

For discussion  
on 14 February 2011

## **Legislative Council Panel on Education**

### **Self-financing Post-secondary Education Fund**

#### **Introduction**

This paper seeks Members' views on the Administration's proposal to establish a Self-financing Post-secondary Education Fund of \$2.5 billion to support the further development of the self-financing post-secondary education sector.

#### **Background**

2. To promote the development of the self-financing post-secondary sector in Hong Kong, the Administration has launched a basket of support measures including the Land Grant Scheme, Start-up Loan Scheme and Quality Enhancement Grant Scheme<sup>1</sup>. 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.

3. As announced by the Chief Executive in the 2010-11 Policy Address and reported to this Panel vide LC Paper No. CB(2)56/10-11(01) on 21 October 2010, we propose to set up a Self-financing Post-secondary Education Fund (the Fund) with a financial commitment of \$2.5 billion to provide a steady source of income to support the long-term and healthy development of the self-financing post-secondary education sector.

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<sup>1</sup> The Land Grant Scheme is introduced to grant land sites to non-profit-making educational institutions at nominal premium for the construction of purpose-built college premises, or vacant schools. The Start-up Loan helps these institutions to meet the start-up costs (including purchasing, renting, constructing or renovation of college premises). The Quality Enhancement Grant Scheme supports worthwhile non-works projects or initiatives dedicated to enhancing the quality of teaching and learning.

## **Self-financing Post-secondary Education Fund**

4. The Fund will support worthwhile initiatives and schemes that aim to enhance the quality of self-financing post-secondary education. Having regard to the latest development of the post-secondary education sector, we propose to launch the following three schemes under the Fund –

- (a) Self-financing Post-secondary Scholarship Scheme (SPSS)
- (b) Quality Enhancement Support Scheme (QESS); and
- (c) Quality Assurance Support Scheme (QASS).

Details of the above schemes are set out in paragraphs 6 to 14.

5. We propose to appoint a Steering Committee to advise the Secretary for Education (SED) on the policy, strategy and administration of the Fund. The proposed membership and terms of reference of the Steering Committee are set out at the **Annex**.

### Self-financing Post-secondary Scholarship Scheme (SPSS)

6. Having regard to the success of the Hong Kong Special Administrative Region Government (HKSARG) Scholarship Fund for publicly-funded degree-awarding institutions, we propose to set up a SPSS under the Fund to offer scholarships to outstanding students pursuing full-time locally-accredited self-financing sub-degree or bachelor degree (including top-up degree) programmes at non-profit-making institutions.

7. The administration of the SPSS will take reference from the HKSARG Scholarship Fund<sup>2</sup> with appropriate adaptations having regard to the prevailing situation of the self-financing post-secondary education

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<sup>2</sup> The \$1-billion HKSARG Scholarship Fund provides government scholarships to outstanding local and non-local students enrolled in publicly-funded full-time degree or above level programmes. Scholarships are allocated to eligible institutions on a pro rata basis in accordance with their actual enrolments in the previous academic year. Scholarships are awarded on the basis of merit and local and non-local students would compete on an equal footing in light of their academic and non-academic achievements. Once awarded, the scholarship would be tenable for the normal duration of the programme concerned and renewable annually subject to satisfactory academic performance of the awardees.

sector and the income of the Fund. The proposed criteria for awarding scholarships are –

- (a) high standard of academic performance;
- (b) demonstration of leadership and good communication skills;
- (c) valuable contribution to the institution/community; and/or
- (d) strong commitment to the Hong Kong community.

8. In addition to granting scholarships for students with outstanding achievements, other awards may also be introduced under the SPSS to encourage and recognise students with significant progress and improvement. We will seek the advice of the Steering Committee on the parameters and operational guidelines of the scheme, as well as the amount and number of scholarships to be awarded each year.

#### Quality Enhancement Support Scheme (QESS)

9. With the funding support of LegCo Finance Committee (FC) in 2008, we set up a Quality Enhancement Grant Scheme (QEGS) to support worthwhile non-works projects or initiatives dedicated to enhancing the quality of teaching and learning in the self-financing post-secondary education sector. A total of 45 projects involving a total amount of around \$68 million have been approved since the commencement of the scheme in the 2008-09 academic year. The QEGS is a time-limited scheme and the funds are expected to be exhausted by the 2010-11 academic year. We propose to set up a QESS under the Fund to continue providing support to initiatives that help enhance the teaching effectiveness and learning experience of students.

10. The QESS will support non-works projects or other initiatives designed to enhance the quality of the self-financing post-secondary sector. Funding will be allocated on a project basis. Possible projects eligible for funding under the QESS include the following –

- (a) improvement to the overall learning experiences and language proficiency of students;
- (b) development and improvement of teaching methodology and practices, including development of assessment strategies;
- (c) strengthening and improvement of quality assurance and related measures; and
- (d) enhancing student support and career guidance services.

11. Non-profit-making educational institutions offering full-time locally-accredited self-financing sub-degree or bachelor degree (including top-up degree) programmes will be eligible to participate in the QESS. Other related organisations including the federations of these education institutions, quality assurance agencies may also apply. In particular, we will encourage proposals that foster closer collaboration among different institutions and benefit the post-secondary sector as a whole.

12. Applications will be invited from eligible institutions and organisations on an annual basis. Project proposals will be considered and selected on a competitive basis by the Steering Committee.

#### Quality Assurance Support Scheme (QASS)

13. Quality assurance is of pivotal importance in ensuring the quality of education. To support post-secondary institutions' ongoing quality assurance efforts and to cultivate a quality assurance culture in the sector, we propose to provide financial support to self-financing post-secondary institutions to cover, among other things, fees for conducting first time or subsequent accreditation and/or fees for other related reviews for the purpose of quality assurance of the institutions and their learning programmes.

14. The Government launched the Qualifications Framework (QF) in 2008, and introduced the time-limited Qualifications Framework

Support Schemes (QFSS)<sup>3</sup> to support the implementation of the QF. We have recently conducted a mid-term review on the scope and operation of the QFSS, and will consult the Legislative Council Panel on Manpower on proposed improvements to the scheme. For quality assurance activities that are covered by both QFSS and the proposed QASS, they will continue to be covered by the QFSS until the completion of the QFSS. Quality assurance activities not covered by the QFSS will be supported by the QASS upon approval of the Fund.

## **Financial Implications**

15. We propose to establish the \$2.5 billion Fund in 2011-12. We expect that the investment income<sup>4</sup> of the Fund should be able to meet the cash flow requirements of the three schemes including the administration costs on an ongoing basis. We envisage that the investment income generated annually under the Fund will be allocated to the three schemes and other schemes as approved by the SED, having regard to the advice of the Steering Committee. The actual amount to be allocated to each of the above three schemes may vary each year, depending on the investment income of the Fund and the actual needs of each of the schemes. In view of market volatilities, there may be times when we have to use a small part of the principal to finance the schemes under exceptional circumstances.

## **Management of the Fund**

16. The Fund will be set up under the Permanent Secretary for Education Incorporated (PSEI), who will act as the trustee of the Fund. The Fund will be managed in accordance with a trust deed which will stipulate the framework and the salient features necessary for its proper management and administration.

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<sup>3</sup> The QFSS is a time-limited and non-recurrent commitment of \$208 million intended to be operational for a period of five years starting from May 2008. It provides financial assistance to meet the expenses arising from the quality assurance requirements under the Qualifications Framework and the Accreditation of Academic and Vocational Qualifications Ordinance.

<sup>4</sup> Assuming a 5% return on the investment, the annual income to support the schemes will be around \$125 million.

17. The Treasury will be appointed to manage the investment and accounting matters of the Fund. An Investment Committee will be set up alongside the Steering Committee to set the policies for and to monitor the investment of the Fund, and to advise on the appointment of fund managers to handle the investment of the funds. It will be chaired by the SED or his representative, with the Permanent Secretary for Education or his representative and the Director of Accounting Services or his representative as members. External members from the business and financial sectors will be appointed to provide expert advice. The Education Bureau will provide secretariat support for the Steering Committee and the Investment Committee.

### **Way Forward**

18. Subject to Members' views on the proposal, we will seek funding approval from FC in May 2011. Subject to FC's approval, we plan to establish the Fund in the second half of 2011.

Education Bureau  
February 2011

**Steering Committee on  
Self-financing Post-secondary Education Fund**

**Proposed Membership**

Chairman: non-official member

Members:

- (a) two members from the education sector
- (b) two members from other sectors
- (c) one representative of the Secretary for Education
- (d) co-opted members as and when necessary

**Proposed Terms of Reference**

The Steering Committee advises the Secretary for Education on:

- (a) the overall strategy for making use of the Fund as a vehicle to enhance the quality of self-financing post-secondary education;
- (b) the strategy, scope and parameters of the Self-financing Post-secondary Scholarship Scheme, Quality Enhancement Support Scheme, Quality Assurance Support Scheme and other schemes as approved by the Secretary for Education in support of the development of the self-financing post-secondary education sector in Hong Kong; and
- (c) any other matters that may be referred to the Committee by the Education Bureau concerning the policy and administration of the Fund.

In discharging its functions, the Steering Committee may set up sub-committees, conduct studies, engage professional services and co-opt members as and when necessary.