

LEGISLATIVE COUNCIL BRIEF

**DEVELOPING HONG KONG
AS A REGIONAL EDUCATION HUB**

INTRODUCTION

At the meeting of the Executive Council on 16 October 2007, the Council ADVISED and the Chief Executive ORDERED that the following measures be adopted to further develop Hong Kong as a regional education hub -

Admission quota and policy

- (a) increasing in phases the non-local student quota for publicly-funded programmes at the sub-degree, degree and taught post-graduate levels from 10% to 20% of the approved student number targets for these programmes, whilst continuing to adopt the “4%-in” formula in respect of the University Grants Committee (UGC)-funded institutions (details as set out in paragraph 8);
- (b) for self-financing programmes at the sub-degree and degree levels, replacing the existing programme-specific quota with a quota applicable at the institution level (details as set out in paragraph 9);
- (c) allowing the admission of non-local students for short-term studies at programmes offered by Hong Kong higher education institutions with degree-awarding powers, without imposing any quota restriction (details as set out in paragraph 10);

Other Support Measures

- (d) establishing an endowment fund of \$1 billion to provide government scholarships to local and non-local students in full-time and publicly-funded programmes at degree or above levels (details as set out in paragraph 11);
- (e) exploring alternative options for the provision of student hostels under the existing hostel policy (details as set out in paragraph 14);

Promoting the Development of Private Universities in Hong Kong

- (f) continuing to assist the development of self-financing, non-profit-making private universities (details as set out in paragraph 17);

Employment-related initiatives

- (g) allowing non-local students to take up study-related internships as arranged by institutions (details as set out in paragraph 21);
- (h) allowing non-local students to take up part-time on-campus jobs for up to 20 hours per week and off-campus summer jobs during the summer months (details as set out in paragraph 22);

Retaining Non-local Students to Stay and Work in Hong Kong

- (i) relaxing current immigration control so that a non-local graduate may 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 (details as set out in paragraph 27); and

- (j) on application, granting a 12 months' stay on time limitation to non-local fresh graduates without any restriction (details as set out in paragraph 27).

JUSTIFICATIONS

2. Our education hub policy aims to attract quality non-local students to study in Hong Kong and, through this process, further internationalise our higher education sector and increase the exposure of our local students. Moreover, attracting and retaining non-local talents to live and work in Hong Kong will address the immediate manpower needs of Hong Kong, and enhance the overall competitiveness of our economy in the long run. Generally speaking, these policy objectives enjoy the support of our community.

3. In the Report on Economic Summit on “China’s 11th Five-year Plan and the Development of Hong Kong”, the Focus Group on Trade and Business opined that attracting students from the Mainland should become one of the policies for Hong Kong’s strategic development.

4. To create a healthy atmosphere for our tertiary sector to be further internationalised, we have drawn up a package of proposals, as discussed in detail in the ensuing paragraphs.

THE PROPOSALS

(A) Admission quota and policy

(a) Current situation

5. Since the 2005/06 academic year, institutions may admit non-local students¹ (including those from the Mainland, Macao and Taiwan) to their publicly-funded² sub-degree, degree and taught post-graduate programmes, subject to a quota of 10% of the approved student number targets³. For UGC-funded institutions, the 10% quota is split into 4% within the approved student number targets and 6% outside the approved student number targets. No quota restriction is imposed on the admission of research post-graduate students in publicly-funded programmes. In respect of the self-financing post-secondary sector, the admission of students from the Mainland, Taiwan and Macao studying full-time locally-accredited self-financing programmes at the sub-degree and degree levels is subject to a quota, currently set at 10% of the actual local student enrolment in the same programme in the preceding year⁴. No quota is imposed on the admission of non-local students pursuing self-financing programmes at the post-graduate level. Many institutions have reflected that they have to turn away well-qualified Mainland applicants because of the inflexible way in which the existing programme-specific quota was

¹ “Non-local students” refer to persons entering Hong Kong for the purpose of education with a student visa/entry permit issued by the Director of Immigration. They are to be distinguished from children aged below 18, who come to Hong Kong as dependants of persons admitted to work, study, reside or invest in Hong Kong and are treated as local students for the purpose of admission to institutions and schools in Hong Kong without immigration restriction.

² Currently publicly-funded post-secondary programmes are offered by the eight University Grants Committee-funded institutions, the Hong Kong Academy for Performing Arts and the Vocational Training Council.

³ “Approved student number targets” are the student numbers endorsed by the Administration for academic planning and funding purposes.

⁴ No quota is imposed on non-local students from other places (eg. those from Europe or America) pursuing studies in self-financing programmes at the sub-degree or degree level.

formulated and applied, particularly as the programmes concerned were often run in small classes.

6. In respect of both publicly-funded and self-financing programmes, no quota is imposed on the admission of non-local students pursuing exchange programmes at degree or above levels that last for up to one year.

7. More and more non-local students, many of whom originating from the Mainland, are interested in pursuing studies in publicly-funded programmes in Hong Kong. In the 2006/07 academic year, there were over 30 000 applications (mostly from the Mainland) for the 1 450 first-year-first-degree places available, indicating huge potential demand. The quality of students applying is very high, and the majority from the Mainland are top students achieving high scores in the Joint Entrance Examination. The institutions have indicated to us their wish to enroll more non-local students to diversify the student mix, and to provide a more challenging and stimulating environment to local students.

(b) Relaxations

8. Against the above background, we will double the quota applicable to the publicly-funded programmes at the sub-degree, degree and taught post-graduate levels to up to 20% of the approved student number targets for these programmes. The 20% quota will be split into 4% within approved student number targets and 16% outside approved student number targets in respect of the UGC-funded institutions. This will maintain the corresponding recurrent subvention of the Government at the existing level. Same as the current practice, for UGC-funded institutions, the 20% quota will apply to the UGC sector as a whole, meaning that unused quota in one institution can be

allocated to other institutions within the sector. As regards how the increase in quota should be phased, it will be important for institutions to plan ahead to manage a higher number of non-local students, both from the perspective of hostels and other student services, as well as academic space and staffing. The UGC will liaise with the institutions regarding the phasing timetable.

9. In respect of the self-financing sector, the existing programme-specific quota will be replaced by a quota that is set at the level of the institution. Under the proposed quota, the maximum number of non-local students from the Mainland, Taiwan and Macao that could be admitted to full-time locally accredited self-financing programmes at the sub-degree and degree levels in an institution is 10% of the local student enrolment of all such programmes at the sub-degree and degree level of the institution in the preceding year. In line with existing practice, no quota restriction will be imposed on non-local students from other countries.

10. In view of the increasing demand for short-term courses, students from the Mainland, Macao and Taiwan will be allowed to pursue short-term studies in Hong Kong, subject to the following conditions-

- (i) the programme concerned is offered by Hong Kong higher education institutions with degree-awarding powers (excluding their continuing and professional education arms)⁵; and
- (ii) the cumulative duration of short-term studies taken up by any student should not exceed 180 days within any 12-month period.

⁵ They comprise the eight UGC-funded institutions, the Open University of Hong Kong, Hong Kong Shue Yan University, Chu Hai College of Higher Education and Hong Kong Academy for Performing Arts.

(B) Other support measures

(a) Scholarship endowment fund

11. In order to improve Hong Kong's attractiveness to students, we recommend establishing an endowment fund of \$1 billion to provide scholarships to local and non-local students in full-time and publicly-funded programmes at degree or above levels. The endowment fund will provide scholarships to recognize outstanding achievers. This initiative will clearly demonstrate the Administration's commitment to attracting and retaining talents (local and non-local students alike) to study in Hong Kong.

(b) Hostels

12. Under the existing policy⁶, non-local students of UGC-funded programmes are provided with publicly-funded boarding facilities throughout their studies in Hong Kong⁷, while non-local students pursuing self-financing programmes have to make their own accommodation arrangements, mostly with the assistance of the institutions.

13. The lack of hostels has been a major barrier to the admission of more non-local students. There are currently about 21 400 student hostel places in the UGC-funded system, leaving a shortfall of about 9 100 to meet the agreed policy provision. While some 6 600 hostel places are under active planning/implementation, an additional 2 100 hostel places will be needed to cater for the knock on implications of the additional year of undergraduate

⁶ The hostel policy applies to all UGC-funded institutions, except for the Lingnan University (which has been provided with hostel places for 50% of its full-time degree student population having regard to its remote location in Tuen Mun and its aspirations to develop itself into a relatively small, fully residential liberal arts institution) and the Hong Kong Institute of Education (which was provided with hostel places for 50% of its full-time degree student population projected at the time of establishment of the Institute).

⁷ The Government will finance 75% of the construction costs of student hostels.

studies starting from the 2012/13 academic year. Moreover, as a result of the increased quota for non-local students in publicly-funded programmes, the accommodation shortfall in the UGC-funded sector would increase by around another 6 500 hostel places. In other words, there will still be a shortfall of some 11 100 places.

14. In view of the scarcity of suitable land near the institutions (particularly those in the urban area) for hostel development and the substantial lead time required for going through the relevant consultation and funding procedures, it is likely that the problem of inadequate hostel facilities will stay with us for some time, unless other innovative ways to address this issue can be found. One of the proposals under consideration is to give the UGC-funded institutions the additional option of applying for a one-off grant which will enable them to build, rent or purchase premises to meet with the agreed provision under the policy. The hostel places to be provided will accordingly be reduced. Another option under consideration is to construct “joint hostels” for shared use by institutions. We will further consider these proposals in consultation with relevant bureaux/departments and institutions.

(C) Promoting the Development of Private Universities in Hong Kong

15. Facilitating the development of private universities would add diversity to our higher education system and provide more higher education opportunities to both local and non-local students. The promotion of private higher education is also in line with international trend⁸. Indeed, one of the strategic proposals of the Focus Group on Trade and Business mentioned in paragraph 3

⁸ For instance, private higher education institutions account for 86.3%, 87% and 65.8% of the total number of higher education institutions in Japan, South Korea and Taiwan respectively. In terms of student population, student enrolment in private higher education institutions amount to 77.1%, 78.3% and 71.9% of the total student enrolment in these three economies respectively.

above is to encourage the development of self-financing but non-profit-making private universities.

16. The positive public reaction to the upgrading of Hong Kong Shue Yan University (Shue Yan) as the first private university in Hong Kong shows that the community is receptive to the development of private universities as a way to diversify the higher education sector. While Shue Yan does not receive any recurrent Government subvention (except for refund of government rents and rates), the Government has supported its campus development by providing land at nominal premium and a \$200 million one-off grant upon its upgrading for establishing a General Development Fund to support its long-term development.

17. As part of the education hub policy, the following measures to support the development of quality self-financing and non-profit-making local private universities will be continued:

- (i) assisting parties interested in establishing private universities in Hong Kong to identify suitable sites for campus development or expansion;
- (ii) in the case of self-financing, non-profit-making private universities, considering, upon application, the case for such sites to be granted at reduced or nominal premium; and
- (iii) considering, upon application, the case for one-off grants to be made to support the long-term development of self-financing, non-profit-making private universities, subject to funding availability and demonstration of genuine needs.

(D) Employment-related initiatives

(a) Current situation

18. Non-local students, being student visa holders, are subject to the conditions of stay prescribed in regulation 2(3) of the Immigration Regulations (Cap. 115A). It provides that the holders cannot take up any employment (including internship), whether paid or unpaid. A non-local student needs to apply for Director of Immigration's approval before he/she can take up employment.

19. The existing procedural requirement is perceived to have affected the attractiveness of Hong Kong as a regional education hub. It is also more restrictive than other advanced economies such as Australia, the UK and the USA. There is a need to relax the current restriction in respect of internship and part-time employment for non-local students.

(b) Relaxation

20. A relaxation in the restriction will bring many benefits. In broad terms, employment experience will give non-local students broader exposure and facilitate their assimilation into the local community upon graduation. Specifically, internship/part-time work helps students to apply their academic knowledge and acquire real-life work experience. It also enhances their communication and interpersonal skills.

21. In view of the above, non-local students of full-time locally-accredited programmes at degree level or above whose study period is not less than one academic year will be allowed to take up internship subject to the following conditions:

- (a) the internships must be study/curriculum-related and be arranged or endorsed by the institutions they are studying in⁹;
- (b) duration of the internship is up to one academic year, or one-third of the normal duration of the relevant full-time academic programme, whichever is the shorter¹⁰; and
- (c) there is no restriction on the nature of work, level of salary, location, number of working hours, and employers.

22. Moreover, these students (excluding exchange students¹¹) should be permitted to take up part-time on campus employment¹² for not more than 20 hours per week¹³ throughout the year, and also employment during the summer months (say June to August) without any limit in relation to, say, work hours and location.

23. Immigration Department (ImmD) will implement the proposed relaxation by administrative arrangements. It will notify eligible students of the relaxation by a “no objection” letter individually, when their student visa/entry permit or extension of stay is granted.

⁹ Must be endorsed by designated officers of relevant institution, not by individual offices, schools, faculties or faculty members. We will further discuss the details with the institutions.

¹⁰ The internship cannot take place before a non-local student is officially registered with the institutions and begins attending any scheduled classes of their registered programme in Hong Kong, or when the student concerned has fulfilled all the course/credit requirements for graduation (e.g. students who have just finished their final year of study).

¹¹ Exchange students should be excluded as they will return to their original non-local institutions immediately after the completion of the exchange.

¹² The employment must take place within the campus of the institution (including only the campus of the institution which the non-local student is enrolling, and excluding the campus of any subsidiary and associated body of the relevant institution proper or its self-financing arms) where the non-local student is studying or, if the work location is outside campus of the institution, the employer is the institution itself.

¹³ Students will not be allowed to roll-over unused hours from one week to another.

(E) Retaining Non-local Students to Stay and Work in Hong Kong

(a) Current situation

24. Under the existing policy, non-local students who have obtained a degree or higher qualification in a full-time and locally-accredited programme in Hong Kong (hereafter “non-local graduates”) other than those from the Mainland may apply to work in Hong Kong under the General Employment Policy (GEP)¹⁴. For non-local graduates from the Mainland, they may apply to work in Hong Kong through the Arrangement for Employment of Degree or Above Level Mainland Students Graduating from Educational Institutions in Hong Kong¹⁵ or the Admission Scheme for Mainland Talents and Professionals¹⁶. Non-local graduates applying for extension of stay after the expiry of student visa to facilitate job-hunting are usually granted a three-month grace period.

(b) Relaxation

25. Retaining more non-local graduates will help strengthen Hong Kong’s human capital and competitiveness. While non-local graduates’ leave to other places may strengthen Hong Kong’s overseas network and their choice of “leave

¹⁴ The criteria adopted for admission of overseas talents and professionals under the GEP are -

- (a) the applicant is employed in a job relevant to his/her academic qualifications or working experience that cannot be readily taken up by the local workforce (“skills” and “availability” requirements);
- (b) the remuneration package must be commensurate with the prevailing market rate of Hong Kong (“remuneration” requirement); and
- (c) the applicant meets normal immigration requirements (such as holding a valid travel document with adequate returnability to his/her country of residence or citizenship, etc.).

¹⁵ Mainland students who graduated in or after 1990 from full-time degree or above programmes at UGC-funded institutions, or Mainland graduates of full-time locally accredited degree and post-graduate programmes offered by non-UGC funded institutions, are allowed re-entry for employment if they have secured employment offers for a term of appointment of not less than one year, and fulfill similar criteria under GEP.

¹⁶ The Admission Scheme for Mainland Talents and Professionals was introduced in July 2003 to enable local enterprises to recruit quality personnel from all fields in the Mainland. The admission criteria are similar to those under GEP.

or stay” is affected by many factors¹⁷, we consider that the Government should facilitate their stay given that many non-local graduates possess excellent academic standings, and have gained substantial work and/or living experience in Hong Kong. Besides, non-local graduates are generally in their early 20s and are well-educated. Their stay will serve to enhance the quality of our workforce.

26. Furthermore, a more relaxed scheme enabling non-local graduates to stay/return will also enhance Hong Kong’s attractiveness to non-local students. The proposed scheme can also be justified on the ground that Hong Kong has made considerable investment on many of the non-local graduates, particularly those who graduated from publicly-funded programmes.

27. We will introduce a new scheme to facilitate non-local students to stay (or return to) and work in Hong Kong after graduation. The scheme will benefit all non-local graduates. Under the proposed scheme:

- (a) applications for visa/entry permit made by such graduates will be processed by the ImmD basing on the criteria under the GEP, but with the “skills” and “availability” requirements relaxed, i.e. the application will be favourably considered so long as the job is at a level commonly taken up by degree holders and the remuneration package is set at market level. Successful applicants will be given visas/entry permits enabling them to enter Hong Kong for an initial stay of 12 months on time limitation without any condition. Subsequent extension of stay will be granted if they continue their employment in Hong Kong; and

¹⁷ The job opportunities, tax regime, quality of life, family concerns, availability of social support network to new migrants, acceptance of social tolerance and cultural diversity, etc.

- (b) on top of (a), all non-local fresh graduates, upon application to ImmD, may be granted 12 months' stay on time limitation without any condition. They are free to take up any employment. Their subsequent applications for extension of stay will be assessed in accordance with (a) above.

Persons admitted under this new scheme may bring in their spouses and unmarried dependent children under the age of 18 as their dependants under the existing dependant policy. Their dependants are not prohibited from taking up employment in Hong Kong.

IMPLEMENTATION TIMETABLE

28. We will implement the new policies/measures set out in this paper from the 2008/09 academic year onwards.

IMPLICATIONS OF THE PROPOSALS

29. The new measures have financial, civil service, economic, environmental and sustainability implications as set out at **Annex**.

30. The proposals are in conformity with the Basic Law, including the provisions concerning human rights, and have no productivity implications.

PUBLIC CONSULTATION

31. We will brief the relevant stakeholders.

Annex

PUBLICITY

32. We will issue a press release before the implementation of the proposals. A spokesman will be available to answer media enquiries.

ENQUIRIES

33. Enquiries on this subject can be directed to Ms Amy Wong, Principal Assistant Secretary for Education at telephone number 3540 7468.

Education Bureau
26 October 2007

IMPLICATIONS OF THE PROPOSAL

Financial and Staffing Implications

The increase in non-local student quota for publicly-funded programmes from the existing 10% to 20% is not expected to result in additional recurrent costs for the Government, as the recurrent expenditure incurred in providing the extra 10% student places will be met in full by institutions from tuition fees received and other income sources. In terms of capital expenditure, the increased quota will lead to an increase in demand for hostels under the existing policy, estimated to be around 6 500 places (under a 4-year undergraduate curriculum) if the quota is fully utilized. With reference to the average cost per place for recent hostel projects, additional capital funding of about \$1.43 billion will be required. Any requests from the institutions for Government capital funding and additional land will be processed under the established mechanism. If additional land is required, granting of sites at nominal premium would mean forgoing of the premium which may otherwise be received by the Government for disposal of sites for other revenue generating purposes. Student hostels do not incur additional recurrent costs for the Government because they operate on a self-financing basis.

2. The above increased capital expenditure for hostel places aside, it is also inherent in the increase of non-local student quota that some of the public resources earmarked for the higher education sector under existing

policies would be shared by a larger population of non-local students. For instance, non-local students are also beneficiaries of common facilities/support received by the institutions in the form of land at nominal premium, capital subvention etc.

3. The establishment of an endowment fund for scholarships would involve one-off injection of \$1 billion in 2007-08 to be met by Education Bureau's (EDB) operating expenditure envelope. We will seek the Finance Committee of the LegCo's approval in due course. Support for the development of private universities would be provided in the form of land at reduced or nominal premium and one-off grants if necessary. Any land grant proposal will be submitted to the Executive Council for approval on a case-by-case basis. As regards the one-off grant, the amount to be provided would depend on the financial position of the Government, the need of the university and the justifying circumstances.

4. The proposals would bring about an increase in the number of applications for student entry, extension of stay and dependant entry to be processed by ImmD. The Treasury will assist EDB in overseeing the investment and accounting matters of the scholarship endowment fund. ImmD and the Treasury will be provided with a total of six additional staff in 2008-09 to cope with the increased workload. The staff cost involved will be \$3.9 million per annum to be funded from within the operating expenditure envelope of EDB. We will further assess the staffing implications for 2009-10 and beyond in the light of actual workload and will seek additional resources, where necessary, according to the established resources allocation procedures.

Economic Implications

5. Hong Kong is moving towards a knowledge-based society. It is imperative to enhance the quality of our manpower by attracting and retaining non-local talents for study and work in Hong Kong. The proposal, which will further internationalise the study body in our tertiary institutions and facilitate the admission and retention of non-local students, is conducive to the development of Hong Kong as a regional education hub. Attracting and retaining promising non-local students will also enhance the quality of our workforce by embracing cultural and ethnic diversity which is beneficial to the long-term development of Hong Kong and will strengthen its role as Asia's world city, and as an international business and financial centre.

Environmental Implications

6. The proposals in this paper may lead to the construction of more campus and hostel facilities. The project proponents should follow the established procedure and take into account relevant environmental considerations in planning and designing any new facilities to ensure their environmental sustainability. Environmentally-friendly and mitigation measures should be stipulated in the works contract to address any environmental concerns arising from construction activities in accordance with existing standards and guidelines.

Sustainability Implications

7. The presence of more non-local students would promote healthy competition among students to strive for academic excellence, and also provide a source of intellectual stimulation and different perspectives for students, faculty members and the institutions. In the long term, it would help enhance the quality of our workforce, and be conducive to the sustainability principle of achieving a competitive economy. Nevertheless, the immigration control risks associated with further relaxation of the non-local student quota and the possible displacement effect associated with non-local graduates for employment would need to be carefully addressed.