

**Progress report on the motion on
“The development of
self-financing post-secondary institutions”
moved by Hon Starry LEE Wai-king
at the Legislative Council meeting
on 16 March 2011**

Background

Hon Starry LEE Wai-king moved the motion on “The development of self-financing post-secondary institutions” at the Council meeting on 16 March 2011. The motion, as amended by Hon CHEUNG Man-kwong, Hon WONG Kwok-hing and Hon CHAN Tanya as follows, was endorsed –

“That, given that since 2000, private education providers have multiplied in number, offering a great variety of self-financing post-secondary programmes; with the continuous expansion of self-financing institutions, there are quite a number of concerns in society, including the possibility of institutions running into financial difficulties, their development lacking co-ordination, unsatisfactory programme quality and tuition fees exceeding students’ affordability, in addition to the Government’s inadequate resource allocation in encouraging the development of self-financing institutions, resulting in the interests of the students concerned not being protected effectively; in order to ensure programme quality and safeguard students’ interests, this Council urges the Government and the relevant authorities:

- (a) to reform the existing mode of regulating post-secondary education, so as to ensure that the non-publicly-funded segment of the post-secondary education system is effectively monitored and co-ordinated;
- (b) to amend the Post Secondary Colleges Ordinance and abolish outdated provisions to regulate the teaching facilities, qualifications of teaching staff, academic levels

as well as financial capabilities, etc. of local self-financing post-secondary educational institutions, so as to ensure teaching quality and student interests;

- (c) to provide matching grants for self-financing post-secondary institutions to build campuses, so as to alleviate the pressure of tuition fee increases exerted by campus construction costs;
- (d) to consider providing tuition fee subsidies for students enrolling in self-financing post-secondary programmes through various channels, including studying establishing a post-secondary education fund or by way of education vouchers, etc.;
- (e) to ensure the diversity of self-financing programmes, so as to provide programme options in different academic disciplines for students;
- (f) to adopt quality as the means of gate-keeping for monitoring the places of self-financing programmes, so as to avoid an excessive supply of self-financing post-secondary places and any impact on education quality;
- (g) to strengthen the monitoring mechanism to ensure that institutions must comply with admission requirements and exit performance standards, so as to avoid substandard programmes and doubts about academic qualifications;
- (h) to ensure that self-financing post-secondary institutions must be equipped with sufficient full-time teaching and non-teaching staff with long-term employment, so as to enable the sustainable and stable development of research and teaching work;
- (i) to establish a fair and effective redress mechanism to safeguard academic freedom and protect the interests of teaching and non-teaching staff;

- (j) to consider lowering the interest rate under the Non-means-tested Loan Scheme to avoid a situation where the interest rate determined under the Scheme is higher than the interest rates of bank loans, and at the same time, changing the time to commence calculating interests from loan drawdown dates to after students' graduation, so as to alleviate young people's burden and enable them to expeditiously discharge their repayment obligations; and
- (k) to raise the tax allowance for expenses of self-education, so as to relieve the pressure on working persons in pursuing further studies;
- (l) to review the existing approval and certification system for offering post-secondary education programmes, so as to ensure programme quality;
- (m) to review the various existing financial assistance, loan and scholarship schemes for post-secondary students to alleviate the financial burden of students who are pursuing self-financing post-secondary education programmes; and
- (n) to comprehensively review the existing academic accreditation system and study strengthening the monitoring of non-local post-secondary programmes jointly offered by local educational institutions and overseas post-secondary institutions.

2. This progress report sets out the follow-up actions taken or being taken by the Administration for Members' information.

Study pathways with multiple entry and exit points

3. The post-secondary education sector in Hong Kong provides young people with quality and diversified study pathways with multiple entry and exit points. The Government adopts a two-pronged strategy to promote the parallel development of publicly-funded and self-financing

post-secondary education sectors. For the publicly-funded sector, we propose to double the number of University Grants Committee (UGC)-funded senior year undergraduate places to 8 000 per annum (i.e. around 4 000 intakes) by phases starting from the 2012/13 academic year. This will provide meritorious sub-degree graduates with more opportunities for articulation to the last two years of an undergraduate programme under the New Academic Structure. We expect that this initiative will help foster a flexible, diversified and multiple-entry multiple-exit education framework with greater inter-flow between the self-financing and publicly-funded sectors, and between the sub-degree and degree sectors. In addition, we propose to increase the UGC-funded first-year first-degree (FYFD) places from 14 620 to 15 000 per annum starting from the 2012/13 academic year.

Support measures to the self-financing post-secondary education sector

4. The self-financing post-secondary sector has played an increasingly important role in increasing the opportunities and widening the choices of post-secondary education for the benefit of our school leavers. During the past few years, we have been making great effort to support the development of the self-financing post-secondary sector and promote the diversification of post-secondary education through various support measures, including:

- (a) Land Grant Scheme which provides land at nominal premium to self-financing non-profit-making post-secondary institutions for the construction of purpose-built premises. Since the launch of the Scheme in 2002, eight sites have been granted. We are inviting expression of interest for the Queen's Hill site in the New Territories. We will continue to launch other sites for the development of self-financing degree programmes, as and when appropriate;
- (b) Start-up Loan Scheme which provides loans to support self-financing non-profit-making post-secondary institutions to develop new college premises and re-provision existing premises. The Scheme was launched in 2001 with a total commitment of \$7 billion; and

- (c) Quality Enhancement Grant Scheme which supports projects/initiatives dedicated to enhancing the quality of teaching and learning in the self-financing post-secondary education sector. The three-year scheme was launched in 2008 with a non-recurrent commitment of \$100 million.

5. As proposed by the Chief Executive in his Policy Address, a Self-financing Post-secondary Education Fund with a total commitment of \$2.5 billion for the development of self-financing post-secondary education. The Fund will provide further support to self-financing institutions on quality enhancement and quality assurance activities, and will also provide scholarships to outstanding students in the self-financing post-secondary sector. The LegCo Finance Committee has approved the allocation of \$2.5 billion on 13 May 2011 and we aim to establish the fund in the latter half of the year.

Quality assurance and monitoring

6. In promoting the self-financing post-secondary education, quality assurance is of pivotal importance. The Government is dedicated to promote and enhance the quality of the post-secondary programmes provided in Hong Kong. A robust and stringent quality assurance mechanism has been put in place, including the requirement that all local post-secondary programmes, including the self-financing programmes are required to undergo quality assurance before they can be offered in Hong Kong. We will continue to implement and review the system as appropriate.

7. To increase transparency of the post-secondary education sector, we have set up the iPASS website – Information Portal for Accredited Self-financing Post-secondary Programmes since 2007, providing detailed information on the self-financing post-secondary programmes and programme operators to facilitate students to access easily the sector's latest development.

8. The Post Secondary Colleges Ordinance (Cap. 320) was first enacted in 1960 to govern the registration and operation of

post-secondary colleges. Over the years of its enactment, some provisions have become archaic and may not keep abreast of the changes in the post-secondary education sector. We are reviewing the Ordinance with a view to providing a legal framework to facilitate the development of self-financing post-secondary education institutions with potential and capabilities.

9. The UGC conducted a higher education review in 2010 and submitted the report “Aspirations for the Higher Education System in Hong Kong” to the Government for consideration. The report made 40 recommendations on the post-secondary education system, including suggestions concerning the self-financing sector. We are considering the recommendations in the light of the views of relevant stakeholders. We aim to make a decision on the recommendations by the end of this year.

Diversity of self-financing programmes

10. Subject to meeting the quality assurance threshold mentioned above, institutions will develop their programmes in accordance with the market demand and the needs of the society. In parallel, it is an established policy that the Government will continue to support the provision of those sub-degree courses that require high start up and maintenance costs or access to expensive laboratories/equipment; courses that meet specific manpower needs; and courses that lack market appeal to the provider and the average student.

11. At present, self-financing institutions offer to students a wide range of different full-time locally-accredited post-secondary programmes. Apart from 340 degree programmes offered by 15 local tertiary institutions, various local post-secondary institutions also run around 500 sub-degree programmes covering different professional disciplines. In addition, there are also a wide variety of continuing education and vocational training programmes. Youngsters can choose the pathway that best suits their abilities and aspirations and develop their potential to the full. These programmes not only provide more choices and opportunities to students, many of them also closely match the need for the economic development in Hong Kong. For example, in support

of the development of the six priority industries, more institutions, such as the Open University of Hong Kong, are offering programmes on testing and certification, medical services, and cultural and creative industries.

Manpower resources and academic freedom

12. While encouraging all post-secondary institutions to further enhance the quality of teaching and learning, the Government firmly respects the high autonomy of education institutions on matters including recruitment of staff, academic development strategy and resources management, etc. Moreover, we recognize the importance of sufficiency in manpower resources, both teaching and non-teaching. In conducting the institutional review and programme validation for institutions, the Hong Kong Council for Accreditation of Academic and Vocational Qualifications will take into consideration factors such as sufficiency of academic staff and the ratio of teacher and students. The Handbook on "Good Practices in Quality Assurance: A Handbook for the Sub-degree Sector" also encourages institutions to have detailed planning in their manpower management. The proposed Self-financing Post-secondary Education Fund will also aim to provide support to institutions to enhance the quality of education, including activities to further improve teaching quality.

Financial assistance for students

13. It is the Government's policy that no eligible students will be denied access to post-secondary education because of lack of means. As for the post-secondary sector, various financial assistance schemes have been set up under the Student Financial Assistance Agency. The Financial Assistance Schemes for Post-secondary Students provides needy students pursuing full-time locally-accredited self-financing post-secondary programmes means-tested financial assistance in the form of grant and/or loan to help them meet their living tuition fees, academic expenses and living costs.

14. To provide greater support for needy students, the Financial Secretary announced in the 2011-12 Budget a number of proposals to relax the means test mechanism for financial assistance schemes and to

enhance assistance provided to needy post-secondary students from the 2011/12 academic year. We consulted the LegCo Panel on Education on 9 May 2011 and will seek LegCo FC's approval on 27 May 2011. Moreover, the Government is conducting a review of the operation of the Non-means-tested Loan Scheme with a view to offering more effective support to post-secondary students.

Education Bureau
May 2011