Australian Education International Conference 2008

John Cribbin
October 8th 2008

Hong Kong as an International Education Hub

Focus on the Realities for Hong Kong
Broad Themes

- Key issues in educational change and policy in Hong Kong
- The implications of these for providers of offshore and onshore programmes
- A lifelong learning perspective

Topics

- Hong Kong and the Hong Kong Government
- Hong Kong Education
- Supply and Demand
- The new Diploma in Secondary Education
  - curriculum reform via structural change
  - the 3+3+4 model
Topics 2

- Public Higher Education provision
- Lifelong learning and the knowledge economy – the private sector
- Marketisation and Regulation
- Globalisation and the Trade in Educational Services
- Government Policy and the Private Sector

Topics 3

- The Hong Kong Market for higher education
- Motivations to export education
- Hong Kong and China
- The Education Hub concept
Topics 4

- Future Developments and Trends
- Conclusions and Predictions

Hong Kong

- A city of 7 million, growing slowly but with an ageing population
- Little change in daily life since resumption of sovereignty in 1997, by contrast China is changing rapidly
- One country, Two systems seems to be working
- Predominantly a service economy, increasingly a knowledge economy, human capital the only resource
Hong Kong Government

- Laissez-faire philosophy, still one of the world’s freest economies
- Tries to ensure a level playing field
- Relatively open to overseas education providers – the Non-Local Ordinance is largely about consumer protection
- In certain areas though, including housing and education, government is extremely directive

HK Government 2

- Also keen on the notion of ‘hubs’, e.g. in financial services, transport, logistics, wine
- And in recent years as a ‘regional education hub’
- Common Economic Partnership Agreement (CEPA) has benefited HK in its trade with China but has not been extended to education
- In this sector HK is treated as any other foreign country
HK Education

- Traditionally followed the British system of 6 years primary followed by 5+2 years of secondary education
- 9 years of universal free education only from 1979
- Vocational education for the less academically inclined
- Not all could progress beyond secondary 5
- University places limited

HK Education 2

- 3 year honours degrees the norm except in professional disciplines
- 8 funded universities, 2 private universities
- Strong continuing education and lifelong learning sector – the 4th estate
- Comprehensive review by the Education Commission post 1997
- HK students need to be trilingual and biliterate
HK Education 3

- Pre 1997 most secondary schools nominally taught in English
- Post 1997 only 100+ continued to do so (about 25%), policy now to be relaxed
- Recent research shows this has disadvantaged the majority in terms of local university entry
- Revised structure announced in 2000

The educational system envisaged by the Education Commission and practice in 2007/8 (EC 2000:18)

- Lifelong Learning Academic Structure
  - Continuing Education
    - Universities 4 years after 2012
    - Full-time post-secondary colleges*
    - Full-time community colleges
    - Unified System for Senior Secondary Education (11-18) currently 5+2 after 2012 3+3
    - Coherent Universal Basic Education (5-11)
    - Early Childhood Education < 5

*Post-secondary colleges refer to institutions providing post-secondary courses, vocational courses and compensatory courses.
HK Education 4

- 6 years of secondary education followed by 4 year degrees – 3+3+4 to be fully implemented in 2012/13
- In parallel an expansion of post-secondary opportunity to 60% of the 17-21 age group by 2010 on a self-financing basis – achieved by 2005
- Schools are mostly subsidised, 90% government or aided, some private, some religious, also international schools

Supply and Demand

The school age student population is declining (thousands)

<table>
<thead>
<tr>
<th></th>
<th>2001/2</th>
<th>2005/6</th>
<th>2006/7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>493.1</td>
<td>425.9</td>
<td>410.5</td>
</tr>
<tr>
<td>Secondary</td>
<td>465.4</td>
<td>482.3</td>
<td>484.2</td>
</tr>
</tbody>
</table>

Source: Hong Kong 2006
Supply and Demand 2

- Current situation is that about 5% of students leave in S3
- Only some 35% progress from S5 to S6/7
- This is roughly 30,000 and there are only 14,500 subsidised FYFD places (18% of age cohort) but only some 17,500 matriculate, also about 8,000 repeaters
- The introduction of Associate Degrees and Higher Diplomas since 2000 has helped to meet local demand

Supply and Demand 3

- Current S5 population sitting HKCEE exam is 85,000 school students plus about 25,000 repeaters
- In 2012 the last A level cohort will complete and the first of the new Diploma in Secondary Education (DSE) cohort
- Universities will have to cope with a double intake of 3 year and 4 year degree students
Supply and Demand 4

- After 2012 still only 14,500 places but a potential school leaving cohort of about 80,000
- However by 2014 this will drop to 71,846 and continue dropping to around 55,000 in 2021 (SCMP, July 8, 2008)
- Peter Burges has also shown the decline in the 18 year old cohort to 35,000 by 2023 (Burges and Olsen, 2007)

Diploma in Secondary Education

- 4 core subjects – Chinese Language, English Language, Maths, Liberal studies – take up 45-55% of the curriculum
- 2-3 electives (4 possible for the most able) from a choice of 20 academic subjects in 5 key learning areas – Science, Humanities, Technology, Arts, Physical Education
- In addition electives can be selected from a range of Applied Learning courses that are more vocationally oriented
DSE 2
- Electives cover 20-30% of curriculum time
- The remaining 15-35% is allocated to other learning experiences that cover moral/civic education, sport, aesthetics, community service, work experience
- Students can also study other languages for international exams
- Aim is to promote a whole person approach, foster lifelong learning capacity and abilities in different areas

DSE 3
- Assessment is school based plus one public exam
- Focus is on analysis and problem solving not rote learning
- Standards referencing is adopted, i.e. outcomes based learning
- Benchmarking to international standards, particularly with the UK via Cambridge International Examinations
- International recognition being sought for overseas university entry
The assessment for the new diploma is based on the learning outcomes approach and so measures individual performance against the outcomes rather than being norm based as at present.

Five point scale used for assessment with 5* and 5** ratings for the best performance to differentiate the high achievers.

Public Higher Education Provision

- Eight publicly funded universities
- Four in the THES top 200 rankings
- Limited number of undergraduate places – 14,500 or approximately 18% of the age group cohort
- 2% of those places may be allocated for international students
- However, up to 20% of approved intakes can be non-local at a higher fee
Public Higher Education

- Normal fee is HK$42,500, higher fee is HK$100,000 – still a marginal rather than full cost fee
- Strong support for student exchange, current non-local figure around 10%
- Research is emphasised but taught postgraduate course must be self-financed (marginal cost fees again)
- Intakes to subject level highly controlled and directed by UGC

The Private Sector in Higher Education

- Two private universities
- All the universities have self-financed Continuing Education units which also offer a wider provision – lifelong learning
- A number of quasi public bodies also involved
- An active private sector with institutions structured as private companies
Private Sector

- Vibrant and varied continuing education sector offers programmes at many levels
- University CE Schools
- Quasi public bodies such as VTC, Caritas
- Private sector institutions – HKMA, HKIT, HKCT, international groups such as Kaplan, Informatics, Raffles etc
- Large sector – at least half a million enrolments annually

HKU SPACE Research Survey 2008

<table>
<thead>
<tr>
<th>Survey Year</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation rate</td>
<td>20.7%</td>
<td>21.7%</td>
<td>17.7%</td>
<td>28.1%</td>
<td>25.1%</td>
</tr>
<tr>
<td>Estimated adult learners</td>
<td>0.66m</td>
<td>0.75m</td>
<td>0.96m</td>
<td>1.36m</td>
<td>1.23m</td>
</tr>
<tr>
<td>Annual personal expenditure</td>
<td>$14,052*</td>
<td>$19,765*</td>
<td>$11,114</td>
<td>$8,634</td>
<td>$11,426</td>
</tr>
<tr>
<td>Estimated total volume of trade ($HK billion)</td>
<td>$9.3</td>
<td>$14.7</td>
<td>$10.6</td>
<td>$11.7</td>
<td>$14.1</td>
</tr>
<tr>
<td>Popular academic level (% of learners)</td>
<td>Sub-degree 45.3%</td>
<td>Sub-degree 53.9%</td>
<td>Sub-degree 48.3%</td>
<td>Non-award 54.6%</td>
<td>Non-award 55.3%</td>
</tr>
</tbody>
</table>

Private Sector

- Strong collaboration with overseas institutions
- Definitive statistics are difficult to come by
- Sector has been largely ignored by government though this is changing
- HKUSPACE Continuing Education demand series puts participation at some 1.25 million annually and yields an estimate of annual spending on CE of some HK$14 billion – more than the public expenditure on HE

Marketisation and Regulation

- The private sector has been lightly regulated hitherto compared to the government funded sector
- This is now changing but leads to some tension between the University CE Schools and Government as the former regard themselves as having autonomy as self-accrediting institutions while the latter would like to see a level playing field for all operators
Marketisation and Regulation 2

The principal levers for government are as follows:

The Non-Local Higher and Professional Education (Registration) Ordinance dating from 1997, mainly a consumer protection initiative to deter ‘degree mills’ and treating private and public institutions separately

Associate Degree and Higher Diploma Guidelines – largely drafted by the sector

Marketisation and Regulation 3

- The HK Qualifications Framework and Qualifications Register introduced in May 2008 in progress since 2002 and applicable both to the academic and vocational sectors – being driven by vocational needs
- Education Ordinance
- Public and private institutions treated separately but through comparable processes
- HKCAAVQ and JQRC
Globalisation

- HK is not immune to the forces of globalisation
- Particularly given its free market and laissez-faire philosophies
- Also GATS and WTO commitments apply
- These all impact on education and lifelong learning
- Global trade in educational services is significant

Share of overseas students market (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>22%</td>
</tr>
<tr>
<td>UK</td>
<td>11%</td>
</tr>
<tr>
<td>France</td>
<td>9%</td>
</tr>
<tr>
<td>Germany</td>
<td>10%</td>
</tr>
<tr>
<td>Australia</td>
<td>6%</td>
</tr>
<tr>
<td>Canada</td>
<td>5%</td>
</tr>
</tbody>
</table>
Globalisation 2

These are OECD statistics (2006)
Total student numbers involved are estimated at 2.7 million (2004), up from 0.6m in 1975.
52% from Asia
15% from China alone

Definitions of Movement of Goods and People

<table>
<thead>
<tr>
<th>GATS Definition</th>
<th>OECD definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cross border supply</td>
<td>Programme mobility</td>
</tr>
<tr>
<td>2. Consumption abroad</td>
<td>People (student) mobility</td>
</tr>
<tr>
<td>3. Commercial presence</td>
<td>Institution mobility</td>
</tr>
<tr>
<td>4. Presence of natural persons</td>
<td>People (academic) mobility</td>
</tr>
</tbody>
</table>
Globalisation

- Although trade in educational services is recognised in WTO/GATS, only some 44 of 145 members have specified education as an interest area.
- Only 21 have specified higher education and only 3 of those have submitted proposals.
- “Complex and Contentious” (Jane Knight)

Overseas Students by Destination

<table>
<thead>
<tr>
<th>Country</th>
<th>Overseas Students in Hosting Countries (On-shore)</th>
<th>Off-Shore Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>586,232</td>
<td>~</td>
</tr>
<tr>
<td>UK</td>
<td>226,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Australia</td>
<td>136,252</td>
<td>59,400</td>
</tr>
<tr>
<td>Mainland China</td>
<td>77,715</td>
<td>~</td>
</tr>
<tr>
<td>Canada</td>
<td>34,536</td>
<td>~</td>
</tr>
<tr>
<td>Singapore</td>
<td>50,000#</td>
<td>~</td>
</tr>
<tr>
<td>Macau*</td>
<td>19,705@</td>
<td>~</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2,871</td>
<td>~</td>
</tr>
</tbody>
</table>

Notes: (#) 21,000 from China Mainland;
(*) number of local students in Macau in 2003 was only 9,447;
(@) including some off-shore students;
(~) not available
### Global Educational Trends

<table>
<thead>
<tr>
<th>Top Host Countries</th>
<th>On-shore Students</th>
<th>Change</th>
<th>Off-shore Students</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>564,766 (2005/06)</td>
<td>-273</td>
<td>205,983 (2005/06)</td>
<td>+14,662</td>
</tr>
<tr>
<td>UK</td>
<td>318,400 (2004/05)</td>
<td>+18,345</td>
<td>150,000 (2004/05)</td>
<td>~</td>
</tr>
<tr>
<td>Mainland China</td>
<td>162,695 (2006)</td>
<td>+21,608</td>
<td>--</td>
<td>~</td>
</tr>
</tbody>
</table>

USA “Open Doors” 2007

### New International Student Enrolments in the USA 04/5-06/7

<table>
<thead>
<tr>
<th></th>
<th>2004/5</th>
<th>2005/6</th>
<th>2006/7</th>
<th>2006/7 % of Total</th>
<th>2006/7 % Change from 05/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>59,943</td>
<td>61,342</td>
<td>63,749</td>
<td>40.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Graduate</td>
<td>61,350</td>
<td>64,235</td>
<td>72,726</td>
<td>46.3</td>
<td>13.2</td>
</tr>
<tr>
<td>Other</td>
<td>10,653</td>
<td>17,346</td>
<td>20,703</td>
<td>13.2</td>
<td>19.4</td>
</tr>
<tr>
<td>Total</td>
<td>131,945</td>
<td>142,923</td>
<td>157,178</td>
<td>100</td>
<td>10</td>
</tr>
</tbody>
</table>
### Leading Places of Origin in the USA

<table>
<thead>
<tr>
<th>Place</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>83,833</td>
</tr>
<tr>
<td>China PRC</td>
<td>67,723</td>
</tr>
<tr>
<td>Korea</td>
<td>62,392</td>
</tr>
<tr>
<td>Japan</td>
<td>35,282</td>
</tr>
<tr>
<td>Taiwan</td>
<td>29,094</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>7,922</td>
</tr>
</tbody>
</table>

### International Students in the UK 2005/06

<table>
<thead>
<tr>
<th>Level of Study</th>
<th>International Students</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postgraduate Research</td>
<td>46,785</td>
<td>14%</td>
</tr>
<tr>
<td>Postgraduate Taught</td>
<td>124,790</td>
<td>38%</td>
</tr>
<tr>
<td>First degree</td>
<td>130,200</td>
<td>39%</td>
</tr>
<tr>
<td>Other</td>
<td>28,285</td>
<td>9%</td>
</tr>
</tbody>
</table>
## Top Ten Places of Origin in the UK

<table>
<thead>
<tr>
<th>Places of Origin</th>
<th>2005/06</th>
<th>2004/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. China (PRC)</td>
<td>50,755</td>
<td>52,675</td>
</tr>
<tr>
<td>2. India</td>
<td>19,205</td>
<td>16,685</td>
</tr>
<tr>
<td>3. United States</td>
<td>14,755</td>
<td>14,385</td>
</tr>
<tr>
<td>4. Greece</td>
<td>17,675</td>
<td>19,685</td>
</tr>
<tr>
<td>5. Republic of Ireland</td>
<td>16,790</td>
<td>16,345</td>
</tr>
<tr>
<td>10. Hong Kong</td>
<td>9,445</td>
<td>10,780</td>
</tr>
</tbody>
</table>

*Higher Education Statistics Agency, UK*

## Australia 2007

### International Students by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Enrolments</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education</td>
<td>177,760</td>
<td>39%</td>
</tr>
<tr>
<td>VET</td>
<td>121,422</td>
<td>27%</td>
</tr>
<tr>
<td>ELICOS</td>
<td>101,824</td>
<td>22%</td>
</tr>
<tr>
<td>Schools</td>
<td>27,426</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>26,753</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>455,185</td>
<td></td>
</tr>
</tbody>
</table>
### Top 6 by Nationalities

<table>
<thead>
<tr>
<th>No.</th>
<th>Nationality</th>
<th>Enrolments</th>
<th>Commencements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>China</td>
<td>107,071</td>
<td>59,048</td>
</tr>
<tr>
<td>2.</td>
<td>India</td>
<td>63,604</td>
<td>39,404</td>
</tr>
<tr>
<td>3.</td>
<td>Korea</td>
<td>34,674</td>
<td>20,563</td>
</tr>
<tr>
<td>4.</td>
<td>Thailand</td>
<td>19,987</td>
<td>11,948</td>
</tr>
<tr>
<td>5.</td>
<td>Malaysia</td>
<td>19,874</td>
<td>8,642</td>
</tr>
<tr>
<td>6.</td>
<td>Hong Kong</td>
<td>19,742</td>
<td>8,920</td>
</tr>
</tbody>
</table>

### Mainland Chinese Studying Overseas

<table>
<thead>
<tr>
<th>No.</th>
<th>Location</th>
<th>No.</th>
<th>% of overseas students in that country</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USA (2002/03)</td>
<td>64,000</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Australia (2003)</td>
<td>45,800</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>UK (2003)</td>
<td>43,000</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>Singapore (2003)</td>
<td>21,000</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>Macau (2002/03)</td>
<td>1,752</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Hong Kong (2003/04)</td>
<td>2,536</td>
<td>88%</td>
</tr>
</tbody>
</table>
Government Policy and the Private Sector

- Regulation in the public sector is quite strong
- Government levers in the private sector
- The ‘level playing field’ and ‘laissez-faire’
- Setting and maintaining standards – voluntary or mandatory?
- Professional and academic recognition
- Marketisation and regulation

Management Responses at Institutional Level

- A diversity of institutions at post-school level
- Universities, colleges, CE units, quasi-public bodies, private companies
- Therefore a diversity of responses and drivers but a strong division between publicly funded and self-financed bodies
- Self-financed sector united mainly by competition!
Community Colleges

- Needs identified by the Education commission in 1999 to increase access and opportunity
- Not, however, articulated in any definitive way
- HKUSPACE developed and implemented the concept
- Others followed, as belatedly did the academic sector views

Qualifications Framework

- Presaged in the EC Reforms
- Developed by EMB in 2002 on the basis of an external consultancy
- Consultation but little dialogue or willingness to listen
- Driven by vocational sector agendas and ignores the academic sector views
Regional Education Hub

- Initially a modest aim to increase the numbers of international students in HK universities and promote international exchange
- Widened by government to include the export of education
- No real assessment either of the realities of overall educational provision in HK nor of the resources required to ensure success of the hub concept

Private Universities

- Latest government initiative although also identified by the EC in its reform proposals
- Initially government focussed on attracting overseas universities
- Now the focus is on local private universities
- Implications for the system – new legislation or evolution within existing parameters
The Hong Kong Market for Higher Education

- HK has long been an exporter of students and an importer of programmes
- In 2004 some 72,000 HK persons over 15 were studying overseas, 5,500 in China Mainland (Source: EMB)
- A rapid growth of overseas degree programmes offered in HK from the late 1980s
- Precise scale established for 1999 and 2005

Registered and Exempted Programme totals in 1999 and 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Registered Programmes</th>
<th>Exempted Programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>190</td>
<td>114</td>
</tr>
<tr>
<td>2005</td>
<td>310</td>
<td>342</td>
</tr>
</tbody>
</table>
### Number of Students in Overseas Programmes in 1999 and 2005

<table>
<thead>
<tr>
<th></th>
<th>Registered</th>
<th>Exempted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>18,150</td>
<td>9,852</td>
<td>28,002</td>
</tr>
<tr>
<td>2005</td>
<td>22,723</td>
<td>27,627</td>
<td>49,990</td>
</tr>
</tbody>
</table>

### Numbers by Country and by Academic Level in the Registered and Exempted Categories in 1999 and 2005

<table>
<thead>
<tr>
<th></th>
<th>Bachelors</th>
<th>Masters</th>
<th>Doctorate</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>5,809</td>
<td>2,730</td>
<td>86</td>
<td>1,813</td>
<td>10,438</td>
</tr>
<tr>
<td>Canada</td>
<td>0</td>
<td>105</td>
<td>0</td>
<td>17</td>
<td>122</td>
</tr>
<tr>
<td>China</td>
<td>478</td>
<td>296</td>
<td>0</td>
<td>14</td>
<td>788</td>
</tr>
<tr>
<td>UK</td>
<td>1,834</td>
<td>9,764</td>
<td>381</td>
<td>3,646</td>
<td>15,625</td>
</tr>
<tr>
<td>USA</td>
<td>315</td>
<td>458</td>
<td>0</td>
<td>183</td>
<td>956</td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td>3</td>
<td>0</td>
<td>57</td>
<td>73</td>
</tr>
<tr>
<td>Total</td>
<td>7,633</td>
<td>12,681</td>
<td>467</td>
<td>7,207</td>
<td>28,002</td>
</tr>
</tbody>
</table>
### Numbers by Country and by Academic Level in the Registered and Exempted Categories in 1999 and 2005 (2)

<table>
<thead>
<tr>
<th></th>
<th>Bachelors</th>
<th>Masters</th>
<th>Doctorate</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>8,765</td>
<td>4,843</td>
<td>532</td>
<td>3,325</td>
<td>17,465</td>
</tr>
<tr>
<td>Canada</td>
<td>4</td>
<td>119</td>
<td>0</td>
<td>86</td>
<td>209</td>
</tr>
<tr>
<td>China</td>
<td>363</td>
<td>55</td>
<td>38</td>
<td>2,124</td>
<td>2,580</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0</td>
<td>59</td>
<td>0</td>
<td>0</td>
<td>59</td>
</tr>
<tr>
<td>UK</td>
<td>12,890</td>
<td>8,902</td>
<td>415</td>
<td>5,210</td>
<td>27,417</td>
</tr>
<tr>
<td>USA</td>
<td>510</td>
<td>513</td>
<td>0</td>
<td>746</td>
<td>1,769</td>
</tr>
<tr>
<td>Other</td>
<td>199</td>
<td>80</td>
<td>0</td>
<td>212</td>
<td>491</td>
</tr>
<tr>
<td>Total</td>
<td>22,731</td>
<td>14,571</td>
<td>985</td>
<td>11,703</td>
<td>49,990</td>
</tr>
</tbody>
</table>

### HK Market (2)
- Post-secondary study opportunity is now available in local institutions to 64% of the 17-21 age group cohort
- Funded degree provision meets the needs of 18% of this age cohort
- Funded sub-degree and overseas study meets a further 12%
- The remaining 34% is met by the self-financed Community College sector in Associate Degree (AD) and Higher Diploma (HD) programmes
The Community College expansion dates only from the year 2000.
The increasing number of AD and HD graduates means that there is significantly more demand for degree level places.
Additional government funded provision has only been about 1,000 second year degree places though this will increase to some 2000 from 2008.

There is therefore an increasing number of self financing degree places, offered both by local and overseas providers.
Overseas degree provision is regulated by the Non-local Professional and Higher Degree Registration Ordinance.
All courses have either to be Registered if with a private sector partner or Exempted if partnered with one of the self-accrediting institutions.
HK Market (5)

As at late 2006 there are some 1,108 overseas programmes, 411 (37%) are registered and 697 (63%) are exempted.

In terms of origins, some 54% are from the UK, 28% from Australia and 7.5% each from the USA and China (Source EMB).

This suggests considerable “import penetration” and raises doubts about HK’s comparative advantage to export programmes itself.

Non-local provision compared to UGC provision, 1999 and 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-local Students (headcount)</th>
<th>UGC Sector headcount</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>28,002</td>
<td>84,538</td>
<td>70,040</td>
</tr>
<tr>
<td>2005</td>
<td>49,990</td>
<td>74,760</td>
<td>67,715</td>
</tr>
</tbody>
</table>
Non-local provision compared to UGC provision, 1999 and 2005 (2)

(B) Comparison by Level of Programmes

<table>
<thead>
<tr>
<th></th>
<th>Non-local (by Headcount)</th>
<th>UGC (by FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
<td>2005</td>
</tr>
<tr>
<td>Bachelors</td>
<td>8,449</td>
<td>22,731</td>
</tr>
<tr>
<td>Masters</td>
<td>13,356</td>
<td>14,571</td>
</tr>
<tr>
<td>Doctoral</td>
<td>467</td>
<td>985</td>
</tr>
<tr>
<td>Other</td>
<td>5,430</td>
<td>11,703</td>
</tr>
</tbody>
</table>

Fees Comparisons, Overseas Courses versus UGC Levels

<table>
<thead>
<tr>
<th></th>
<th>Non-Local</th>
<th>UGC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$950 million</td>
<td>$12.623 billion x 18% = $2.77 billion</td>
</tr>
<tr>
<td>2005</td>
<td>$2.28 billion</td>
<td>$9.93 billion x 18% = $1.78 billion</td>
</tr>
</tbody>
</table>
Motivation to export

What are the motivators and drivers for the export of tertiary educational programmes?

Given the dominance of the UK and Australia in this area, are there any special reasons why this should be so?
Motivation to export (2)

- A survey was carried out amongst 60 institutions providing programmes in HK to ascertain their motivations.
- Possibilities include financial motives, altruistic intentions, internationalisation agendas and government encouragement.
- In parallel, a survey amongst HK providers on their motivations to export programmes.

Motivating Factors
Overseas Institutions

- Financial: 100%
- To offer good quality programmes: 95%
- Producing good distance learning programmes: 70%
- Globalization: 70%
- Internationalization: 84%
- Relevant curriculum for overseas markets: 75%

Australian International Education Conference 2008
www.aiec.idp.com
Motivating Factors

Local Programmes

- Financial: 88%
- To offer good quality programmes: 100%
- Producing good distance learning programmes: 66%
- Globalization: 80%
- Internationalization: 87%

Motivation to Export (3)

Some 2004/5 figures on total income from overseas students (onshore/offshore) perhaps point to a major factor?

<table>
<thead>
<tr>
<th>Country</th>
<th>Students</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>565,000</td>
<td>US$13 Billion</td>
</tr>
<tr>
<td>UK</td>
<td>270,000</td>
<td>US$ 6 Billion</td>
</tr>
<tr>
<td>Australia</td>
<td>160,000</td>
<td>US$ 4.5 Billion</td>
</tr>
</tbody>
</table>
Hong Kong’s Potential as a Hub

- HK has traditionally played the role of entrepot for China, a point of contact for China and the rest of the world
- HK is a meeting point of East and West where many cultures mingle
- HK plays a hub role in other service industry areas, notably in financial services and logistics

Hub Potential (2)

- HK economy also very flexible, witness the relatively rapid shift of manufacturing industry to the Pearl River Delta (PRD) region in the past 20 years
- The 2005 report by the Trade Development Council (TDC) illustrated the potential – based on an independent consultant’s study that painted a rosy picture of likely demand
Hub Potential (3)

- In 2004 only 60% of qualified candidates in China achieved university places – a shortfall of some 3 million
- Even those 60% admitted represented only 19% of the age group, low by international standards
- Annual outflow estimated at 45,000 (2,500 to HK) but potential at 1.25 million

Hub Potential (4)

- About 10,000 students studying overseas programmes in China
- 164 programmes offered, 22 from HK
- Potential estimated at 1.7 million students
- HK advantages seen as an international component, high standards, Chinese culture and proximity to the PRD
Hub Potential (5)

- Priorities seen as undergraduate level inbound and taught postgraduate and sub degree level both inbound and outbound.
- Regional markets identified as Bohai, Yangtse, Xian/central and PRD, particularly Shenzen, Guangzhou and Dongguan.
- Promotion strategies include joining the national admissions system (inbound), exhibitions, internet, newspapers and agents.

Hub Potential (6)

- Estimates of potential revenue are up to US$ 160 million for inbound after 4 years.
- No estimates given for the export mode.
- EMB endorsed the report as sharing government’s vision of internationalisation and the aspiration to become a regional education hub serving the educational needs of the country and of the Asian community.
Operation in China Mainland

- China does not regard HK as part of ‘one country’ in education but treats HK institutions as overseas bodies.
- The Closer Economic Partnership Agreement (CEPA) has promoted a number of service industries in the past 3 years and encouraged HK’s economic recovery but this does not apply to education.

China Mainland (2)

- It is not therefore a simple matter for HK institutions to operate in China Mainland.
- There are advantages of proximity, language and culture.
- On the other hand there are challenges in finding the right partners and in meeting all the regulatory requirements in full at central, provincial and city levels.
- Why not more development in Pearl River Delta?
Obstacles to the Hub Development

- The education hub policy, originating from EMB, does not appear to be widely known across other government departments, nor does it appear to be widely known outside HK
- This contrasts with government approaches in other countries, e.g. the UK and the Prime Minister’s Initiative, British Council, Australian Education International, IDP

Obstacles (2)

- There are also quotas in place and the scheme is restricted to locally accredited programmes
- TDC has identified HK weaknesses as low awareness in the Mainland, low quotas, the high cost of living and the congested environment
Obstacles (3)

- The provision of residential accommodation suitable for overseas students is a hurdle in expanding numbers.
- The potential for HK to become a ‘secondary hub’ for overseas and Mainland students to study the programmes of overseas universities in HK cannot be realised under current policies – unlike the situation in Singapore and Malaysia.
- Only recently have universities been able to charge an overseas fee on some of the additional places, previously subsidised so no real incentive to fill places from overseas rather than domestically.

Conclusions

- There is clearly great potential but at present the education hub policy raises more questions than answers.

The research sought to establish:
(a) the extent of non-local tertiary provision, particularly the effectiveness (i.e. numbers of successful graduates versus the number of registrations), and also the resources involved.
Conclusions (2)

(b) the motivations of institutions overseas to export programmes

c) the motivation of HK institutions to export programmes, noting in this context the distinction between the publicly funded universities and their self-financed continuing education arms (the fourth estate). These were conducted by questionnaire survey

Conclusions (3)

d) interviews with leading figures in HK and overseas to supplement the questionnaire data

e) analysis of the way policy development took place

(f) lack of development in the Pearl River Delta Region

The study has resulted in a realistic assessment of the education hub potential. More importantly perhaps it may suggest some ways forward to achieve the hub objectives
Conclusions (4)

- HK not likely to become a major player in terms of numbers
- Already developing appropriate inbound numbers at university level
- Potential for Associate Degree level development
- Potential to be a “secondary” hub
- Some export to China Mainland already and could be expanded cautiously

Future Developments

- Considerable demand for ‘second chance’ and continuing education will continue given the lack of such opportunity in the past though eventually demand may decline (largely part time)
- Degree holders form only 16% of the population
- Funded local university places seem unlikely to increase (full time)
- The Associate Degree and Higher Diploma sector is creating new demands for progression to degree level study (full time).
Future Developments 2

- Now some 24,000 intake self-financed AD/HD places in 20 institutions
- In addition still some 7,600 publicly funded places though many of these are being phased out
- HKUSPACE figures are that 70% of AD graduates and 50% of HD graduates wish to progress to degree level

Future Developments 3

- ADs are broad based programmes equivalent to end of 1st year of a British 3 year Honours degree or 2 years of a 4 year degree
- HD’s are at the same academic level but more vocationally oriented
- Typically ADs are 70% generic, HDs are 30% generic
Future Developments 4

- The HK Qualifications Framework also has implications for overseas providers
- Under discussion since 2002 but only operative in terms of levels from May 2008
- A 7 level framework encompassing both academic and vocational qualifications
- Applicable initially only to locally accredited courses

Future Developments 5

- Approved courses appear on the Qualifications Register – effectively a quality mechanism or indicator
- Approval is via HKCAAVQ for non-self accredited programmes or via JQRC for the self-accrediting sector
- Not yet clear how this will apply for overseas awards but a mechanism will have to be developed
Future Developments 6

- Relevant issue as only programmes on the QR will qualify for the Continuing Education Fund support to students
- Will also impact funding for full time students
- DSE is expected to be rated as Level 3, the same as A level at present
- AD/HDs are level 4
- Degrees are level 5

Future Developments 7

- The latest government report encourages development of local private universities
- Shue Yan College upgraded in 2007
- Others in line include Chu Hai College, HK Poly U’s CE arm (SPEED), Caritas, Hang Seng College of Commerce and others
- Process will take some time but may threaten overseas university provision in HK and numbers going overseas
Future Developments 8

- Initial focus will be full time provision for AD/HD students – ‘through trains’ but may extend to part time provision also
- Demand to study overseas will remain steady, particularly to English speaking countries
- HK institutions also expanding their international student numbers, currently about 10% from overseas, especially China, target is 20%

Future Developments 9

- HK is likely to increase its numbers from China as institutions strive to be national and international – only barrier is shortage of residential places
- HK institutions also offer programmes in China but on the same basis to date as any foreign provider
- Mainland universities offer programmes in HK and attract HK students to China
Conclusions and Predictions

- No sudden change in the current levels of demand in HK for overseas education, onshore and offshore
- Government will be promoting the DSE as being in line with 6 year secondary qualifications in China and the USA – also Australia?
- The 4 year degree is now becoming more of an international norm

Conclusions/Predictions 2

- By 2012 there may be more locally provided self-financed degree places emerging
- The QF/QR will enable greater recognition of overseas degrees – this can currently be a problem, especially for part time students
- Postgraduate sector may become more competitive
- HK will remain open to overseas providers and students will still wish to study overseas
Conclusions/Predictions 3

- Impetus for student exchange is strong in HK, short term and long term
- Inter-University alliances may develop further
- Universitas 21 is a possible model
- Global University cities may also develop as predicted by RMIT researchers
- HK has some barriers to becoming an education hub

Thank you

Questions Welcome and Answers attempted!