with Government's policy intention.

2.3. The Working Group has the following general observations:

- (a) Since 2007, Hong Kong Government has promulgated its policy to develop Hong Kong as a regional education hub. The development of education services is a further step in this direction, and is worthy of support.
- (b) Given the apparent gap between Government's intention and public perception of the meaning and objectives of

developing education services, it is necessary to articulate the policy objectives more clearly and reiterate these messages from time to time.

- (c) Whilst education should continue to be offered on a non-profit-making basis to meet the needs of local community, experiences in some countries such as Australia and UK show that there is scope for developing certain niche areas (e.g. admitting non-local students or exporting education programmes or materials) so that education services can become an important economic sector with significant contribution to their GDP. Their experiences may shed light on whether and how Hong Kong can further develop its education sector.

Policy Implementation

2.4. The Government has stated that it will develop education services through internationalisation and diversification of the sector. These two directions and ancillary measures have injected fresh impetus into the Hong Kong's development as a regional education hub.

Internationalisation

2.5. The Working Group considers internationalisation a step in the right direction. Indeed, Hong Kong takes pride in its high degree of internationalisation. In a globalisation index² published in early 2011, Hong Kong ranks first among 60 large economies, followed by Ireland and Singapore. In order to ensure Hong Kong can maintain this advantage, our education system needs to embrace a high degree of internationalisation so that our students possess a global outlook and can upkeep the level of internationalisation of Hong Kong.

² The Globalisation Index 2010, released by Ernst & Young in cooperation with the Economist Intelligence Unit (EIU) in January 2011, measures and tracks the performance of the world's 60 largest economies in five broad categories: openness to trade; capital movements; exchange of technology and ideas; movement of labour; and cultural integration. Hong Kong ranks first in openness to trade, capital movements and cultural integration.

Admission of non-local students

2.6. One key aspect of internationalisation is to attract quality non-local students to study in Hong Kong and stay and work here upon graduation. Admitting non-local students is also beneficial to our local students through creating a multi-lingual and multi-cultural environment and bringing in new ideas and perspectives. Through this process, it will also further internationalise our higher education sector and broaden the horizons of our local students so that they are better prepared for the increasingly globalised and competitive environment.

2.7. We support policies to encourage non-local students to stay in Hong Kong after graduation. We share the Government's view that this will enlarge our talent pool and improve the quality of our population, and in turn support various sectors of the economy and increase the competitiveness of Hong Kong's economy. We also believe that non-local students who leave Hong Kong after graduation would help build up Hong Kong's academic and economic influence wherever they are.

2.8. In the 2007-08 Policy Address, the CE announced a basket of measures to further develop Hong Kong into a regional education hub. This includes doubling the non-local student quotas of the publicly-funded programmes to 20%, establishing the \$1 billion HKSAR Government Scholarship Fund to provide government scholarships to outstanding local and non-local students, and relaxing employment and immigration restrictions on non-local students. All these aim to increase the competitiveness of Hong Kong as a regional education hub in attracting non-local students to study here.

2.9. Currently, non-local students, with some restrictions, can come to Hong Kong to study / engage in –

- (a) publicly-funded locally-accredited programmes (e.g. publicly-funded programmes offered by the eight University Grants Committee (UGC)-funded institutions);
- (b) self-financing locally-accredited programmes;
- (c) non-local courses;

- (d) short-term courses;
- (e) primary and secondary education; and
- (f) student exchange.

(a) *Publicly-funded locally-accredited programmes*

2.10. Publicly-funded locally-accredited full-time programmes at sub-degree, degree and taught postgraduate levels are allowed to admit non-local students (including those from the Mainland, Macao and Taiwan) up to 20% of the approved student number targets. Full-time research postgraduate programmes are allowed to admit non-local students without any quota restriction. As for part-time programmes, publicly-funded locally accredited taught postgraduate programmes are allowed to admit non-local students (except those from the Mainland) up to a quota of 20% of the approved student number targets. As regards Mainland students, only part-time postgraduate taught programmes offered by the UGC-funded institutions can admit them. Part-time taught postgraduate programmes offered by other institutions, or part-time programmes offered at other levels (i.e. sub-degree, degree and research postgraduate), are not allowed to admit non-local students.

2.11. Over the last decade, we have witnessed a substantial growth in the number of non-local students in the sector. The number of non-local students in UGC-funded programmes has increased from 1 611 (1.9% of the total enrolment) in 1999/2000 academic year to 10 106 (13% of the total enrolment) in 2010/11 academic year. The breakdown in non-local student numbers for the 2010/11 academic year is set out in the following table:

Level of study	Non-local students	Total student population	% of non-local students
Sub-degree	5	7 767	0.1%
Undergraduate	5 598	57 565	9.7%
Taught postgraduate	65	3 578	1.8%
Research postgraduate	4 438	6 525	68.0%
Total	10 106	75 435	13.4%

(b) Self-financing locally-accredited programmes

2.12. Self-financing locally-accredited full-time programmes at sub-degree level or above may admit non-local students. For programmes at sub-degree and degree levels, while no quota is applied to students from other places, students from the Mainland, Macao and Taiwan are subject to a quota of 10% of the local student enrolment in the preceding year. There is no quota for programmes at postgraduate level. Moreover, only institutions with degree-awarding power may admit students from Mainland to its programmes at degree level or above.

2.13. Self-financing locally-accredited part-time taught postgraduate programmes may admit non-local students (excluding those from the Mainland) without any quota restriction. Students from the Mainland are allowed to enrol into part-time self-financing taught postgraduate programmes offered by the eight UGC-funded institutions without any quota restriction.

2.14. Non-local student numbers for self-financing post-secondary programmes for the 2010/11 academic year are set out in the following table –

Level of study	No. of non-local students	Total student population	% of non-local students
Sub-degree (full-time)	510	52 154	1%
Undergraduate (full-time)	501	17 019	3%
Taught postgraduate (full-time and part-time)	6 761	35 351	19%
Total	7 772	104 524	7%

2.15. We notice that this is a fast expanding area and some programmes, especially taught postgraduate programmes and executive programmes, are very attractive to non-local students. For example, 76% of the 584 students who have participated in the Executive MBA programme offered by Kellogg-Hong Kong University of Science and Technology (HKUST) since it started in 1998 have origins from outside the Mainland China and Hong Kong. We consider that this is an area which will continue to enjoy impressive growth in the coming years.

(c) Non-local courses

2.16. Currently, there are around 1 200 non-local courses operated by non-local institutions or in collaboration with our local institutions, leading to the award of non-local higher academic qualification or professional qualification. These courses are allowed to admit non-local students (excluding those from the Mainland, Macao and Taiwan) without any quota restriction.

(d) Short-term courses

2.17. Since May 2008, the Government has allowed non-local students (including those from the Mainland, Macao and Taiwan) to pursue short-term studies in Hong Kong for up to 180 days, provided that the programme concerned is offered by Hong Kong higher education institutions with degree-awarding powers (excluding their continuing and professional education arms). Between May 2008 (when the relaxed scheme was put in place) and December 2010, 1 596 applications were approved.

(e) Primary and secondary education

2.18. At the primary and secondary level, non-local students (except those from the Mainland, Macao and Taiwan) can enrol in private schools registered under the Education Ordinance (Cap. 279). There are currently 48 international schools in Hong Kong, including 15 schools under the English Schools Foundation (“ESF”). These schools offer a wide range of curricula and the International Baccalaureate (“IB”) programmes for primarily non-local students. The total enrolment is about 31 860 students covering over 30 nationalities.

2.19. The Government has been taking measures to support the development of international schools, including the provision of greenfield sites at nominal premium and vacant school premises for the development or expansion of international schools, and the facilitation of in-situ expansion of existing international schools. In addition, financial assistance in the form of interest-free loan for school building may be offered to non-profit-making international school operators on an application basis. In 2009, the Harrow International School was

allocated an ex-military site at Tuen Mun for the establishment of Hong Kong's first boarding international school. The school will open to around 1 200 primary and secondary students in August 2012 with the aim of gradually extending the roll to 1 500 spaces.

(f) Student exchange

2.20. The existing policy allows non-local students to enter Hong Kong for exchange programmes at degree or above level lasting for up to one year without any quota restriction. In the 2009/10 academic year, there were 3 600 incoming exchange students and 3 500 outgoing students in the UGC-funded sector. It means that one out of around every six undergraduate students in each cohort is involved in exchange activities. =These exchange activities will not only broaden the exposure of the outgoing students, but also help internationalise our local campus by bringing in more non-local students through the reciprocal exchange arrangement.

Other immigration-related measures

2.21. Non-local students of full-time locally-accredited programmes at degree level or above may take up study / curriculum-related internship for not more than one year without any restriction. Moreover, these students are permitted to take up part-time on campus employment for up to 20 hours per week throughout the year, and also employment during the summer months (June to August) without any restriction.

2.22. The Government has also relaxed the immigration control so that non-local graduates, who have obtained a degree or higher qualification in a full-time locally-accredited programme in Hong Kong, might take up employment in Hong Kong after graduation so long as the job is at a level commonly taken up by degree holders and the remuneration package is at market level. Besides, fresh graduates will be granted a 12 months' stay without any restriction.

2.23. The relaxed scheme enables non-local graduates to stay / return and enhances Hong Kong's attractiveness to non-local students, particularly those from the Mainland. Between May 2008 (when the

relaxed scheme was put in place) and December 2010, 10 101 applications were approved, 8 397 from fresh graduates and 1 704 from returning graduates.

Government scholarships and fellowships

2.24. The Government established in 2008 the \$1 billion HKSAR Government Scholarship Fund to recognise outstanding local and non-local students, with a view to attracting outstanding local students to advance their studies here at home, and meritorious non-local students to pursue higher education opportunities here in Hong Kong. Each academic year, the Fund allocates a sum of money, funded by the investment income, to the nine institutions (i.e. the eight UGC-funded institutions and the Hong Kong Academy for Performing Arts) offering full-time publicly-funded programmes at degree or above levels. The scholarships are \$40,000 per year for local students and \$80,000 per year for non-local students. Once awarded, a scholarship will be tenable for the normal duration of the programme concerned and renewable annually subject to satisfactory academic performance of the awardees.

2.25. In the 2010/11 academic year, scholarship grants amounted to \$29 million were awarded to 514 students at degree or above level. Among them, around 43% were non-local students. Most of the new recipients were first year students which suggested that the institutions have used the scholarships to attract incoming students. Participating institutions have indicated that the scholarship is a very effective means to recruit outstanding non-local students. With an injection of \$250 million in 2011, scholarships will be extended to students enrolled in publicly-funded sub-degree programmes from the 2011/12 academic year.

2.26. Apart from the above scholarship scheme, UGC launched the Hong Kong PhD Fellowship Scheme in 2009 to attract students who would like to pursue their PhD studies in Hong Kong. The scheme provides a monthly stipend of \$20,000, conference attendance and research-related and travel allowance for the awardees for a period up to three years. In the 2010/11 academic year, we received applications from 100 economies and awarded 106 fellowships to students.

2.27. The CE has also announced in his 2010-11 Policy Address that the Government will establish the Self-financing Post-secondary Education Fund with a total commitment of \$2.5 billion to support the further development of the local self-financing post-secondary education sector. One of the major initiatives to be funded by the endowment fund is the Self-financing Post-secondary Scholarship Scheme to provide scholarships to local and non-local students enrolled in self-financing post-secondary programmes. We appreciate the Government's effort in this respect and trust that this initiative can help further internationalise the self-financing sector.

Promotion Efforts

2.28. Our higher education institutions have been carrying out various promotions and recruitment exercises around the region including the Mainland. The Trade Development Council has complemented the institutions' efforts and facilitated their presence at various education fairs. A summary of such promotional activities is at **Annex V**. Nevertheless, despite such efforts and that some of our institutions enjoy prestigious ranking in Asia and the world, the visibility of Hong Kong as an education hub remains low in the region.

2.29. Education Bureau's participation in such promotion efforts has been limited in the past. However, as stated in the CE's 2009-10 Policy Address, it is the government policy to encourage our higher education institutions to step up exchange and promotion in Asia. To facilitate such efforts, the Secretary for Education / the Permanent Secretary for Education led delegations consisting of high-level representatives from local higher education institutions to Malaysia and Indonesia in May 2010, Korea and Japan in July 2010, India in November 2010, and Vietnam and Brunei in April 2011. The key purpose of the visits is to establish ties with the education sector of the targeted countries and update them on Hong Kong's latest initiatives in the development of education services. Besides visiting government departments and universities, education seminars and exhibitions were also arranged to showcase Hong Kong's higher education.

2.30. The institutions considered such visits a very effective way to promote Hong Kong as a regional education hub. In particular, they

suggested that with the involvement of the Education Bureau, more far-reaching relationships could be established with the local Government and education institutions. The Bureau's participation also secured media attraction which helped promulgate the message to the community.

2.31. We consider the Government's increased involvement in promotion a move in the right direction. However, it seems that the efforts among institutions, Trade Development Council and the Government can be better coordinated. For example, the institutions and Trade Development Council went on a roadshow to India in August 2010 and visited a number of local high schools to promote Hong Kong, only to be followed by a visit from a delegation led by the Education Bureau in November 2010. If the two trips took place at the same time, the impact could have been higher.

Other aspects of internationalisation

2.32. Apart from admission of non-local students and student exchange, internationalisation entails other aspects such as building academic partnerships with overseas institutions, establishing research collaborations worldwide and having non-local institutions established their presence in Hong Kong. The Government should not lose sight of the potential for development in these areas.

Diversification

2.33. A more diversified education sector will benefit our students by providing them with more education opportunities and a wider choice. Government measures in this area mainly entail various schemes to support the development of the self-financing higher education sector, including Land Grant Scheme which provides land at nominal premium to institutions, Start-up Loan Scheme which provides interest-free loans to support institutions to develop/refurbish their campus, Quality Enhancement Grant Scheme which provides grants to projects/initiatives related to quality enhancement, and other one-off financial assistance (e.g. General Development Fund of Hong Kong Shue Yan University, Matching Grant Scheme etc). As mentioned

above, the CE also announced in the 2010-11 Policy Address that a \$2.5 billion Self-financing Post-secondary Education Fund would be established to support the further development of the local self-financing post-secondary education sector.

2.34. In 2010-11, the Financial Secretary announced in his budget that a 16.4-hectare site in Queen's Hill be made available for developing self-financing degree-awarding institutions with boarding facilities. The Government launched an expression of interest exercise for this site in December 2010, inviting local and non-local institutions to submit proposal to operate a self-financing education institution at the site. We understand that the Government would like to make use of the opportunity to gauge the interest of overseas institutions setting up branch campus in Hong Kong and whether attracting overseas institutions to operate in Hong Kong should be a future direction to pursue.

2.35. The self-financing sector is playing an increasingly important role. We now have 20 self-financing institutions providing around 70 000 post-secondary places, including four self-financing degree-awarding institutions which provide around 11 000 places at degree level. In addition, some non-local programmes are also seeking local accreditation. With these developments, we expect that more and more degree places will be offered for the admission of local and non-local students.

2.36. Developing education services is a long term commitment and it is of utmost importance to uphold quality. The Government needs to ensure our institutions, whether publicly-funded or self-financed, will continue to provide quality education regardless of its operation mode.

Observations

2.37. As set out above, the Government has implemented various measures especially in recent years to increase Hong Kong's attractiveness as a regional education hub. It has achieved a certain degree of success as seen by the increasing number of non-local students and gradual recognition of Hong Kong's reputation in education. In

the next chapter, we will analyse Hong Kong's strengths, weaknesses, opportunities and threats in developing as an education hub as well as study other countries' experience with a view to formulating our recommendations to further support development in this area.

Chapter 3

Strengths, Weaknesses, Opportunities and Threats of Hong Kong as a Regional Education Hub and Overseas Experience

3.1. Before mapping out the positioning and strategic framework for developing education services in Hong Kong, the Working Group conducted an analysis of Hong Kong's strengths, weaknesses, opportunities and threats (SWOT) analysis and reviewed overseas experience.

SWOT Analysis

Strengths

3.2. Hong Kong possesses some ideal characteristics to develop as a regional education hub.

Asia's World City

3.3. As Asia's World City, Hong Kong is well-placed to prepare young people for personal and career development in a globalised economy. It offers a unique blend of eastern and western cultures, as well as first-hand understanding of the workings of an international financial and trading centre. In the various public engagement exercises, Hong Kong's high degree of internationalisation was consistently cited by stakeholders as Hong Kong's strongest competitive edge. Our rigorous intellectual property protection regime, together with free flow of information and an excellent communications infrastructure, ensure that knowledge can be applied and shared freely without limitations.

World-class institutions

3.4. Hong Kong hosts a cluster of the best universities in Asia. Three of our universities ranked among the top five in Asia and top 50

in the world, and another two universities were among top 200 in the world.³ Our business schools are among the best in the world – the EMBA offered by HKUST, in collaboration with Kellogg School of Management of the Northwestern University, was ranked 1st in 2007, 2009 and 2010 (Financial Times); and the MBA of HKUST also ranked 6th in the world (1st in Asia) in Global MBA Rankings 2011 (Financial Times). Our programmes in other areas such as hotel management and applied sciences are also internationally renowned. Our vocational education is among the best, not only in Asia, but also around the world.

3.5. Despite the high rankings, compared to other popular destinations for higher education (e.g. USA, UK and Canada), the tuition fees charged by our institutions are quite reasonable. A comparison of tuition fees for non-local students in 13 different jurisdictions is at **Annex VI**.

Internationally-recognised curriculum, expertise and quality assurance mechanism

3.6. Hong Kong respects academic freedom and institutional autonomy as the cornerstones of its higher education system. We have a highly diversified education system supported by internationally recognised curriculum. Our academic staff are recruited internationally, and they have an extensive network with the academic and research community around the world. We have a large pool of professionals and academics with a global outlook and well recognised in the international arena. Our non-local students appreciate the group work / presentation which allows them to work with counterparts from different cultural background.

3.7. We have well-established quality assurance systems based on international good practices. All UGC-funded institutions are subject to regular teaching and research reviews; while the self-financing institutions without self-accrediting status are quality

³ Based on *the QS World University Rankings 2011*, three of our universities are ranked top 50 in the world: University of Hong Kong (HKU) (22nd), Chinese University of Hong Kong (CUHK) (37th) and Hong Kong University of Science and Technology (HKUST) (40th). Another two universities are ranked top 200: City University of Hong Kong (CityU) (110th), Hong Kong Polytechnic University (177th). Based on *the QS Asian University Rankings 2011*, HKUST, HKU and CUHK are ranked 1, 2 and 4 respectively.

assured by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). Non-local programmes offered in Hong Kong are regulated by the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493).

Unique attractions to overseas and Mainland students

3.8. To non-local students, they will be learning at the door-step of the fastest growing country in the world which offers plenty of attractive career opportunities. Early exposure to the Chinese culture and environment equips them with the necessary knowledge of the Mainland market and helps build up useful networks. A familiar learning environment with English as the medium of instruction also eases their adjustment and facilitates exchanges.

3.9. For Mainland students, the prospect of learning in a cosmopolitan, liberal and English-speaking environment while staying in a proximate and culturally familiar place is highly attractive. Mainland students will be exposed to international perspectives and practices during their studies in Hong Kong. Not only will they attain internationally recognised qualifications for further studies in Hong Kong, the Mainland⁴ or abroad, they can also better prepare themselves for employment in a globalised economy. Hong Kong also has a special appeal to Mainland parents, who find it reassuring that they can visit their children frequently.

Government support

3.10. We witnessed the Government's recent move in 2008 to implement a number of measures to increase Hong Kong's attractiveness to non-local students. The basket of measures includes increase in student quota, relaxation of employment restriction and establishment of a scholarship fund. It is considered that government support in promoting this initiative is instrumental.

⁴ Under the 'Memorandum of Understanding with the Mainland on Mutual Recognition of Academic Degrees in Higher Education', graduates at degree or above levels from designated institutions in Hong Kong are eligible to apply for admission to study the next higher qualification in the Mainland and vice versa.

Weaknesses

3.11. The above notwithstanding, Hong Kong has some weaknesses as set out below, some of which may be difficult to overcome.

Low visibility of our education services

3.12. According to a study conducted by The Hong Kong Institute of Education, *A Technical Research Report on the Development of Hong Kong as a Regional Education Hub* (P.66, March 2009), there is little knowledge about the high standard of higher education in Hong Kong in the region. Hong Kong is usually regarded as an exporter of students for overseas education. Unlike some countries (e.g. Australia, Singapore) which have aggressively promoted their education services and assisted overseas students with university applications, our marketing efforts are generally uncoordinated.

Lack of boarding facilities

3.13. One of Hong Kong's major constraints or disadvantages in attracting non-local students is the lack of boarding facilities. Based on the existing policy and taking into account hostel projects under construction⁵, the UGC-funded institutions encounter a shortfall of about 3 100 hostel places. Including the additional places needed for the four-year undergraduate programmes and the increased quota to 20% for non-local students, the shortfall would be about 12 000 places. The lack of boarding facilities has inhibited the institutions' ability to admit more non-local students in Hong Kong. While some institutions are implementing innovative means to provide hostel places (e.g. renting private residential flats for sharing by students), the problem cannot be solved easily in view of strong demand and high rental in Hong Kong. Occasionally, this has also been a source of conflict between local and non-local students with local students complaining that non-local students have affected their chance of securing hostel places, and non-local students complaining about the highly congested boarding facilities arranged by the universities.

⁵ Six publicly funded-hostel projects are under construction. Upon completion, these projects will provide around 6 600 additional publicly-funded places and hence increase the supply by 30%.

Over-reliance on Mainland students

3.14. At present, over 90% of our non-local students come from the Mainland. While the Mainland is undoubtedly the biggest market for Hong Kong's institutions, over-reliance on one market increases our risk exposure and is not in line with our objective to "internationalise" the student body. Moreover, overseas students may find it less attractive to study in Hong Kong if our non-local students are predominantly Mainland Chinese.

Limited capacity

3.15. Up till now, the higher education sector in Hong Kong is primarily publicly-funded. The number of publicly-funded degree level intake places available for non-local students is less than 3 000 per year. As for the self-financing degree sector, it is at its early stage of development and has yet to build up its reputation locally and regionally. Compared to other neighbouring cities, the scale of Hong Kong's education sector is quite small.

Opportunities

3.16. Recent global developments have presented Hong Kong with tremendous opportunities to further our efforts to develop as a regional education hub. We have set out some of them below.

The rise of China and Asia

3.17. Asia has undoubtedly increased its economic significance in recent years. The rapid economic development of China has, in particular, fuelled the interests of overseas students to establish a career in the Mainland. With Hong Kong at the doorway to the Mainland and the English speaking environment, we offer a good opportunity for these students especially for those who do not want to study in the Mainland initially. It is evident that the Mainland is attaching increasing importance to internationalisation. The report "*The Nation's Medium and Long-Term Education Reform and Development Outline for 2010-2020*" highlights, among other things, the importance of

increasing and improving exchange and collaboration with international institutions, providing incentives for well-known international institutions to collaborate with institutions in teaching and research, and attracting talents to the Mainland. Separately, the US Government last year announced its intention to send up to 100 000 students to study in China by 2014. We believe that Hong Kong should be able to benefit from this initiative.

Strong but unmet demand

3.18. The high-level service industries and knowledge economy of Hong Kong has generated a huge demand for talents. Non-local graduates have good employment prospects here.

3.19. The economic boom in the Mainland in the past two decades has spawned a large number of middle-class families. They are eager to provide quality tertiary education for their children by sending them abroad. In 2010, about 25% of the population aged 18-22 (about 30 million students)⁶ will secure a place in Mainland's undergraduate or diploma programmes. Every year, about 700 000 Chinese students study overseas, in 103 countries and regions.

3.20. Vocational education is listed as one of the key areas for educational investment in the Mainland. The Guangdong province also emphasises the development of vocational education. With Hong Kong's relative maturity in the development of vocational education, this can be one area for further development.

3.21. There is an increased demand for international higher education among Asian countries. According to the Organisation for Economic Co-operation and Development (OECD, 2007), Asian students will dominate the global demand for higher education. The education database of the OECD shows that China, Korea and Japan are the top three sending countries, with India in the 7th place and Malaysia in the 9th (see Annex VII).

⁶ A total of 10.2 million candidates sat for the Mainland's National Colleges and Universities Enrolment System (NCUES) in 2010. Only 62% (or 6.29 million in number) of them, or 25% of the population aged 18-22, will be successful in securing a place in the Mainland's undergraduate or diploma programmes.

3.22. In forecasting global demand for international higher education, Bohm, Davis, Meares and Pearce (2002)⁷ have found that the global demand for international higher education is set to grow enormously. The demand is forecasted to increase from 1.8 million international students in 2000 to 7.2 million international students in 2025. Asia will dominate the demand for international higher education. By 2025, Asia will represent some 70% of total global demand and an increase of 27% from 2000. Within Asia, China and India will represent the key growth drivers, generating over half of the global demand in international higher education by 2025 due to their blooming economies.

Stepping up publicity

3.23. Our local tertiary institutions have in recent years stepped up publicity in the Mainland and are gaining popularity and visibility in the prosperous regions of the Mainland. As a result, there has been very keen competition among Mainland students for entry into our better-known institutions. Excluding CUHK and CityU which have joined the PRC National Recruitment System, the other six-UGC funded institutions and the major self-financing institutions have altogether received over 31 000 direct applications from Mainland students for admission into their undergraduate programmes per annum from the 2006/07 academic year onwards. For overseas promotion, institutions have joined the promotional activities organised by the Trade Development Council at various education exhibitions.

Leveraging the upgraded facilities and capabilities of our institutions

3.24. All the UGC-funded institutions are undergoing substantial upgrading and expansion to prepare for the implementation of the new four-year normative undergraduate programme in 2012. The availability of additional funding through private donations and the five rounds of Matching Grant Scheme since 2003 have further strengthened the institutions' ability to enhance their teaching/research facilities and capabilities as well as to provide scholarships to non-local students.

⁷ Bohm, Davis, Meares and Pearce (2002) *Global Student Mobility 2025: forecasts of the global demand for international higher education*.

A more diversified higher education sector

3.25. One of the initiatives that the Government has embarked on is to diversify the higher education sector. More self-financing degree places will be offered. In addition, a number of world-renowned non-local institutions are offering programmes in Hong Kong. Some more prominent ones include the Kellogg-HKUST EMBA programme, and the arts and design programmes offered by the Savannah College of Arts and Design.

Threats

3.26. Notwithstanding the above, we reckon that there are also threats to our efforts to develop as a regional education hub.

Competition from neighbouring cities

3.27. A number of countries in the region have announced their intention to become an education hub, among which include Australia, Singapore, Malaysia etc. Some of these countries are already well-established in the international education services market, and are offering various forms of financial support to promote the development of education services. We need to identify our niche in order to compete effectively against other cities.

3.28. Institutions in the Mainland are also pursuing internationalisation and have been admitting more overseas students. Some overseas students who wish to establish a career in the Mainland may choose to study in the Mainland instead of in Hong Kong.

Sentiment of local community

3.29. As Hong Kong develops into a knowledge-based economy, the younger generation has an ever stronger aspiration to pursue higher education. It is understandable for some of them to be concerned with the possible impact of the presence of more non-local students on campus such as more intense competition for limited hostel places, scholarships, internships opportunities, etc. To them, these concerns

may outweigh the intangible contribution of non-local students in forging an internationalised learning environment. We consider that these concerns should be taken into account when the Government formulates its strategies and positioning for the development of education services.

Observations from SWOT Analysis

3.30. Overall speaking, Hong Kong has a solid foundation for further developing itself into a regional education hub. Given the intense competition, Hong Kong must define its positioning and strategy clearly and identify its niches for priority development.

Overseas Experience

3.31. Over 250 cities in the world are said to have declared their aspirations to become an education hub. Governments of these cities have devised various measures to attract world-renowned institutions and outstanding students from all over the world. The Working Group has therefore looked at some of the overseas experiences and examined how these practices contribute to their success in transforming into an education hub. A summary is at **Annex VIII**.

3.32. Internationalisation of education services is undeniably a world trend. There is however no single recipe for success which will work for all places. Each economy should consider its own unique characteristics and develop its own positioning and strategies. Over the years, different economies have introduced various measures to achieve their objectives. Some have succeeded while others have not. It is however important to note that these strategies are not cast in stone. Instead, they should be constantly reviewed to adapt to the changing circumstances.

3.33. We note that prominent education hubs usually have distinct brand images. Their Government would set out clear policy objectives and spend much effort in promotion, involving coordination among different government and non-government agencies.

Nevertheless, no matter how good a branding exercise is conducted, quality is of the essence. We believe what distinguishes one education hub from another is the quality of education being offered. Only by upholding quality can an education hub achieve sustainable development.

Chapter 4

Positioning and Strategic Framework

4.1. Having regard to the SWOT analysis and overseas experiences, we have considered the positioning and strategic framework for the development of education services in Hong Kong.

Positioning

4.2. In terms of positioning and branding of Hong Kong as a regional education hub, we should consider leveraging on the strengths and opportunities as identified in Chapter 3, particularly the following aspects –

Hong Kong:

- Hong Kong is Asia's World City, a place where East meets West and the most international city in China, which is the leading growth engine of the world economy.
- Hong Kong is a free and dynamic society where creativity and entrepreneurship converge. Strategically located in the heart of Asia, it is a cosmopolitan city offering global connectivity, security and rich diversity, and is home to a unique network of people who celebrate excellence and quality living.

Hong Kong's education sector:

- Hong Kong nurtures, attracts and treasures talent. We have many world-class institutions and internationally renowned programmes. We recruit faculties from around the world, adopt international best practices in curriculum and quality assurance, and respect academic freedom and institutional autonomy. English is the medium of instruction. At the same time, it offers excellent exposure to Chinese language and culture. There is immense potential for Hong Kong to develop distinctive programmes that bring together Western and Chinese perspectives.

- We embrace internationalisation and welcome international students particularly those from the region by providing scholarships, offering PhD fellowships and relaxing immigration requirements. We also foster exchange of students and faculties and collaboration in teaching and research.

4.3. In addition, we should adopt tailor-made strategy for different target groups. To overseas students, one of the major attractions of Hong Kong is definitely the China factor. As China has become the leading locomotive to the world's economy, a first-hand China experience is highly sought after. Nevertheless, it would be quite difficult for the overseas students to pursue studies in the Mainland China, as the education environment in the latter is quite different in terms of medium of instruction and culture. Hong Kong is in an ideal position to fill the void. Overseas students will be learning at the door-step of China, with a lot of exposure to the Chinese culture, knowledge of the Mainland market and chances to build up network. As the gateway to China, Hong Kong offers plenty of opportunities for those who are interested in developing a China-related career. On the other hand, we offer a friendly learning environment with English as the medium of instruction. With our internationalised campus and cosmopolitan nature of Hong Kong, overseas students should have no issue in pursuing education here.

4.4. For Mainland students, Hong Kong is an ideal springboard for them to connect to the world. We offer top quality education at international standard in a cosmopolitan, liberal and English-speaking environment. At the same time, Hong Kong is a culturally familiar place which is close to their hometown. Mainland parents will be able to visit their children frequently. The sizeable Mainland Chinese community in Hong Kong also helps the students in adapting to the local environment. Besides, the tuition fees and living cost in Hong Kong are relatively more affordable as compared to the western world.

4.5. With the internationally recognised qualifications attained in Hong Kong, Mainland students would be able to seek further study or employment opportunities around the world. As the leading financial centre in Asia, Hong Kong also offers tremendous career opportunities

upon graduation. Our long established relation with the leading education institutions also provides ample channels for students to pursue further education in any other parts of the world.

Strategic Framework

4.6. The Government has stated its strategies to develop education services through internationalisation and diversification. We support this overall strategy.

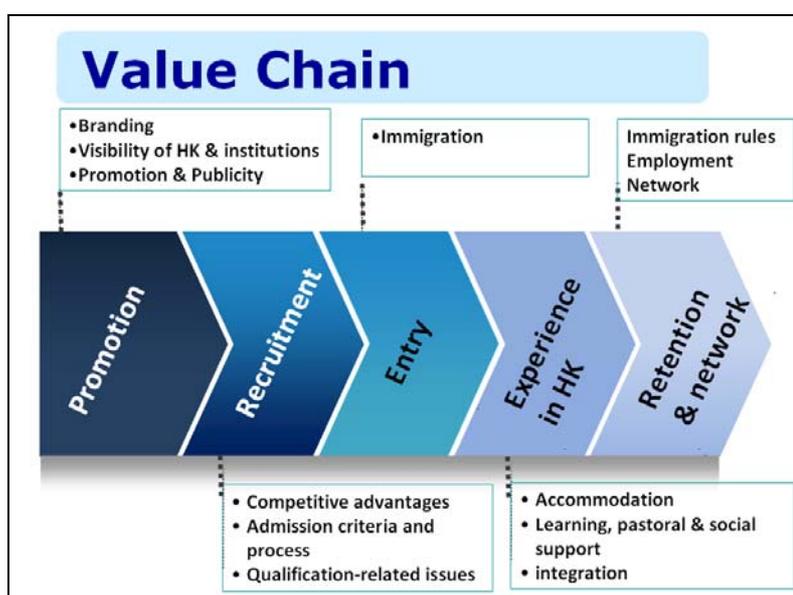
4.7. We note that internationalisation is one of the central themes of the Report *Aspirations for the Higher Education in Hong Kong*, recently published by UGC in December 2010. The report offers a number of practical recommendations for both the Government and UGC-funded institutions on the issue of internationalisation, which are highlighted in its executive summary –

“... Institutions should ensure the international mix of their faculty and students, and help non-local students to integrate with local students. Equally, institutions should help local students embrace internationalisation efforts by enhancing their biliterate (Chinese and English) and trilingual (Cantonese, Putonghua and English) abilities and by providing them with more high quality exchange opportunities. In terms of academic development, institutions should capitalise on Hong Kong’s unique position and strive to develop research and graduate programmes uniting Asian and Western perspectives. At the system level, the Government should work closely with the institutions, provide funding for internationalisation initiatives, and, most urgently, provide more hostel places for local and non-local students ... UGC-funded institutions should review, develop where necessary and implement internationalisation strategies as a matter of urgency. The UGC should monitor agreed Key Performance Indicators in each institution. The Government should adopt a strategy for internationalisation that includes collaboration with universities. Both should make long-term and sustained commitments to these strategies.”⁸

⁸ *Aspirations for the Higher Education in Hong Kong*, University Grants Committee, December 2010, p.4 and p.52.

4.8. Whilst the above recommendations are specifically targeted at the UGC sector, some of them are equally applicable to the non-UGC sector. We understand that the Government is now seeking comments on the Higher Education Review report with a view to formulating its recommendations.

4.9. Broadly speaking, the development of education services involves a whole value chain comprising of promotion, recruitment, entry, experience in Hong Kong and retention.



4.10. Specifically, we should –

- Step up promotion and branding efforts
- Develop niche areas so as to attract more students and demand
- Widen the net of non-local students
- Enrich the experiences of non-local students in Hong Kong
- Retain talents and build network

We will set out our detailed recommendations in Chapter 5.

Chapter 5

Recommendations

5.1. Having regard to the proposed positioning and strategic framework as outlined in Chapter 4, we set out 17 recommendations, which are drawn up taking into account opinions gathered from key stakeholders, as well as concerns expressed by the general public from time to time.

Stepping up promotion

5.2. The success of developing education services hinges on promotion and branding. We consider it of utmost importance to step up *internal and external promotion*.

5.3. It is pivotal that the Government should first secure the buy-in of the local community. In this connection, we note that the Education Bureau is taking active steps in this direction as shown in the Secretary for Education's speech at the open forum held by the Working Group⁹. The speech highlights the objectives of developing "education services" and dispels misconception that such development intends to commercialise the education sector with profit-generating motives. The Government has reaffirmed that the development of education services would not reduce its expenditure on education. On the contrary, additional resources will be channelled to the sector, if necessary. These messages are useful and similar efforts should continue to be made. In a similar vein, it is also necessary to emphasize and demonstrate the tangible and intangible benefits for local students and the local community at large.

5.4. It is of utmost importance for the education community and the general public as a whole to have a better understanding of the government's policy objective in developing education services. The policy to develop education services would not survive and thrive unless

⁹ A copy of the speech (in Chinese) can be found at the following link:
<http://www.edb.gov.hk/index.aspx?nodeID=133&langno=2&UID=104316>

its vision is widely shared, accepted and supported by the local community. Furthermore, as community support is vital for building a welcoming environment for non-local students and the development of education hub in general, we **recommend** that the Government should proactively promulgate to the local and overseas community the policy objectives and the benefits to Hong Kong and local students in developing education services in Hong Kong (**Recommendation 1**).

5.5. External promotion is also of paramount importance. Our higher education institutions have been carrying out various promotion and recruitment exercises around the region. Nevertheless, there is a lack of overall promotion and branding strategy that can present Hong Kong as an education hub in a holistic manner. It results in a low profile of Hong Kong as a destination for pursuing higher education despite the prestigious ranking enjoyed by our institutions. To enhance the visibility of our education services, concerted efforts of the Government, institutions and other stakeholders are necessary. We should leverage on established network and establish new ones, and make full use of various promotion tools (including Internet technologies) to raise the profile of Hong Kong's education services and promote Hong Kong as a preferred destination for study.

5.6. It is noted that there are only limited promotional materials on Hong Kong as an education hub. The online information portal (<http://studyinhongkong.edu.hk>) for prospective non-local students contains only information on the UGC-funded sector and sometimes the information may not be most updated. Indeed, the Internet is a valuable tool in bridging the physical distance that separates educational institutions from potential students abroad.

5.7. We consider it necessary to formulate an overall promotion and branding strategy for Hong Kong as an education hub. In this connection, we **recommend** setting up a task force to work on the branding exercise as well as other promotion efforts such as production of a promotion video on Hong Kong as an education hub and revamping the existing online portal (**Recommendation 2**).

5.8. In recent years, the Government has adopted a more active role in respect of stepping up exchange and promotion, leading delegations to visit countries in the region. These efforts have been receiving encouraging responses. We **recommend** that the Education Bureau should continue to lead promotion trips to targeted countries, with better coordination with trips organised by institutions and the Trade Development Council (**Recommendation 3**).

5.9. To achieve synergy, we **recommend** that the Education Bureau should coordinate with institutions and relevant government departments such as Information Services Department, Tourism Commission and overseas economic and trade offices to more effectively promote education services (**Recommendation 4**).

5.10. Currently, the Education Bureau / UGC only collect certain basic information on internationalisation such as number and origin of non-local students and non-local programmes etc. Having other information which can more clearly demonstrate our performance in internationalisation, such as number of non-local graduates staying in Hong Kong, their satisfaction with their study experience in Hong Kong, etc. would be useful. As such, we **recommend** that, similar to the UGC's recommendation, some key statistics and indicators on internationalisation be compiled by the Government with inputs from institutions concerned (**Recommendation 5**). With better statistics, the Government can be more strategic in its promotion efforts such as working with the institutions in establishing an alumni network all over the world to act as ambassadors for Hong Kong.

Developing niche areas

5.11. We **recommend** that Hong Kong should identify niche areas with proven competitive advantages or those with good potential for further development. These include our higher education sector (particularly self-financing taught postgraduate level) as well as professional and executive training sector. Other possible areas include vocational language programmes, examination and testing services and vocational education (e.g. Chinese cuisine) (**Recommendation 6**) as elaborated below.

Vocational English

5.12. Hong Kong is an international city and the demand for good communication skills in English at the workplace is strong. At present, many education institutes and post-secondary institutions in Hong Kong offer vocational or business English courses for school leavers and personnel in employment. We consider that a possible direction is to promote the development of model vocational English programmes.

Examination and testing services

5.13. Apart from public examinations, the Hong Kong Examinations and Assessment Authority also administers over 200 examinations leading to academic, professional or practical qualifications on behalf of nearly 130 international examining bodies and professional groups. Total candidature for these international and professional examinations is over 300 000 every year, with approximately 40 000 to 50 000 taken by non-local candidates. For some examinations such as SAT which is not offered in the Mainland, Mainland students made up as high as 95% of the candidature. In view of the large number of students involved, some organisations are providing accommodation and examination packages to facilitate these students coming to Hong Kong. Over the years, Hong Kong has developed an image of being reliable, fair and equitable in offering examinations of high standards. We consider that Hong Kong can capitalise its strength and further develop in this area.

Vocational education

5.14. Apart from main stream education, Hong Kong has built up a reputation in some aspects of vocational education. For example, the Chinese Cuisine Training Institute (CCTI), a member institution of the Vocational Training Council, offers courses to students who wish to acquire or upgrade their knowledge and qualification in Chinese cuisine. These courses range from elementary certificate to master chef course in Chinese cuisine and are attended by secondary school leavers and practicing chefs alike. Apart from formal training, the CCTI also provides cooking class for enthusiastic amateurs. We consider that vocational education can be another potential niche area.

Refining tuition fee policy

5.15. Some members of the public are concerned that, notwithstanding the benefits that non-local students have in internationalising the campus, non-local students take up public resources and will reduce the opportunities of local students in receiving scholarships, hostels, internships etc. We note that it is the Government policy that non-local students in UGC-funded institutions should be charged at a tuition fee level which is at least sufficient to recover all additional direct costs although the public may not be very clear with this policy.

5.16. The tuition fee for non-local students at the UGC-funded sector is on average two times higher than the fee paid by local students. Outside the UGC-funded sector, however, a level tuition fee is applied to both local and non-local students. We note that in many overseas publicly-funded institutions, non-local students are often charged many times higher than local students. For privately-funded institutions, although there may be only one fee level, it is often at a level paid by non-local students at the publicly-funded institutions instead of at the local student level as in the case in Hong Kong.

5.17. Having regard to the successful experiences of overseas countries, we are supportive of the policy of charging non-local students at a level that can at least recover all additional direct costs and maybe even at full cost level. Indeed, experiences in other countries also show that differential fee policy also applies to local students, taking into account the cost and future earning potential of the disciplines. This direction is worthy of consideration in the higher education sector as a whole provided that no additional public resources will be required for the higher education sector. We **recommend** the education sector should consider adopting the differential fee model for different disciplines and different institutions, particularly for non-local students (**Recommendation 7**).

Widening the net of non-local students

5.18. Hong Kong should also continue to position itself as a top-class education provider in Asia which offers education at a quality

comparable to world leading institutions in the West and at competitive prices. Given that there is already a large number of Mainland students in our campus, we **recommend** that we should diversify the source of non-local students, particularly focusing on the Asian region and ethnic Chinese both in the region (e.g. Malaysia, Indonesia and Brunei) as well as in other overseas countries (**Recommendation 8**).

5.19. We also **recommend** that the Government should explore the possibility of establishing more high-level collaboration (e.g. signing memorandum of understanding) with its counterparts in target countries and formulating measures (e.g. scholarships) for attracting students from these countries (**Recommendation 9**).

5.20. Hong Kong has good potential to attract students from developed economies (e.g. US, the UK, Canada and Australia) to come to Hong Kong on exchange instead of pursuing a full degree. Our outgoing students will also broaden their exposure, widen their horizons and enrich their learning experience. We **recommend** that institutions should actively promote student exchange programmes (**Recommendation 10**).

5.21. Having a user-friendly immigration regime is a crucial characteristic of an education hub. A more accommodating entry policy can facilitate the entrance of non-local students and signify a city's vision to become a preferred destination for pursuing education. There are, however, other equally important policy considerations that call for the retention of some essential immigration controls such as the need to combat and contain illegal employment. Compared to a visitor visa which allows a person to stay for a short period of time, a student visa usually permits a student to stay in Hong Kong for up to a year. The incentive for abuse cannot be overlooked. The immigration regime will therefore need to strike a balance between facilitation and control.

5.22. The current immigration-related facilitation measures have been put in place since 2008. Implementation is detailed in Chapter 2. As far as practicable, we should cast the net wider to attract more non-local students ranging from sub-degree to postgraduate levels, from academic, vocational to executive programmes, including both

short-term, exchange or full programmes. There are calls from institutions and the community to further relax the immigration regime in the following areas:

- (a) *Student exchange at sub-degree level:* The existing regime only allows non-local students to enter Hong Kong for exchange programmes at degree level or above, but not at sub-degree level. Notwithstanding the shorter study period (as compared to degree programmes) of sub-degree programmes, we understand from institutions that they would welcome the opportunity to arrange exchange activities for their students. We **recommend** that the Government should consider allowing non-local students to come to Hong Kong on exchange at sub-degree level. Similar to existing policy for degree students, there should be a limit on the time period allowed (**Recommendation 11**).
- (b) *Internship for non-local students at sub-degree level:* Our existing regime only allows curriculum-related internship at degree level or above, but not at sub-degree level. Some sub-degree programmes, in particular those with vocational education elements, require students to take up internships. While the current policy allows such programmes to admit non-local students, the restriction on taking up internship puts institutions in a difficult position, as non-local students will not be able to fulfil the mandatory internship requirement. Given that some sub-degree programmes require mandatory internship, we **recommend** that the Government should explore allowing non-local students enrolled in sub-degree programmes to take up study / curriculum-related internships (**Recommendation 12**).
- (c) *Admission of non-local students to certain vocational education programmes:* We understand that some non-locals would like to come to Hong Kong to enrol in some courses which are below sub-degree level such as the Chinese cuisine courses offered by the CCTI mentioned above. Nevertheless, according to the existing

immigration arrangement, these courses are not allowed to enrol non-local students. We **recommend** that the Government should explore relaxing the immigration arrangement for selected programmes at below sub-degree level (**Recommendation 13**).

- (d) *More streamlined visa arrangements:* Under existing policy, non-local full-time students are normally granted permission to stay in Hong Kong for 12 months upon entry. They will need to apply for visa extension annually. The annual visa extension requirement represents unnecessary burden on the non-local students, institutions and the Immigration Department. A longer period of the permission to stay will save both time and expenses. Furthermore, a more accommodating visa application / renewal regime is without doubt conducive to attracting non-local students to consider studying in Hong Kong. We **recommend** that the length of stay granted to non-local students should be in line with the normal duration of their study programmes. Hence, an undergraduate student will normally be granted permission to stay in Hong Kong for four years upon entry, subject to continued enrolment in the same programme. This arrangement is in line with practices in other education hubs such as UK and Australia (**Recommendation 14**).
- (e) *Further relaxation:* The Government has been exploring the feasibility of further relaxing the existing restriction on the immigration arrangement such as allowing Mainland students to study in non-local courses, removing the quota on Taiwan and Macao students in enrolling in self-financing post-secondary programmes. We encourage such efforts, including measures concerning the school sector, to continue in consultation with the relevant authorities (**Recommendation 15**).

Enriching the experiences of non-local students

Integration of non-local students

5.23. For non-local students to integrate into the local community requires effort, especially given the perceived competition for resources and opportunities among local and non-local students. The language barrier further hampers the day-to-day interaction between local and non-local students. Some non-local students participating in the focus groups also suggested that the campus environment was not accommodating to non-local students. For example, they found it difficult to join the executive committees of student associations and that quite a number of student publications were in Chinese which discourage non-Chinese students from participating in student activities.

5.24. On the other hand, some local students felt that non-local students preferred staying within their own ethnic groups and would rather focus on study instead of participating in social activities. Some local students lacked confidence when competing with Mainland students. We also found that quite a number of local students were too timid to take the initiative to approach non-local students.

5.25. Non-local students who come to Hong Kong to study should be able to immerse in the local culture and daily lives. If we would like these quality students to stay in Hong Kong after graduation, they need to enjoy Hong Kong and like Hong Kong. We believe that internationalisation is more than just attracting additional non-local students to Hong Kong. The quality of talents that may be nurtured through the process, as well as the academic and culture exchange resulted from it should not be overlooked.

5.26. Only with quality interaction among the local and non-local students can we realise the full benefits of internationalisation. We are convinced that more can be done at the institution level. For example, buddy programme organised by the institutions or student associations would be a good way to facilitate integration of the non-local students. Successful social integration into the host institution and Hong Kong is a key factor in overall happiness and satisfaction with a degree programme. Good practices include providing tailor-made programmes for international students, ensuring sensitivity to cultural

and language differences and providing supporting facilities (e.g. prayer room, Halal food, etc). We **recommend** that institutions should further enhance the learning experience of our non-local students and foster interaction among local and non-local students. We also encourage institutions to share best practices with each other and work together to develop innovative programmes in this respect (**Recommendation 16**).

Provision of Hostel

5.27. As mentioned in previous chapters, the Government has since 1996 adopted a set of criteria for calculating the level of publicly-funded student hostel provision at the UGC-funded institutions which set out, inter alia, that all non-local students undertaking UGC-funded programmes should be provided with hostels. However, due to limited land supply, particularly for institutions situated in the urban area, there is a projected shortfall of about 11 400 hostel places. In the focus group discussion with non-local students, it was found that hostels provided a very good channel to facilitate integration between local and non-local students. Lack of hostels was also often cited as an obstacle for institutions to increase their non-local student admissions. We note that in UGC's Higher Education Review 2010, the lack of hostel accommodation was cited as the most significant deterrent in attracting non-local students to Hong Kong and that one of the recommendations of the report is for the Government to work with the institutions to increase hostel accommodation for local and non-local students as a matter of urgency.¹⁰

5.28. In our public engagement exercises, the provision of hostel is of common concern to students and institutions alike. Participants believe that hostel life is an essential part of higher education and provides students with an environment conducive to learning, and allowing greater social interaction which enriches personal development as well as learning experience. Some non-local students pointed out that the provision of hostel is essential for non-local students. Hostel also provides an ideal environment for non-local students to blend in with the local community and facilitate the integration of local and non-local students.

¹⁰ *Aspirations for the Higher Education in Hong Kong*, University Grants Committee, December 2010, p.57.

5.29. Nevertheless, the lack of hostel is a long-standing problem in the higher education sector. The lack of hostel has said to be inhibiting the institutions' ability to admit more non-local students in Hong Kong and fuelled the contention between local and non-local students. While some institutions are implementing innovative means to provide hostel places (e.g. renting private residential flats for sharing by students), the problem cannot be solved easily in view of strong demand and high rental in Hong Kong. The Government has also been working on joint-hostel projects for the UGC-funded institutions since 2007.

5.30. We **recommend** that the Government should step up its efforts in providing more hostel places for the higher education sector, including expediting the implementation of joint-hostel projects. Institutions should also consider other innovative means to complement the effort (**Recommendation 17**).

Chapter 6

Conclusion

6.1. We fully support the Government's initiative to develop education services in Hong Kong. Given Hong Kong's inherent strengths and the Government's unfailing support, with the right direction in mind and the concerted effort from all sides, we are confident that we are on the right track to success.

6.2. Some recommendations put forth in this report are more straightforward while others may require further consideration, consultation with relevant parties and careful planning. We suggest that the Administration should prioritise the recommendations, taking into consideration the resource and policy implications as well as the time required for further discussion and consultation. We stand ready to work with the Government further on the development of education services in Hong Kong.

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**Education Commission Working Group on the Development of
Education Services in Hong Kong**

Membership

Chairman

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Mr Liu Ah-chuen

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Dr Carrie Willis, SBS, JP, or representative of VTC (observer)

Mr Michael Stone, JP, or representative of UGC (observer)

(other members to be co-opted on a need basis)

Terms of Reference

The Working Group will, taking into account the Government's stated objectives and latest global development in education services, advise the Government on the following aspects concerning the development of education services in Hong Kong –

- (a) the effectiveness of measures implemented to date to develop Hong Kong as an education hub;
- (b) comparative strengths, weaknesses, opportunities and threats of the development of education services in Hong Kong; and
- (c) strategies, positioning and framework for the development of education services in Hong Kong.

Summary of Comments of Focus Group Discussion

Session 1

Date: 7 June 2010, 6:30 – 8:00 p.m.

Participants: Non-local students from the Mainland

Summary of comments

General policy

- Tuition is going up and it may affect the quality of prospective non-local students.
- Institutions should also admit non-local students with non-academic merit.
- The Government should formulate a clear position for Hong Kong (i.e. stepping stone vs. retention of talents).
- The Government should consider inviting non-local institutions to set up branch campus in Hong Kong.

Strengths of Hong Kong

- Institutions teach in English
- Hong Kong is the financial centre of Asia and is very internationalised
- Plenty of employment opportunities upon graduation
- Internationally recognised research standard
- High ranking of institutions
- Ample exchange opportunities

Study-related concerns

- Many opportunities (e.g. exchange programmes, scholarships) are only limited to local students.
- Institutions should provide greater flexibility in transferring between programmes/faculties.
- Some prestigious programmes do not admit non-local students although they have outstanding academic results.
- Non-local students should be guaranteed a place in hostel.
- The number of scholarships for non-local students should be increased.

Employment-related concerns

- Many employers only look for local graduates.
- Non-local students should be allowed to work part-time off-campus, so that they can fit in better with the community.
- Though Putonghua is commonly used, Cantonese is mostly used in meetings or other discussion groups.
- There should be internship opportunities only for non-local students.

Integration of non-local students

- There are fundamental differences between local and Mainland students.
- Local students can mix with Mainland students individually, but they would label the mainland students group in general.
- The learning of Cantonese is vital for non-local students to blend in with the local community but Cantonese classes offered by institutions are not very useful.
- Institutions should organise orientations for local and non-local students together.

Session 2

Date: 8 June 2010, 6:30 – 8:00 p.m.

Participants: Non-local students from places outside the Mainland

Summary of comments

General policy

- Should make available loans to non-local students

Strengths of Hong Kong

- High rankings of Hong Kong institutions
- Hong Kong is a vibrant and cosmopolitan city
- Institutions teach in English
- Gateway to China
- Diverse culture
- Provision of scholarship
- High quality of education
- Hong Kong is a place where East meets West

Study-related concerns

- Non-local students may find it difficult to adapt to some subjects (e.g. Mathematics/Pure science); suggest having foundation year/transition programme for non-local students.
- Some classes are taught in Cantonese even though non-local students are present.
- Some professors have low English standards.

Employment-related concerns

- Non-local students should be allowed to work part-time off-campus.
- Many job/internship opportunities require Cantonese.
- Some employers are not aware of the relaxation of the non-local students' employment restriction.
- Employers generally prefer local students to non-local students.
- Few job opportunities for non-local students.

Social integration of non-local students

- Institutions should put more effort in supporting non-local students to adapt to local community.
- Student ambassador/buddy programmes are good ways to help non-local students.
- Student associations are reluctant to recruit non-local students to join executive committees because of the language barrier.
- Student publications (e.g. election materials, newsletters) are in Chinese.
- Non-local students are not invited to join local student orientation camps.

Sessions 3 and 4

Date: 9 June 2010, 6:30 – 8:00 p.m.
10 June 2010, 6:30 – 8:00 p.m.

Participants: Local students

Summary of comments

General policy

- Institutions should admit more non-Mainland non-local students rather than Mainland students.
- Hong Kong has “Mainlandisation” instead of internationalisation.
- Hong Kong is only treated as a stepping stone for non-local students. The most important aspect of developing education hub should be to retain non-local students; Hong Kong should not merely act as a stepping stone.
- Development of education services means commercialising education.
- Development of education services means fewer opportunities for financially and academically less capable local students.
- Students with financial difficulties should also be given an education opportunity.
- Hong Kong should be at least on par with other economies in terms of the participation rate at undergraduate level.
- More articulation opportunities should be provided to sub-degree holders.
- More support should be provided (e.g. hostels, scholarships) as institutions admit more non-local students.
- Self-financing institutions should be provided with more land.

Strengths of Hong Kong

- Institutions teach in English
- Local employment opportunities upon graduation
- Hong Kong is a vibrant, cosmopolitan city
- Proximity to China

Study-related concerns

- Welcome international students as they will bring along different cultures and add value to the university life of local students.
- Consider local and non-local students have different niche areas.
- Competition exists regardless of the existence of non-local students.
- Better academic result does not mean a student is more competitive; soft skills are important as well.

- Institutions should host more international conferences.
- Some exchange opportunities should be awarded based on non-academic merits.
- Exchange opportunities benefit students' learning experience and exposure.
- Mainland students take most of the scholarships.
- Local students are less outspoken and unwilling to interact with professors.
- Local students are not trained to think critically.
- The benefit of internationalisation should be instilled from secondary school stage.
- High tuition and living cost discourage non-local students from coming to Hong Kong.

Employment-related concerns

- Institutions should provide a wider range of internships.
- Institutions should provide more career support (e.g. preparation of resumes, job hunting).
- Suggest making internships compulsory.
- Students in business school have more career support.
- Non-local students are competing for internships.
- Institutions should encourage students to defer their studies to take up internships.

Social integration of non-local students

- Local students may lack confidence when interacting with Mainland students.
- Mainland students are very smart and hardworking but may not be interested in social gathering.
- Local students do not blend in with non-local students.
- Hostel is a good place for interaction and integration between local and non-local students.
- Some non-local students prefer staying with their own ethnic group.
- Student associations can do a better job in organising activities for the integration of local and non-local students; institutions should providing funding for such activities.

Session 5

Date: 24 June 2010, 6:30 – 8:00 p.m.

Participants: Alumni of local institutions

Summary of comments

General policy

- The term “education services” may be perceived as profit making.
- Hong Kong should avoid becoming a mere stepping stone.
- The development of education services should not only focus on serving the Mainland.
- Non-local graduates who leave Hong Kong may build up connections with Hong Kong.
- Hong Kong needs to find its niche area to increase competitiveness and its influence in the world.
- Need to find out how to retain non-local students after graduation.
- Emphasise attracting non-local talents may make local students feel they are not good enough.
- Should improve Asian studies programmes to attract interested non-local students.
- The relaxed immigration policy should be promoted.

Strengths of Hong Kong

- Ample employment opportunities
- Good infrastructure

Study-related concerns

- Local students may think that non-local students take away opportunities.

Employment-related concerns

- The Government should provide support for employers to encourage hiring non-local graduates.

Social integration of non-local students

- Integration between local and non-local students is important.
- Should provide more support for non-local students (e.g. counselling).
- Local students may consider non-local students as a threat.

Sessions 6 and 7

Date: 25 June 2010, 10:00 – 11:30 a.m.

28 June 2010, 10:00 – 11:30 a.m.

Participants: Staff from the admission offices of local institutions

Summary of comments

General policy

- Should make it clear to the public that the purpose of developing education services is not generating profit.
- Non-local students who have studied in Hong Kong will increase our influence as students will bring home with them local knowledge and mindset. Non-local graduates who leave Hong Kong will be good ambassadors for Hong Kong.
- The promotion trip led by Government senior officials is a great initiative; although the outcome may not be immediate, the process is very important.
- Hong Kong should create niches to attract non-local students e.g. soft skills, financial centre.
- Hong Kong should discuss the recognition of local qualifications with other economies.
- If non-local students are charged at full cost, the quantity and quality of students will go down.
- The concept of education hub has led many Mainland cities to look at Hong Kong as a threat.
- Should analyze why local secondary students leave Hong Kong after graduating.
- Survey on whether non-local graduates stay in Hong Kong would be useful.
- Institutions need to subsidise each non-local student they admit; admitting more non-local students resulted in a financial burden for institutions.
- Charging full cost might not be able to attract quality non-local students.
- Institutions should develop programmes in niche areas other than only business-related one.
- Bringing in exchange students is a good way to promote Hong Kong.
- The goal of education hub should be to benefit local students.
- Should promote faculty exchange.

Study-related concerns

- Institutions do not have enough hostels to admit more non-local students.
- Should consider negotiating with property developers on providing residence to students e.g. international village.
- The medium of instruction is English; course taught in other languages usually require prior approval.

- The HKSAR Government Scholarship Fund helps attract quality students but the scholarship is not enough to cover the full tuition fee.
- Suggest setting up scholarships for specific countries (e.g. ASEAN countries).

Employment-related concerns

- Employability of non-local students is an issue. Should give students more support in this area.

Social integration of non-local students

- More counselling services should be provided to non-local students.
- Institutions need to create a platform for local and non-local students to get together e.g. buddy scheme, mentor scheme, orientation programmes.
- A non-governmental organisation should be set up to provide support for non-local students.

Session 8

Date: 15 July 2010, 6:30 – 8:00 p.m.

Participants: Alumni of overseas universities in UK, Canada, and Australia

Summary of comments

General policy

- The Government should increase investment in education.
- Hong Kong should position itself as a transit for non-local students' further academic or career pursuit.
- Hong Kong should develop more taught postgraduate programmes rather than research postgraduate programmes.
- Hong Kong should consider targeting students from nearby less well-off countries (e.g. Malaysia, Cambodia).
- Institutions should develop programmes/disciplines in collaboration with local niche industries.
- The Government may consider subsidizing non-local students to come study in Hong Kong.
- Vocational training for chefs can be a potential niche area.
- Non-local students who leave Hong Kong after graduation may help promote Hong Kong's brand name overseas.

Strengths of Hong Kong

- Local tertiary education has high quality and is affordable
- Rule of law, clean and prosperous market
- English language environment and English as medium of instruction
- Proximity to China
- Hong Kong is a place where East meets West
- Hong Kong's safe and friendly environment

Study-related concerns

- Hong Kong has only limited number of universities when compared to other international cities such as New York and London.
- Local classroom culture appears unwelcoming to non-local students.
- The Government should consider setting up scholarships for students of a particular nationality.
- It is natural for non-local students to stay with students coming from the same country.

Employment-related concerns

- Limited job opportunities

Summary of Comments of Roundtable Discussion

Date: 16 September 2010, 3:30 – 5:30 p.m.

Participants: High level representatives from nine publicly-funded and four self-financing institutions, chambers of commerce and think tanks

Summary of comments

General policy

- The development of education hub should focus on the provision of quality education, attracting international students and investment and importing innovative educational ideas and initiatives. The development should be based on existing niches and needs of Hong Kong.
- The objective of developing education hub should be clearly communicated to both the local as well as overseas community.
- Support from the local community is important. It should be emphasized that the local education sector would benefit through the development of education services, which would in turn contribute to Hong Kong's competitiveness in the long run.
- There should be a closer collaboration between industry and institutions in research and development.
- The Government should provide policy, financial and infrastructural support to make the development of education services a success.
- Provision of land for the construction of teaching facilities and student hostels is critical.
- The Government should facilitate the development of existing and new self-financing institutions by providing research funding as well as other government subsidies.
- More exchange programmes should be arranged in collaboration with overseas universities to broaden the students' vision.
- Institutions may seek to offer specialised education in partnership with specific industries.

Strengths of Hong Kong

- Internationalisation is a real strength of Hong Kong. Hong Kong has a high degree of internationalisation in curriculum, programmes, faculty and other aspects.
- Hong Kong's proximity to China.
- Hong Kong enables students to be exposed to both east and west cultures.

Branding and promotion

- An appropriate branding and promotional strategies should be put in place to publicise Hong Kong's aspiration and our initiatives in this respect.

Summary of Comments of Discussion Forum

Date: 20 December 2010, 6:30 – 8:00 p.m.

Participants: Around 300 principals, teachers, parents and students

Summary of comments

General policy

- Hong Kong has been quite successful in moving towards the internationalization of its education sector.
- There are insufficient tertiary education opportunities. Some parents are forced to send their child to study overseas at high cost.
- The government should ensure that local students would not be denied access to higher education due to a lack of financial means.
- A voucher scheme, which provides students with free choices including studying abroad, can address the issue of insufficient local tertiary education opportunities.
- The government may consider subsidising self-financing institutions to run degree programmes to address the issue of shortage of tertiary education opportunities.
- As compared to the UGC-funded institutions, self-financing institutions put more emphasis on teaching and student-related affairs. This mode of operation is more cost-effective and may benefit students more.
- The implementation of voucher scheme in tertiary education sector will foster the development of self-financing institutions in Hong Kong.
- In view of the shortage of tertiary education opportunities in Hong Kong, young people should also look for education opportunities outside Hong Kong.
- Secondary school leavers should not give up their pursuit of further study in tertiary education as Hong Kong provides access to tertiary education through various means. For example, more than 200 students were admitted to universities after completing the programmes under Project Yi Jin.

Strengths of Hong Kong

- Hong Kong is a cosmopolitan city. People accept and adopt new products and innovative ideas quickly.
- Hong Kong has excellent teachers dedicated to providing high quality education for our young people.

Study-related concerns

- Non-local students should be allowed to study in secondary schools in Hong Kong so as to foster a cultural mix between local and non-local students at an earlier stage.
- Hong Kong is facing very keen competition from its neighbouring cities. For example, students in Shanghai were ranked No.1 in the Programme for International Student

Assessment (PISA). It was the responsibilities of both the government and the parents to enhance the competitiveness of our next generations.

- Most secondary school students attend tutor-classes which only trained the former to achieve high scores in the examinations with little emphasis on other essential qualities (e.g. critical thinking).
- The existing curriculum puts too much emphasis on western theories.
- The existing education system impairs critical thinking of an individual and hindered the building up of confidence.
- Hong Kong students are of very high quality in general. Nevertheless, they need to build up more confidence so that they can express their ideas in a convincing manner.
- Globalisation is a matter not only for business organisations to pursue, but also for an individual to adapt himself to meet the challenges ahead.
- Although Shanghai students ranked higher than Hong Kong in the recent PISA study, it only reflected the top echelon of students. On average, the quality of Hong Kong students is not inferior compared with those in Shanghai.
- According to a consultancy study commissioned by Singapore, the Hong Kong education system ranked “Good to Excellent” amongst more than 40 countries in the world. It is a fact that Hong Kong provides quality education, though the media may sometimes only focus on reporting the inadequacy of our education system.

Others

- The reduction of classes in secondary schools has deprived students of the chances to enter prestigious schools.
- Low income families find it difficult to afford high tuition fee of schools under the Direct Subsidy Scheme.
- The recently disclosed irregularities of direct-subsidy schools lead to worries that those schools would become private elite schools which only admit students from well-off families.
- It is not appropriate to categorise students simply into three broad bands. Each student should have his/her own talents which should be nurtured and properly developed.
- The Hong Kong Institute of Education has yet to be upgraded to a university and would undermine the confidence of its students (i.e. prospective teachers).

**Hong Kong Trade Development Council's Programmes for Promoting Hong Kong's Education Services
(2005/06 – 2010/11)**

Market	Event	Year of Participation	Format	No.of Participating Institutions
1. B2B Promotion				
USA	NAFSA International Education Conference/ Exhibition, Los Angeles	May 2007 May 2008	HK Pavilion	8 (UGC-funded) 8 (UGC-funded)
Switzerland	European Association for International Education (EAIE) Conference & Exhibition, Basel	Sep 2006	HK Pavilion	8 (UGC-funded)
2. B2C Promotion				
India	Hong Kong Higher Education Roadshow to India	Nov 2007 Sep 2008 Aug/Sep 2009 Aug 2010	School Visit	7 (UGC-funded) 5 (UGC-funded) 5 (UGC-funded) 6 (UGC-funded)
Korea	Korea Student Fair, Seoul	Mar 2006	HK Pavilion	6 (UGC-funded)
Korea	Hong Kong Higher Education Roadshow to Korea	Mar 2010 Mar 2011	School Visit	4 (UGC-funded) 5 (UGC-funded)
Malaysia	The Star Education Fair, Kuala Lumpur	Jan 2006 Jan 2009 Jan 2010	HK Pavilion, School Visit	8 (UGC-funded) 8 (UGC-funded) 8 (UGC-funded)

Market	Event	Year of Participation	Format	No.of Participating Institutions
Indonesia	IKPII Education Expo, Jakarta	Jan 2007 Jan 2008	HK Pavilion, School Visit	7 (UGC-funded) 8 (UGC-funded)
Hong Kong	Education & Career Expo	More than 10 years	Exhibition	2008:30 2009:26 2010:27
Hong Kong	Promotion of Design Education at Inno Design Tech Expo	Since 2005	Exhibition	2006:5 2007:6 2008:6 2009:6 2010:8
Hong Kong	Entrepreneur and Continuing Education Day	May 2009	Exhibition	14
3. Other Promotion				
	Joint University Portal (http://studyinhongkong.edu.hk)	Since May 2007	Website	8 (UGC-funded)
	Search Engine Marketing on Joint University Portal	Mar-Aug 2011	Website	8 (UGC-funded)
	Joint Universities Brochure	Project based	Brochure	8 (UGC-funded)

Annex VI**Summary of Tuition Fees and Cost of Living for Non-local Students in Different Jurisdictions**

Study Destination	Exchange Rate	Average Tuition Fee (home currency)	Average Tuition Fee (HKD)	Living Expenses (home currency)	Living Expenses (HKD)	Years of Ug Study	Annual Cost of Ug Study (HKD)	Total Cost of Ug Study (HKD)
Hong Kong	-	80,000	80,000	50,000	50,000	4	130,000	520,000
USA (private)	7.78	30,400	236,500	11,700	91,000	4	327,500	1,310,000
USA(public)	7.78	21,400	166,500	13,800	107,300	4	273,800	1,095,200
UK	12.5	11,500	143,750	7,300	91,250	3 or 4	235,000	822,500 (3.5 years)
Australia	7.8	19,500	152,100	19,800	154,440	3 or 4	306,540	1,072,890 (3.5 years)
New Zealand	6.0	20,600	123,600	18,000	108,000	3 or 4	216,200	810,600 (3.5 years)
Canada	7.8	15,500	120,900	16,100	125,580	4	243,300	985,920
France	10.3	450	4,600	10,200	105,000	3-5	109,600	438,400 (4 years)
Germany	10.3	0	0	10,500	108,200	4	108,200	432,800
The Netherlands	10.3	9,000	92,700	10,000	103,000	4	195,700	782,800
Japan	0.094	890,300	83,690	1,332,000	125,210	4	208,900	835,600
Singapore	6.0	21,800	130,800	11,400	68,400	4	199,200	796,800
Malaysia (Foreign Campuses)	2.6	27,900	72,540	32,000	83,200	3 or 4	155,740	545,090 (3.5 years)
Mainland	1.19	12,500	14,875	40,000	47,600	4	62,475	249,900

Annex VII

Share of tertiary foreign students in OECD countries

Countries	Share of tertiary students abroad within the OECD area %
1. China	7
2. Korea	5
3. Japan	4
4. Greece	4
5. Germany	4
6. France	3
7. India	3
8. Turkey	3
9. Malaysia	3
10. Italy	3
11. Morocco	3
12. Hong Kong China	2
13. USA	2
14. Indonesia	2

Source: OECD Education Data Base as at 2007

Overseas Experience

1. Over 250 cities in the world are said to have declared their aspirations to become an education hub. This note sets out some of the overseas experience and highlights their key measures and challenges.

Australia

2. Australia is one of the pioneers in developing education services. The Australian Government has allowed institutions to offer places to full fee-paying students since 1986 which has paved the way for developing its education services into one of the service export sectors. International education became Australia's biggest services export and third largest export¹ in 2007. The key strategic priorities for the Australian Government are to:

- (a) promote broader bilateral and multilateral engagement on international education and training policy;
- (b) contribute to alleviating Australia's skills shortages;
- (c) protect educational standards through the establishment of a sound registration system in 2000²; and
- (d) ensure market diversification.

3. To support the sustainable development of the international education and training system in Australia, the Australia Education International (AEI) was established by the Australian Government to be its international arm. AEI has 23 offices around the world to promote Australian education in conjunction with the Government and industry. AEI's proactive efforts have gained Australia the status of being one of the major education hubs in the world. The number of foreign students increased by 236% from 188 000 to 632 000 between 2002 and 2009³.

4. Although overseas students are charged at full-fee level, they are allowed to undertake part-time work up to 20 hours per week during school term, and unlimited hours outside school terms. The Australian government also offers scholarships to attract outstanding students to study in Australia.

5. Although the safe environment, comfortable lifestyle and quality of education have helped Australia to build up its education services, it is observed that keen competition, financial viability and relatively lack of diversity may pose challenges to Australia in maintaining sustainable development of its international education market. The Australian Government has therefore commissioned a review in 2009 to ensure a sustainable and high-quality international education sector. Arising from the review,

the Government has implemented a number of measures including strengthening the regulatory and legislative framework to address issues arising from the rapid growth in international education. It also released an International Students Strategy for Australia in October 2010 to outline responsibilities of various levels of government in ensuring the wellbeing of international students, quality of international education, consumer protection and provision of better information for international students.

Singapore

6. Singapore announced in 1999 its aspiration to become an education hub by attracting top foreign universities to set up branches there. In 2002, the Singaporean Government announced the initiative to develop Singapore into a Global Schoolhouse, comprising a rich diversity of quality education institutions and programmes at all levels from pre-school to post-graduate study. The target is to attract 150 000 foreign students to study in Singapore by 2015, which it said would not only create 22 000 jobs, but also boost the education sector's GDP contribution from 1.9% (S\$3 billion/US\$1.8 billion) to 5%.⁴

7. To take forward the objective, "Singapore Education" was launched in 2003. The initiative was led by the Singapore Economic Development Board and supported by the Singapore Tourism Board, SPRING Singapore (Standards, Productivity and Innovation Board), International Enterprise Singapore and Ministry of Education. It aims to establish Singapore as a premier education hub by promoting a distinctive mix of educational services, focusing on basic education, higher learning, corporate education, and enrichment courses. Singapore Education engages in a myriad of promotional activities, including the organization of education exhibitions and training of education counselors. A number of scholarships are also made available for international students.

8. Currently, Singapore hosts more than 16 international institutions⁵, as well as 41 preparatory and boarding schools (comprising 38 foreign system schools and 3 privately funded schools). Singapore's foreign student intake has a sharp (94%) increase from less than 50 000 in 2002 to 97 000 in 2009.

9. Singapore's bilingual policy is an important pillar for developing into an education hub. The success in attracting high-caliber international institutions makes the multi-cultural Singapore even more attractive to foreign students. It is worth noting that Singapore Government's leading role is the key to its success. Through the concerted effort of different departments, including the Economic Development Bureau, Ministry of Education, Tourism Board and the Immigration and Checkpoints Authority, Singapore's education ecosystem is very foreigner-friendly.

10. Despite its success, Singapore faces some difficulties. Although Singapore has successfully attracted some international institutions to establish branches there, their viability and sustainability are uncertain. The first foreign comprehensive

university in Singapore, the University of New South Wales' Singapore campus, closed in June 2007, just a few months after classes had started, apparently partly due to financial considerations. The number of student intake was lower than expected and the student mix was also not favorable as over 60% of enrolled students were local ones. Some people view the closure as a setback to Singapore's Global Schoolhouse initiative and have expressed concerns on the viability of setting up overseas branches of comprehensive universities in Singapore.

11. Another challenge facing Singapore is the concern over the role of Government and its emphasis on conformity and discipline, which may not be conducive to the development of a vibrant higher education sector that upholds academic freedom and institutional autonomy.

Malaysia

12. Malaysia announced in 2006 the concept of developing into a regional education hub with a view to boosting Malaysia's economic future. In 2007, Malaysia set a target of having 100 000 foreign students by 2010.

13. Currently, there are 20 universities, 24 polytechnics and 37 community colleges in the public higher education sector, with another 20 universities, 20 university colleges and more than 500 colleges in the privately-funded sector. There are also other international institutions from overseas (including the UK, US, Australia, Canada, France, Germany and New Zealand) which offer twinning and franchised degree programmes in Malaysia through partnership with local colleges or universities. Furthermore, five foreign universities⁶ have set up branch campuses.

14. The Ministry of Higher Education of Malaysia promotes Malaysia as a centre for education through its network of overseas Education Promotion Centres (MEPC) located in UAE, Indonesia, Vietnam and Beijing, China. In 2010, more than 80 education promotional programmes/activities were conducted in joint effort of the MEPCs. In addition, efforts have been made by the Ministry to strengthen the electronic distribution system of information on Malaysian education in order to facilitate promotion. It also encourages Malaysian institutes of higher education to establish branch campuses overseas in order to enhance the internationalization of education programmes. The chances and accessibility for international students to further study at the branch campuses of Malaysian institutes would also be improved. So far, five Malaysian institutes⁷ have established branch campus in overseas locations.

15. The ideal geographical location provides Malaysia with a good chance of becoming an Islamic education hub. With Islam as its national religion and its proximity to Indonesia, the world's largest Muslim population, Malaysia has a huge market on the doorstep. It is also an attractive study destination for students from the Middle East and African countries, not only because of its location but also

because the cost of studying in Malaysia is much more affordable than that in western countries.

16. In addition to affordable course fee, the Malaysian Government offers a variety of scholarships to attract candidates. For example, a scholarship was set up by the Malaysian government in 2008 to provide 1 000 students with an opportunity to study in Malaysia over the next four years. Full-time international students are allowed to work part-time for a maximum of 20 hours per week so as to make sure that they can earn some living expenses during their stay in Malaysia.

17. Malaysia has tremendous challenges in terms of maintaining and enhancing the quality of its institutions and programmes. It also faces stiff competition from Arabian Gulf region in attracting international students.

Japan

18. Japan announced in 2008 the “300 000 foreign students plan”⁸. It aims to have 300 000 international students in Japan’s universities by 2020, i.e. about 10% of its higher education enrollment. To realize the target, the Ministry of Education, Culture, Sports, Science and Technology implemented “Project for Establishing Core Universities for Internationalization” (“Global 30”) in 2009 to elevate the international competitiveness of Japanese tertiary institutions. Thirteen core universities were selected to receive a financial assistance of 200 to 400 million yen per annum for a period of five years. Each selected university was given the target to recruit 3 000 to 8 000 international students during the five-year period. Endowed with the funds, the universities are expected to establish themselves as Japan’s leading internationalization hubs by providing a high quality of education and creating an attractive environment for foreign students. Two overseas offices could be established by each university to facilitate the recruitment of international students. The Ministry launched a website, JUMP (Japanese Universities for Motivated People), in March 2010 to promote study opportunities in Japan.

19. In addition to the marketing and promotional effort, Japan focuses also on strengthening the quality assurance of its higher education programmes. Starting from 2004, all universities and colleges are required to undergo regular quality assurance review by external evaluation organizations like the National Institution for Academic Degrees and University Evaluation and the Japan University Accreditation Association. The Japanese government has also established a professional postgraduate school system with a view to meeting the advanced skills and knowledge of different professions.

20. In 2009, about 133 000 foreign students were studying in Japan, with China and India being the two largest source countries. Foreign taught programme students are allowed to take up part-time work up to 28 hours a week, but research students can only work up to 14 hours a week.

21. The greatest appeal of studying in Japan is its academic environment where one can study the state-of-the-art technology and acquire the knowledge that has enabled Japan's post-war economic growth. The Japanese culture and arts are also attractive to westerners. However, its non-English speaking environment and under-representation of world-class institutions in relation to its economic power discourage foreign students from studying in Japan at the same time.

Mainland China

22. The mainland of China is striving to develop a world-class higher education system with a view to improving its attractiveness to international students. In 2009, there were over 230 000 international students from 190 countries and regions studying in institutions or universities in the Mainland. The Mainland Government wishes to attract half a million foreign students to study in China by 2020 and build China into one of the Asia's top destinations for international students.

23. The recently promulgated National Outline for Medium and Long-term Education Reform and Development declared that China would recruit more international students by means of increasing the number of scholarships and subsidizing international students from developing countries. The China Scholarships Council has set a target to double the number of scholarship to international students from 10 000 awards (amounting about RMB 360 million/US\$52 million) in 2007 to 20 000 awards in 2010. Specific scholarship programmes have also been set up in partnerships with governments in the Middle East, Africa and Central Asia to attract international students from these regions to study medicine, engineering and agriculture programmes in China.

24. China's steady economic rise paralleled with the increasing demand for Chinese language competency has rendered China an attractive destination for students from Asia and beyond. However, some English-speaking students are deterred from studying in the Mainland as most of the institutions use Mandarin as the medium of instruction. There is also concern about academic freedom.

United Kingdom

25. The United Kingdom (UK) announced in 1999 the first phase of the Initiative for International Education. It aimed to increase the number of international students studying in the UK and to promote UK education abroad through collaboration among universities/colleges, government and other bodies. The target to attract an additional 75 000 non-EU international students to study in the UK by 2005 was achieved ahead of schedule.

26. The second phase of initiative was unveiled in 2006. It was a five-year strategy aimed to achieve by 2011 –

- (a) an additional 100 000 international students be attracted to UK's higher and further education;
- (b) demonstrable improvements to student satisfaction ratings in the UK be achieved;
- (c) significant growth in the number of partnerships between the UK and other countries; and
- (d) the number of countries sending more than 10 000 students per annum to the UK be doubled.

27. Being the UK's arm to promote UK education, the British Council arranges various marketing campaigns all over the world to promote the brand name "Education UK: Innovative, Individual, Inspirational". It also operates a website, "Education UK", to provide a database of over 450 000 UK courses. The website attracts four million visitors each year.

28. The high reputation of UK universities and the top quality programmes that they offer enable UK to maintain its position as second only to the US as a study destination for international students. Benefiting from the prestige position in higher education, the UK government has moved beyond recruitment to the improvement of students' experience in UK. Efforts have been made to enrich the life of non-local students in UK and make it more rewarding. However, UK does face the challenges brought by the rapid economic development of Asia that made some Asian cities increasingly attractive to international students.

29. In March 2011, the UK Government announced major reforms to the student visa system. From April 2012, institutions wanting to sponsor students would have to be classed as 'highly trusted sponsors' and become accredited by statutory education inspection bodies by the end of 2012. Students going to study at degree level in UK will have to speak a higher level of English than now. International students' work rights will also be more restrictive. Only students at universities and publicly-funded further education colleges will retain current work rights; all other students will have no right to work. Furthermore, students will no longer be given a general right to stay for two years after graduation to seek employment. Only graduates who have an offer of a skilled job from a sponsoring employer under certain categories will be able to stay to work. Besides, only postgraduate students at universities and government sponsored students will be able to bring their family members with them.

¹ Reserve Bank of Australia Bulletin June 2008 – Australia's Exports of Education Services (<http://www.rba.gov.au/publications/bulletin/2008/jun/2.html>)

² The Education Services for Overseas Students Act 2000 requires providers of education and training to overseas students be registered on the Commonwealth Register of Institutions and Courses for Overseas Students.

³ *End of Year Summary of International Student Enrolment Data – Australia – 2009*, Australian Government Department of Education, Employment and Workplace Relations (http://www.austrade.gov.au/ArticleDocuments/3510/ISD_MonthlySummary_Dec2009.pdf.aspx)

- ⁴ *Singapore: the Global Schoolhouse*, Institute of International Education (<http://www.iienetwork.org/page/116259/>)
- ⁵ The 16 institutions include the University of Chicago Booth School of Business, Digipen Institute of Technology, ESSEC Business School, German Institute of Science and Technology, INSEAD, S P Jain Institute of Management, New York University Tisch School of the Arts Asia, University of Nevada Las Vegas Singapore, etc.
- ⁶ Monash, Curtin and Swinburne Universities of Australia, SAE Institute of Australia and University of Nottingham, UK.
- ⁷ University College Sedaya International (UCSI) in Indonesia, LimKokWing University in London and Botswana, INTI International University College in Beijing and Asia Pacific University College of Technology & Innovation (UCTI) in Lahore, Pakistan.
- ⁸ Why study in Japan, www.studyjapan.go.jp