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Education Reform in Hong Kong

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Current Context: General

Political

- **Very stable**
- **Balance outward-looking aspirations and Beijing's concerns for 'one country, two systems' framework**
- **Slow progress on key political aspirations**
- **Education Bureau deny relations with Mainland major factor in direction of education change**
 - aligning secondary/ tertiary sectors will bring 'City State' and Mainland closer together
 - could work to Hong Kong's advantage: HE programs more attractive/accessible to Mainland students
 - significant boost to become regional education hub



Current Context: General



Political

- **Democrats: economic success sapping concern for progress towards fuller democracy**
- **Justification: muted response to Green Paper on Constitutional Development**
- **SCMP poll: 60% business leaders prefer 2012 for elections**
- **SCMP Leader: preferences tempered by pragmatism: BJ wants 2017**



Current Context: General



Major Economic Indicators

- **Economy performing very well**
- **Continues to be voted in top of international league as place for business**

	2004	2005	2006	Forecast/Latest
Population, Mid-year (million)	6.78	6.81	6.86	6.92 ^a
GDP (US\$ billion)	165.6	177.3	189.0	199.4-201.3 ^b
Real GDP Growth (%)	+8.6	+7.5	+6.9	+6.3 ^c
GDP Per Capita (US\$)	24,400	26,000	27,600	28,800-29,000 ^b
Inflation (% Change in Composite CPI)	-0.4	+1.0	+2.0	+1.5 ^d
Unemployment Rate (%)	7.9	6.8	5.6	4.1 ^e

^a 2007; ^b government forecast for 2007; ^c year-on-year change in January-June 2007; ^d year-on-year change in January-July 2007; ^e May-July 2007



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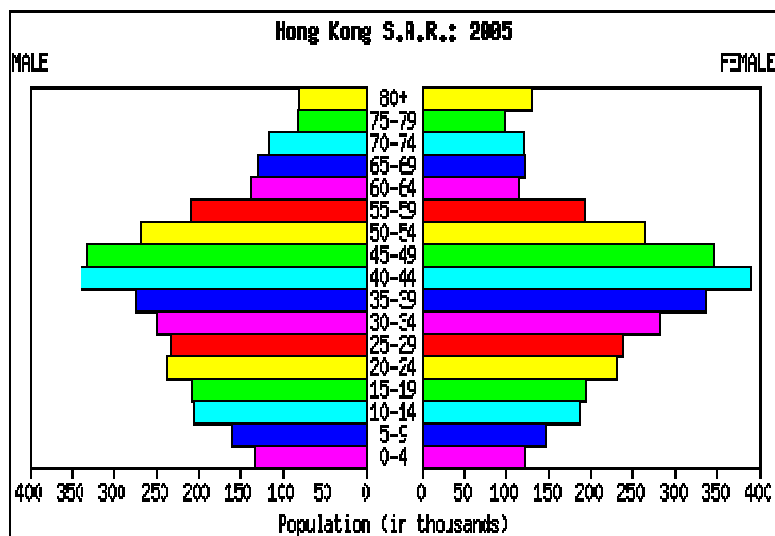
Economic

- **Hong Kong Trade Development Council (July 2007):**
 - Total exports up 9.4% in 2006 and 10.1% YoY July 2007, exports to Mainland largest growth: 14.4%
 - Visitors up 8.1% in 2006 and 6.8% YoY July 2007
 - Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) provisions, further liberalized covering 28 services sectors from January 2008; expected to deepen economic/trade relations and expand business scope allowable in China for Hong Kong companies
 - Imports up 11.6% in 2006 and 10.7% for YoY July 2007



Current Context: General

Demographic



Source: U.S. Census Bureau, International Data Base.



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Demographic

- **Effects of dramatic reduction potentially severe**
 - for Hong Kong economy
 - for all parts of education sector
- **As bubble works through**
 - workers as proportion of total will fall dramatically
 - an aging population
 - place great burdens on smaller proportion of revenue earners/generators
 - divert resources away from crucial areas
 - education
 - business/technology incentive schemes, etc.
- **Crucial challenges part of drive for HK to be Ed Hub**



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Employment

- **Improved economic performance of past several years seen sharp improvements in employment levels**
- **Full employment at highest level on record**
- **Quality of life factors (e.g. air pollution) driving choices of potential foreign employees**
 - trend away from HK to Singapore for regional headquarters
- **Loss of standing as 'global' business centre would contribute to loss of competitiveness in business dealings with Mainland**



Working Pop by Occupation



Occupation	1996		2001			2006		
	Number	% of total	Number	% of total	% Chng	Number	% of total	% Chng
Professionals	151,591	5.0%	179,825	5.5%	18.6%	205,435	6.1%	14.2%
Service workers and shop sales workers	419,471	13.8%	488,961	15.0%	16.6%	550,855	16.4%	12.7%
Associate professionals	369,132	12.1%	498,671	15.3%	35.1%	542,309	16.1%	8.8%
Clerks	512,719	16.8%	529,992	16.3%	3.4%	567,964	16.9%	7.2%
Managers administrators	369,323	12.1%	349,637	10.7%	-5.3%	361,891	10.8%	3.5%
Elementary	564,682	18.6%	635,393	19.5%	12.5%	633,227	18.8%	-0.3%
Skilled agricultural/ fishery workers; occupations not classifiable	23,478	0.8%	10,561	0.3%	-55.0%	9,639	0.3%	-8.7%
Craft related workers	373,143	12.3%	321,000	9.9%	-14.0%	286,007	8.5%	-10.9%
Plant machine operators	259,909	8.5%	238,666	7.3%	-8.2%	208,409	6.2%	-12.7%
Total	3,043,448		3,252,706		+6.9%	3,365,736		+3.5%

Current Context: General



Employment

- **Trends to continue, driven by**
 - decreasing population: wealth generation capabilities of smaller population must be enhanced to support aging population
 - remaining competitive in regional/global context requires move to higher value-added goods/services-based economy
- **Government focussing on**
 - Research initiatives and support for IT and other higher end/higher value business
- **Increased need for management and professional people should**
 - see more seeking postgraduate qualifications
 - ensure AD/HD holders seek full degree/postgrad



Current Context: General



HK's Importance to Australian Ed

- **Many Australian institutions invested heavily in Hong Kong in**
 - marketing for students
 - establishment of TNE programs in Hong Kong.
- **nearly 300 Australian programme links**
 - Registered Joint Programs: 148; 35% of total
 - Exempt Joint Programs: 146; 20% of total
- **UK institutions also working hard:**
 - Registered Joint Programs: 190; 45% of total
 - Exempt Joint Programs: 419; 58% of total
- **Continuous marketing required to maintain competitiveness vis a vis UK and US**
 - applies for TNE & sub degree markets as well



Current Context: General



AEI: Commencements, July 2007

Nationality	Commencements	% of total	Growth YTD at July 2007
China	44,718	22.3%	27.2%
India	28,811	14.4%	95.5%
Republic of Korea	15,849	7.9%	12.5%
USA	8,902	4.4%	-1.3%
Thailand	8,267	4.1%	12.6%
Malaysia	7,908	3.9%	9.6%
Japan	7,196	3.6%	-11.0%
Hong Kong	6,814	3.4%	0.9%
Brazil	5,723	2.9%	18.0%
Indonesia	5,441	2.7%	3.6%
Other	61,124	30.4%	28.7%
Total – All commencements	200,753	100.0%	25.5%



Current Context: General



AEI: Enrolments, July 2007

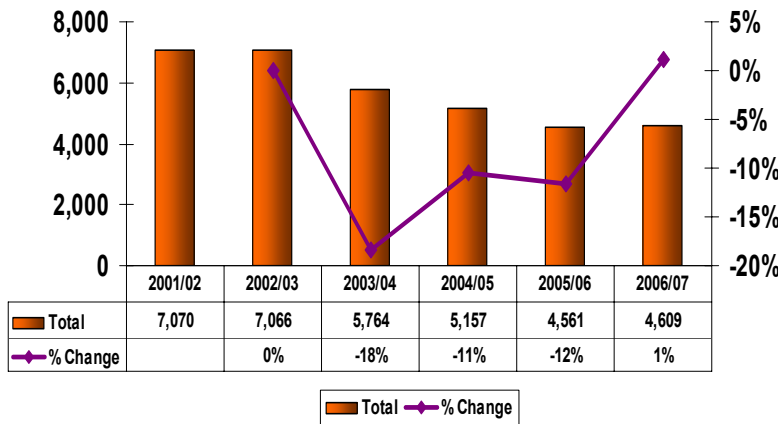
Nationality	Enrolments	% of total	Growth YTD at July 2007
China	92,857	23.7%	17.5%
India	53,046	13.5%	62.9%
Republic of Korea	30,082	7.7%	14.2%
Malaysia	19,179	4.9%	3.5%
Hong Kong	17,682	4.5%	-2.7%
Thailand	16,295	4.2%	10.5%
Japan	13,883	3.5%	-9.9%
Indonesia	13,387	3.4%	-2.1%
United States of America	10,985	2.8%	-0.9%
Brazil	9,069	2.3%	23.8%
Other	115,630	29.5%	20.8%
Total – All enrolments	392,095	100.0%	17.9%



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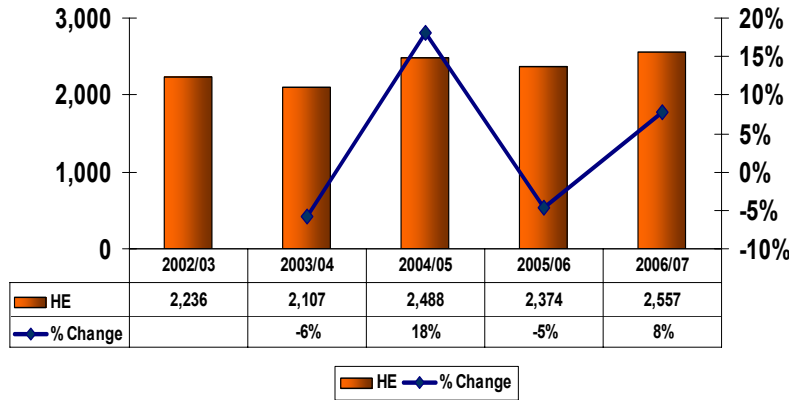
DIAC: HK Offshore Student Visas (All)



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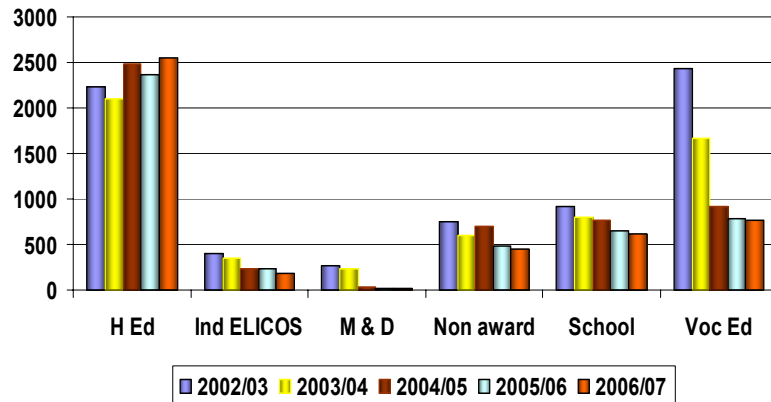
DIAC: HK Offshore Student Visas (HE)



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DIAC: Offshore Student Visas (Sectors)



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HK's Importance to Australian Ed

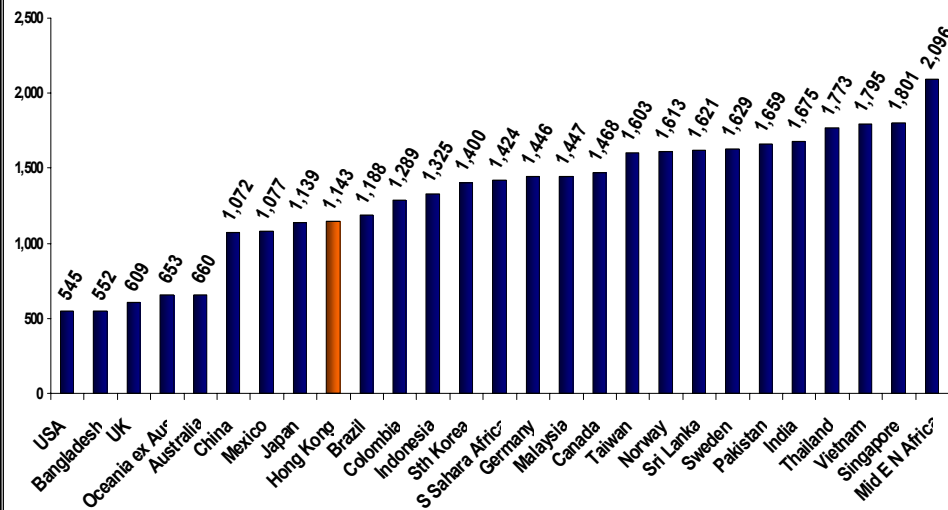
- **IDP: Majority of Hong Kong students undertake combination courses: 3 to 4 years of study**
- **This significantly raises comparative value of Hong Kong as a market**
- **On per student revenue Hong Kong rates higher than South Korea, Japan, USA.**
- **Hong Kong students generally excellent value in terms of education outcomes and financial returns**
- **Per student recruitment cost (per AUIDF: Benchmarking 2005 and Time Series 2002 To 2005 (2006) by Olsen and Mackintosh) compares very favourably against most countries: 9th out of 27**



Cost/Source Country

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Recruitment Cost by Source Country



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HK's Importance to Australian Ed

- **However, cautionary anecdotal indicators re outcomes from some HK employers**
 - **Australian-educated HK students not performing as well in interviews as local counterparts:**
 - **English language**
 - **knowledge of local (Hong Kong) and regional business issues**
 - **preparation and presentation for interviews**
 - **some recruiters feel advantage gap for Australian-educated students closing**
 - **generally commenting about business/commerce**
 - **however ~ 50% of HK students do business and commerce so, over time, employer perceptions could impact medium/long term competitiveness of Australian programs**



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Current Context: Education

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18% of 18 Year Olds

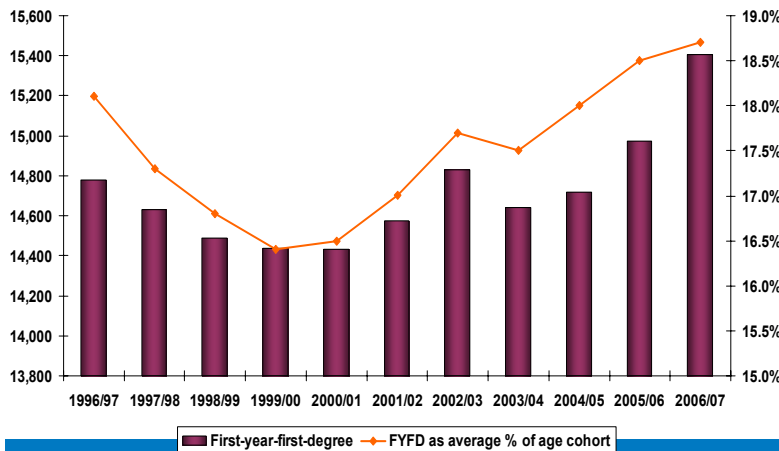
- 1980s, <5% of people had access to university education in Hong Kong
- 1989, plans for 14,500 first year, first degree university places
- University access for 18% of Hong Kong's people
- Early 1990s, 82,000 18 year olds
- 14,500: 18% of 18 year olds



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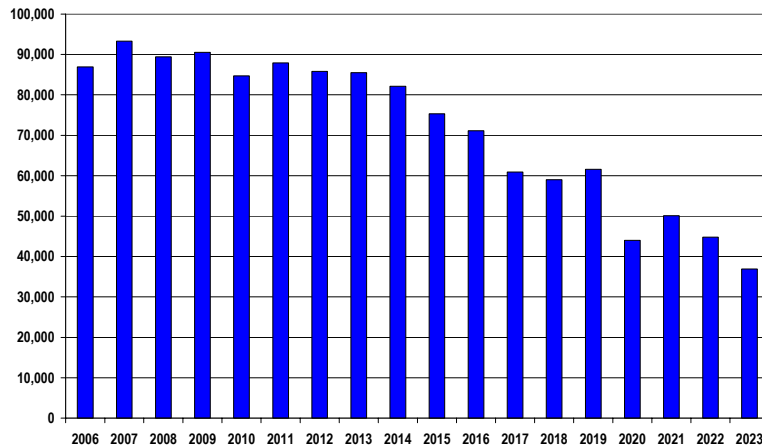
First Year First Degree Students: 1996/7 to 2006/07



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Number of 18 Year Olds in Hong Kong



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2007

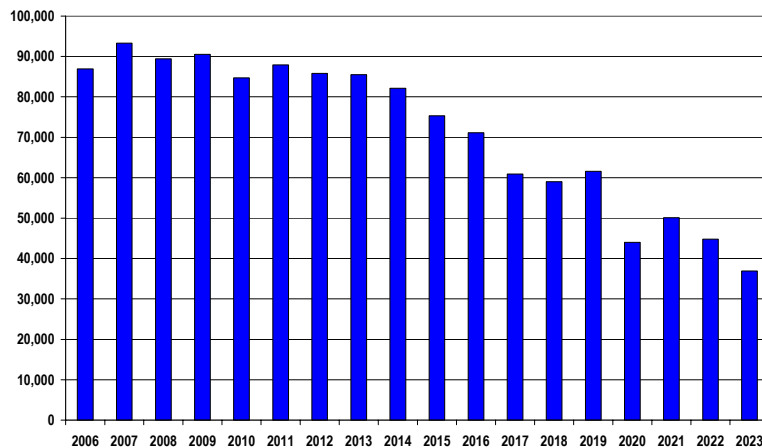
- **Hong Kong's 14,500 new university entrants fail to satisfy the demand of the Hong Kong economy for 26,500 new graduates each year**
- **18%, or 15.5% in 2007, is a long way off the OECD average of 53% in 2004**



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Number of 18 Year Olds in Hong Kong



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2020

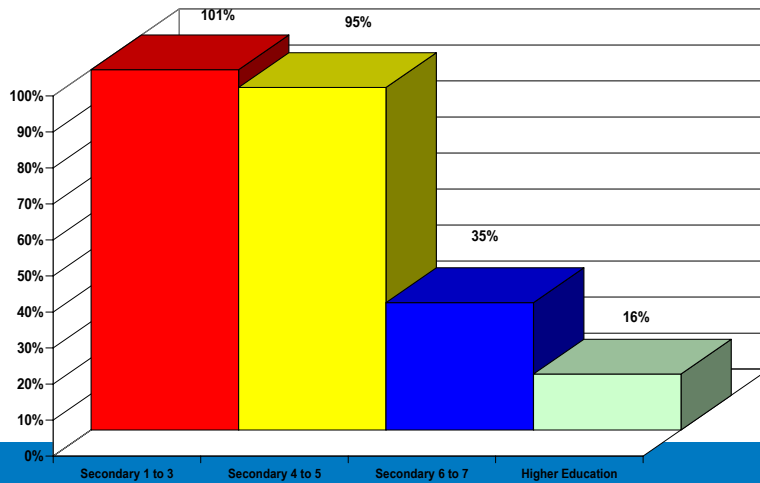
- **44,000 18 year olds**
- **14,500 places**
- **33%**
- **OECD average 53% in 2004**



Current Context: Education

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Access to Education in Hong Kong % of Age Cohort



Current Context: Education

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2000 Policy Address

- **Objective**
- **60% access to tertiary education**
- **Age cohort**
- **2005 yearbook 66%**



Current Context: Education



Hong Kong People

- Studied overseas
- Transnational education programs
- Sub degree programs
- 67% of 18 year olds now have access to post secondary education



Current Context: Education



67% of 18 Year Olds

- 20 HK institutions in 2006/07 offered a total of 302 full time accredited self-financing post-secondary programs
- Including university subsidiaries such as The University of Hong Kong School of Professional and Continuing Education
- HKU SPACE 2005/06 enrolled 111,708 students, equivalent to 18,961 fte



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54% of 18 Year Olds

	Publicly Funded	Self Financing	Total
Bachelor	14,802	2,550	17,352
Sub Degree	9,576	22,994	32,570
Total	24,378	25,544	49,992



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4% of 18 Year Olds

- 26,700 Hong Kong students in transnational education programs
- 3,960 enter first year, first degree programs each year
- 4% of 18 year olds



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10% of 18 Year Olds

- **9,000 HK students enter first year, first degree programs overseas each year**
- **2,580 Australia**
- **2,270 UK**
- **1,343 USA**
- **10% of 18 year olds**



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67% of 18 Year Olds

Bachelor	19%
Sub Degree	35%
Transnational	4%
Overseas	10%
Total	67%



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Vocational Education

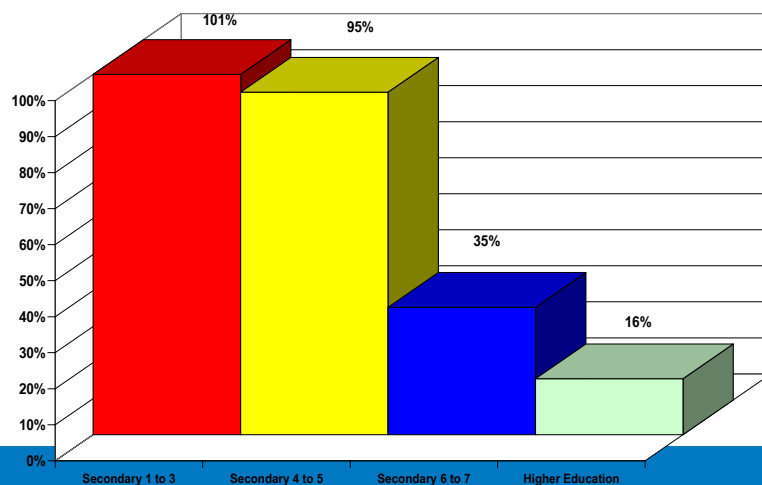
- 160,000 full time and part time places were available in 2005/06
- School leavers or lifelong learning
- Intakes or continuing enrolments
- Entry level Secondary 3, 5, 7.
- Hong Kong is well provided for in terms of access to vocational education



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Access to Education in Hong Kong % of Age Cohort



Reforms

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Senior Secondary Reforms

- **Seven years of secondary education, with senior secondary education available to one third of a cohort, to six years of secondary education, near universal participation**
- **The first children affected now in Secondary 2**
- **Sit Diploma of Secondary Education mid 2012**



Reforms

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HKDSE

- **Six years**
- **Intention: that HKDSE at end of six years of secondary education will be a world class qualification**
- **Exit assessment for secondary school education and selection for admission to higher education**
- **Recognition locally and overseas**



Reforms

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Australian Recognition

- **Issue of recognition of the Hong Kong Diploma of Secondary Education as a university admission requirement**
- **Results required for admission across a range of programs**



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Australian Recognition

- **7 years to 6 years**
- **Removal of public examination**



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Current Situation

- **HK A Levels Examination**
- **Peer referenced**
- **No grade inflation**
- **A down to E**



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New Situation

- **HK Diploma of School Education**
- **Standards referenced**
- **Core of Chinese, English, Mathematics and Liberal Studies**
- **Plus two or three electives**
- **Grades 5 (or 5* or 5**) down to 1 will replace A to E**



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University Reforms

- **Three years of university education, with first year, first degree places for 18% of 18 year olds, to four years of university, with no increase in access.**
- **From mid 2012, university courses in Hong Kong will increase to four years**
- **No increase in access, no capacity to increase access, with university budgets focused on increasing from 3 years of undergraduate teaching to 4**



Reforms

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Double Cohort

- **Double cohort in mid 2012**
- **Last students with seven years of secondary education, and first with six years, leave school at same time**



Reforms

Double Cohort

- **Two intakes of undergraduates in two shifts at the same time in mid 2012**
- **29,000 places in 2012 only**
- **Effectively, Hong Kong's universities will adopt a morning shift and afternoon shift approach as the double intake moves through**



Reforms

Hong Kong's Double Cohort Moves Through Undergraduate Degrees

	First Year	Second Year	Third Year	Fourth Year	Later Years	Total	Graduates
2011/12	14,500	14,500	14,500		6,500	50,000	14,500
2012/13	29,000	14,500	14,500		6,500	64,500	14,500
2013/14	14,500	29,000	14,500		6,500	64,500	14,500
2014/15	14,500	14,500	29,000		6,500	64,500	14,500
2015/16	14,500	14,500	14,500	14,500	6,500	64,500	14,500



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Australia's Three Year Degrees

- **Four year degrees will become the norm in Hong Kong from 2016.**
- **Australia needs to ensure that its three year degrees remain accepted in HK as the basis of membership of professional bodies globally, and of further study at postgraduate level**



Reforms

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Issues for Australia

- **Recognition by Australian higher education providers of the six year Diploma of Secondary Education**
- **Continued recognition of Australia's three year degrees in HK**



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Recognition of Three Year Degrees

- **Medicine, Law**
- **Washington Conference 2006**
- **Impact of Bologna and Three Year Degrees on US Admissions**



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Reforms

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Tick Tock Goes the Clock!

- **On the issues of recognition in Australia of the Hong Kong Diploma of Secondary Education, and continued recognition in Hong Kong of Australian three year degrees, we should heed Lord Patten's warning:**

tick tock goes the clock



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Opportunities

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- **Opportunities in four niche areas arising from**
 - *Senior secondary reforms*
 - *Sub-degree graduates*
 - *HE reforms and Bubble cohort*
 - *Government sponsored postgraduate students*



Opportunities: 1st Niche

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Senior Secondary Reforms

- **Local secondary and undergraduate university sectors started ten year process of reform**
- **Some HK students and parents may choose to avoid turbulence by studying overseas**
- **First students affected now in F2**
- **Overseas schools may start receiving more enquiries from HK students/parents**



Opportunities: 1st Niche

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Senior Secondary Reforms

- **HK provides senior secondary education, leading to matriculation, for just one third of a cohort**
- **So, 60% of 16 year olds leave school before end of secondary education**
- **Reform intended to spur greater participation at upper secondary levels**
- **If this comes about, and it is most likely, the consequences:**
 - by 2012 additional 36,000 students proceeding to matriculation
 - graduating cohorts ~ 50,000 looking for uni places



Opportunities: 1st Niche

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Senior Secondary Reforms

- **Existing universities must focus resources on**
 - dealing with double cohort of secondary graduates in 2012
 - absorbing increased numbers resulting from extra year of undergraduate studies
- **So, by 2019, up to 18,500 high school graduates will need to choose between**
 - sub-degrees
 - TNE programs, or
 - overseas study



Opportunities: 1st Niche

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Senior Secondary Reforms

- **HK's Education Bureau plans push for recognition of sub-degree programs by employers and community**
- **But, traditional very strong preference for degrees likely to hold true: no change soon**
- **Increasing numbers graduating from F6**
- **So, large numbers who do not perform well enough in HKDSE for direct entry to local unis will seek full degrees**
 - will need pathways for entry to desired programs
 - choice: sub-degree or foundation?
 - foundation offers advantage of saving time & avoiding articulation issues



Opportunities: 2nd Niche

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Sub-degree Graduates

- **~33,000 complete sub-degree in 2006/07: to increase as more pass through F6**
- **Publicly-funded HE: 1,120 sub-degree grad places in 05/06; small additions in 06/07**
- **Difficult for government to fund increases in:**
 - sub-degree places, or
 - overall number of places for FYFD students
- **HE institutions will give preference to**
 - secondary grads as FYFD students, then
 - graduates from own sub-degree programs
- **Despite Gov recognition push, sub degree grads will seek full degree alternatives**



Opportunities: 2nd Niche

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Sub-degree Graduates

- **Economic considerations important in deciding if Australia is attractive**
 - especially for Associate Degree (AD) graduates seeking top-up programs
- **But, a/c to IDP HK's experience: main issue is articulation**
- **Institutions in UK & HK offer entry to Year 2 of top up programs**
- **SIGNIFICANT ADVANTAGE over Australian institutions: generally only granting some first year credits**



Opportunities: 2nd Niche

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Sub-degree Graduates

- Australia also has to compete against:**
- Tuition costs of local top up degrees:
 - ~ half those of offshore programs
 - Additional living/transport costs
 - HK Government tuition/living expense loans (repayable from end of course)
- **Appeal of locally provided programs very strong**
 - **Expect increase in private providers**



Opportunities: 2nd Niche

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Sub-degree Graduates

- **However, in any market, any choice nexus implies a potential niche**
- **Numbers of students in this niche: substantial**
- **So, Australian institutions prepared to**
 - market to this niche
 - understand their needs
 - tailor programs to suit these needs
 - especially those related to articulation
- **could continue to attract good numbers**



Opportunities: 3rd Niche

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HE Reforms and Double Cohort

- **HK's HE institutions offer**
 - three years education in most undergraduate programs
 - FYFD places for 18% of 18 year olds
- **From 2012 undergrad programs go from 3 to 4 years**
- **However**
 - abolishing F5 exam will encourage increase in participation to F6
 - key HE institutions will have little increase in places for FYFD students
 - university budgets will focus on absorbing additional costs
 - extending from 3 to 4 years of u/grad teaching
 - double cohort



Opportunities: 3rd Niche

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HE Reforms and Double Cohort

- **HK's 4 year degrees may make Aus 3 year degrees more attractive, even with pathway**
 - **Aus institutions should consider increased marketing of packaged pathways**
 - **Through academic years**
 - 2012/13 2013/14 2014/15
- HE institutions will deal with double cohort (~ 29,000 FYFDs) in two AM and PM shifts**
- **Many HK students/parents may**
 - opt to avoid potential confusion/disruption
 - choose to study overseas



Opportunities: 4th Niche

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Government sponsorship

- **Review of the Post-secondary Sector, March 2006 highlighted two areas:**
 - student exchange
 - postgraduate scholarships
- **A recommendation only**
- **Perhaps some funding for undergrad exchange**
- **Given Gov's perceptions re HK's growth needs: IT/higher-value businesses/research**
 - main focus will be postgrad
- **No time-frame given:**
 - May depend on rate of return of post sec expansion loans and needs of ed reforms



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