

19 July 2017

Australia-Hong Kong Free Trade Agreement
Office of Trade Negotiations
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221

By email: a-hkfta@dfat.gov.au

Dear Sir/Madam

I am writing to provide written submissions on behalf of UOW Enterprises (UOWE) in respect of the proposed free trade agreement (FTA) between Australia and Hong Kong SAR.

UOWE is a subsidiary group of the University of Wollongong (UOW), strategically focused on the delivery of quality Australian tertiary education programs globally. Established in 1988, UOWE owns and operates the University of Wollongong in Dubai (UOWD), UOW College Australia (UOWC) and the Community College of City University Hong Kong (CCCU).

UOWE is at the forefront of delivering quality tertiary education on an international scale, with our institutions offering over 100 courses including higher education, vocational training, English language and professional development programs. We deliver programs to over 12,000 students annually, and employing more than 1,100 staff globally.

In July 2015 UOWE assumed stewardship and governance of CCCU in Hong Kong from one of Hong Kong's leading public universities, the City University of Hong Kong. CCCU is well recognized as a premier college in Hong Kong providing quality tertiary education to about 6,000 students. UOW now offers Bachelor degree programs through CCCU as articulation pathways for graduates of CCCU's Associate Degree (AD) programs.

Australia and Hong Kong SAR share strong education and training links, with more than 120,000 alumni from Australian universities residing in Hong Kong. With high levels of education, a sophisticated student population and a strong focus on investing in education, Hong Kong is an important market for Australian international education.



UOW
ENTERPRISES

UOWE's presence in Hong Kong through CCCU means we have a vested interest in continuing to foster close links and mutual cooperation between Hong Kong and Australia in the field of education. UOWE's specific submission in respect of the proposed FTA is set out in the attached Annexure A.

Should you require any additional information regarding UOWE's submission, please do not hesitate to contact me directly.

Yours faithfully

A handwritten signature in black ink, appearing to be 'M. Mastroianni', written in a cursive style.

Marisa Mastroianni
Group Chief Executive Officer and Managing Director

ANNEXURE A - UOW ENTERPRISES' SUBMISSIONS IN RESPECT OF THE PROPOSED FREE TRADE AGREEMENT (FTA) BETWEEN AUSTRALIA AND HONG KONG

The proposed Hong Kong Australia Free Trade Agreement (FTA) presents an important opportunity to enhance and strengthen the relationship between the Australian and Hong Kong education sectors. We suggest that the following issues be addressed in the proposed FTA:

Mobility of Students and Staff

While the movement of our staff and students between our Australian and Hong Kong institutions is possible, there are barrier that could be addressed by the FTA to ease some of the existing restrictions and complexity:

- Student Mobility:
 - Student Visas: Barriers to student mobility include the availability of student visas, their cost and their conditions for work during and after study. The FTA could address changes to the student visa regimes of both jurisdictions to encourage the flow of tertiary students between Hong Kong and Australia.
 - International Multi-Campus Degrees: The FTA could encourage the delivery of double degree and joint degrees to facilitate a global experience for our students who wish to study an international degree across our international campuses.
- Staff Mobility:
 - Work Visas: The FTA could support measures to encourage streamlining of visas for staff taking up permanent positions in each country, including their family members. The FTA could also assist to address fast-track through passport control for frequent business and education travellers.
 - Staff personal income tax in HK: Where Australian personnel carry out activities in Hong Kong and the aggregated period of visits exceeds 60 days, this gives rise to a taxable presence or 'permanent establishment' under Hong Kong tax laws. The FTA, or an associated Double Taxation Agreement (DTA – see below), should seek to increase the number of days to 365 or more under which staff can work in Hong Kong and avoid having to pay Hong Kong income tax if they are paid by the Australian entity and taxed under Australia's income tax laws. Currently this acts as a disincentive for our Australian staff to work in Hong Kong.

Double Taxation Agreement (DTA)

The negotiation of an international tax agreement with Hong Kong SAR in conjunction with the FTA will assist to provide certainty and consistency on tax matters for Australian institutions operating in Hong Kong. Current issues of concern include personal income tax liabilities for our Australian staff working in Hong Kong (as outlined above), potential double taxation of corporate income as well as withholding tax levied in Hong Kong on royalties and interest payments. The creation of a tax treaty with Hong Kong would assist if it addressed the personal income tax issues identified above, eliminated double taxation and eliminated or reduced withholding tax within corporate groups. Such an agreement would ideally set the withholding tax rates at no more than 5% for dividends, interest and royalty income.