

LCQ14: Non-local student quota for funded taught undergraduate programmes

Following is a question by Dr the Hon Wendy Hong and a written reply by the Secretary for Education, Dr Choi Yuk-lin, in the Legislative Council today (December 6):

Question:

The Chief Executive's 2023 Policy Address has stated that the Government will build Hong Kong into an international hub for post-secondary education, with measures including doubling the non-local student quota for the taught undergraduate (UG) programmes of various University Grants Committee (UGC)-funded institutions to 40 per cent starting from the 2024/25 academic year. In this connection, will the Government inform this Council:

(1) of the respective average total costs (including the expenses involved in teaching facilities and equipment, teachers and student hostels, as well as other capital expenditure) and marginal costs per student of the UGC-funded taught UG programmes in each of the past three academic years;

(2) whether it has compiled statistics on the respective differences between the tuition fees charged by various UGC-funded institutions from non-local students enrolled in their taught UG programmes and the average total costs and the marginal costs mentioned in (1) in each of the past three academic years;

(3) whether it has assessed if the capacity of the UGC-funded institutions (including the manpower of teachers, teaching equipment and other supporting facilities) is sufficient to meet the demand of the additional students after the increase in the aforesaid non-local student quota, and whether it has estimated the amount of money required by the Government to raise such capacity in the future;

(4) whether it will consider adjusting the tuition fees for the aforesaid non-local students by adopting the recovery of the average total costs rather than the marginal costs as the basic principle, so as to relieve the financial burden on the Government; and

(5) as there are views that following the increase in the aforesaid non-local student quota, the supply of places of UGC-funded institutions' student hostels, which has already fallen short of the demand, will be even tighter and the opportunity for local students to reside in such hostels will be affected as a result, whether the authorities will consider setting a ratio of local students residing in such hostels, so as to safeguard local university students' university life experience?

Reply:

President,

The Chief Executive proposed in the 2023 Policy Address the development of Hong Kong into an international post-secondary education hub to attract more talents to study in Hong Kong. He announced various initiatives, including the doubling of the non-local student ceiling of taught programmes (i.e. undergraduate, sub-degree and taught postgraduate programmes) of University Grants Committee (UGC)-funded universities from the current 20 per cent of local student places to 40 per cent from the 2024/25 academic year onwards. The universities may, having regard to their own conditions, progressively admit more non-local students, in particular those from Belt and Road countries and the Mainland to study in Hong Kong. With high quality teaching and supporting facilities, they can expand their capacity and enhance their quality. At the same time, this will create a diversified and inclusive international learning environment on university campuses, thereby broadening students' horizons and enriching their learning experience even when they are staying on the local university campuses during their studies.

It should be noted that all non-local students of the UGC-funded taught programmes do not receive public funding support from the UGC. Under the existing policy, the UGC-funded universities should charge the non-local students of the UGC-funded undergraduate programmes tuition fees at a level which is at least sufficient to recover all additional direct costs, and such tuition fees should in no circumstances be lower than the fees applicable to local students (i.e. currently at \$42,100 per annum). Non-local students of taught programmes must also be admitted as over-enrolment and accounted for separately from local student places. The above arrangements ensure that the target beneficiaries of the Government's recurrent expenditure on higher education are local students, and the study opportunities for local students will not be affected.

The above principle is also reflected in the arrangement in respect of capital grants for campus development projects. Under the existing mechanism, the UGC assesses the academic space requirements of the universities in considering whether individual works projects are justified for capital grants from the Government. The academic space requirements of non-local students of taught programmes are not eligible for funding support and they shall be borne by the universities. The funding provided by the Government for university hostel developments is also capped at 75 per cent of the project costs, with the remainder borne by the universities. Moreover, student hostels are operated on a self-financing basis without additional recurrent grants from the Government.

My reply to the various parts of the question raised by Dr the Hon Wendy Hong is as follows:

(1) and (2) The average teaching expenditure per undergraduate student of the UGC-funded universities and the level of tuition fees charged by the universities on non-local students in the past three academic years are set out at Annex. The average teaching expenditure per student covers various

recurrent expenditure, such as academic staff remuneration, centralised services for teaching and learning (e.g. libraries, experiential learning activities outside classrooms and student support services) and expenses on the procurement of teaching equipment, etc. Taking the 2021/22 academic year as an example, the average teaching expenditure per undergraduate student was about \$154,000 while the tuition fee for non-local students ranged from \$140,000 to \$171,000 per annum during the same period.

(3) It is proposed in the Chief Executive's 2023 Policy Address that the universities may progressively admit more non-local students, having regard to their own conditions. Unlike the concept of local student places, the non-local student ceiling is not meant to be a target. The purpose is to establish a maximum limit and provide room for the universities to admit additional non-local students at their own discretion. The Government maintains close communication with the UGC-funded universities on the increase in the non-local student ceiling. While welcoming the relaxation, the universities have indicated that they will, in line with the past practice, adopt a prudent and responsible approach in the progressive implementation of their internationalisation strategy. They will admit more non-local students in a gradual and orderly manner where conditions permit.

In the course of exploring the increase in the non-local student ceiling, the UGC has conducted assessments on the universities' teaching resources. It was observed that the universities have been increasing their numbers of academic staff members at a rate faster than the growth in overall student enrolment. During the 2018/19 to 2022/23 academic years, the number of students (including both local and non-local students) enrolled in the UGC-funded taught programmes of the eight universities increased by about 1 per cent from 92 955 to 93 660, while the number of academic staff members increased by 7 per cent from 4 786 to 5 120. In addition, the Financial Secretary set aside \$16 billion in the 2019-20 Budget for the UGC-funded universities to enhance or refurbish campus facilities. Taking into account all government-funded projects with approved funding and underway, it is estimated that upon completion, the additional academic space will increase by about 56 000 square metres in net operational floor area. Along with a number of their self-financed projects, the universities will provide better learning environments for all students.

As mentioned above, non-local students enrolled in the UGC-funded undergraduate programmes do not involve public funding. If the universities decide to increase the intake of non-local students, they will assume the responsibility for utilising non-UGC funding (such as tuition fees charged on non-local students and other incomes) to enhance relevant support facilities and ensure teaching quality.

(4) As mentioned above, the UGC-funded universities should charge non-local students enrolled in the UGC-funded undergraduate programmes at a level which is at least sufficient to recover all additional direct costs. On the premise that the above condition is met and with non-local students being non-UGC funded, the existing policy allows the universities to determine the appropriate level of tuition fees for non-local students, having regard to

their own circumstances.

We must stress that higher education environment is highly internationalised. While having five of our universities ranked among the top 100 universities in the world, our universities face increasing global competition in attracting outstanding overseas and Mainland students to study in Hong Kong, and the level of tuition fees should be set at an internationally competitive level. For example, the tuition fees charged by universities in Hong Kong and Singapore on overseas students are currently very similar. Moreover, under the existing mechanism for determining the funding for the UGC-funded universities, the Government does not reduce the amount of recurrent funding for the universities because of an increase in their income from non-UGC-funded activities, and vice versa. The Government has no intention to change the existing policy on tuition fees for non-local students.

(5) It is proposed in the Chief Executive's 2023 Policy Address that the UGC-funded universities will continue to take forward various hostel projects, with the target of providing a total of about 13 500 additional hostel places by 2027, to cater for, among others, the needs of the additional students.

University hostel places are allocated by the universities in accordance with their respective mechanisms. They should optimise resources by continuously reviewing the priorities of different student groups for hostel allocation. At the same time, they should maintain flexibility while having due regard to practical needs and educational benefits in hostel allocation. For example, research postgraduate students are relatively independent and mature, while undergraduate students (including local, non-local and exchange students) can benefit from the active social and group activities in student hostels, fostering their whole-person development and broadening their horizons. In addition, similar to other cities with a cluster of top universities, the development of Hong Kong into an international post-secondary education hub will attract more students from different geographical regions to study in Hong Kong. The resultant demand for student accommodation often attracts the private sector's participation, providing a wide range of options, such as universities collaborating with the private sector to provide hostel places or in providing advisory services to non-local students who wish to seek accommodation from the private residential rental market. The Government and the UGC will reiterate to the universities that a multi-pronged approach should be adopted to broaden students' accommodation options by making reference to the development of other major education hubs and combining efficient market forces to widen students' accommodation choices. The universities should balance and support the accommodation needs of different student groups in a pragmatic and appropriate manner.