

LEGISLATIVE COUNCIL BRIEF

HIGHER EDUCATION REVIEW

INTRODUCTION

At the meeting of the Executive Council on 18 October 2011, the Council ADVISED and the Chief Executive ORDERED that –

- (a) the Government should continue to treat all elements of post-secondary educational provision as a single interlocking system, and support the parallel development of both the publicly-funded sector and the self-financing sector;
- (b) the University Grants Committee (UGC) should work with UGC-funded institutions to launch a centralised, user-friendly portal for the disclosure of comprehensive and relevant information on publicly-funded senior year articulation opportunities;
- (c) the development of a vertical Credit Accumulation and Transfer System (CATS) to facilitate articulation from sub-degree programmes to senior year undergraduate entry should be supported in principle;
- (d) a Committee on Self-financing Post-secondary Education be formed to advise the Government on the development of the self-financing post-secondary sector;
- (e) the possibility of eventually setting up a single quality assurance body should be explored and in the meantime, external audits and reviews of all post-secondary institutions should be stepped up;
- (f) greater separation of self-financing sub-degree operations from UGC-funded institutions should be accepted as a long term direction;
- (g) further and deeper internationalisation should be a goal for both the publicly-funded and self-financing post-secondary sectors, and the Education Bureau (EDB) should set up an internationalisation forum;

- (h) the Administration, UGC and the institutions should work together to meet the demand for hostel accommodation under the established policy as a matter of urgency, subject to availability of land and financial resources;
- (i) UGC should be invited to study the self-financing endeavours of UGC-funded institutions and use of block grant outside Hong Kong and recommend suitable guidelines to the Government;
- (j) the Administration should continue to review specific manpower planning requirements in the allocation of first-year, first-degree (FYFD) places to ensure they fulfil the established criteria; and specific manpower requirement on the social work discipline should be replaced by general manpower advice for institutions' reference in the next triennial planning exercise; and
- (k) part of the competitive research funding should be open to applications from academics at local self-financing degree-awarding institutions and awarded on the same standard as existing research grant schemes for UGC-funded institutions.

JUSTIFICATION

2. UGC's recommendations in the "Aspirations for the Higher Education System in Hong Kong" Report (the Report) are summarised at **Annex A**. A number of recommendations are within the remit of UGC and are being actively pursued by UGC. The following paragraphs will focus on sector-wide issues.

(A) Post-secondary education system and opportunities

3. We are pleased to note the Report's assessment that the post-secondary education system is in good health. Over the past decade, some of our institutions have received recognition as leading institutions in the region and the world. The Government is committed to providing diversified and flexible pathways with multiple entry and exit points for our young people by supporting the parallel development of both the publicly-funded sector and the self-financing sector. We estimate that by 2015, **over one-third** of our young people in the relevant age group will have the opportunity to study publicly-funded or self-financing degree programmes. Including sub-degree places, **over two-thirds** of our young people in the relevant age group will have access to post-secondary education.

A more integrated post-secondary sector with full diversity and role differentiation (recommendations 1 and 3)

4. We share the Report's vision for a more integrated sector with full diversity. Indeed, we believe that each element of post-secondary education provision (i.e.

publicly-funded and self-financing; degree and sub-degree; academic and vocational) has a distinct role to play in fulfilling the educational aspirations of our next generation and nurturing talents for our society. We have been considering all elements as a single interlocking system in our strategic planning. Taking into account their different roles, nature and maturity, we have been implementing various measures in this direction, including –

- (a) at the system level, we have since 2008 implemented the Hong Kong Qualifications Framework (QF), which embraces all qualifications in the publicly-funded and self-financing academic, vocational and continuing education programmes at all levels;
 - (b) at the institution and programme levels, we support the development of a quality self-financing sector through a basket of measures (e.g. land at nominal premium, start-up loan at no or low interest, Self-financing Post-secondary Education Fund, hostel policy, etc). To facilitate self-financing institutions in their academic planning, we have since 2010 shared information on manpower trends and planning parameters as we do for the UGC-funded sector. We are pleased to note that some self-financing institutions are responding positively in complementing the publicly-funded sector by enhancing training for our economic pillars and priority industries. In a similar vein, we have also taken into account the development of self-financing programmes in formulating the planning parameters for the UGC-funded sector in the context of the triennial planning exercise;
 - (c) at the student level, we have expanded the student financial assistance schemes so that students pursuing self-financing post-secondary programmes are eligible for means-tested grant and loan as well as non-means-tested loan on largely the same basis as students in publicly-funded programmes. With the expansion of the scope of the HKSAR Government Scholarship Fund and the imminent launch of scholarship scheme under the Self-financing Post-secondary Education Fund, scholarships will be granted to meritorious students pursuing self-financing programmes and publicly-funded sub-degree programmes along similar lines as students in publicly-funded degree programmes; and
 - (d) to facilitate greater interflow between the publicly-funded and self-financing sectors as well as the sub-degree and degree sectors, we will double by phases the senior year places in UGC-funded institutions starting in the 2012/13 academic year.
5. These measures have laid a solid foundation in developing an integrated post-secondary sector with full diversity and role differentiation, and facilitating greater interflow between the publicly-funded and self-financing sectors as well as the sub-degree and degree sectors.

Character and positioning of sub-degrees (recommendation 4)

6. We agree to the Report's recommendation for greater clarity about the character of Associate Degree (AD) and its place in the structure of the qualifications offered by the post-secondary education system. For this reason, a set of common descriptors for AD and Higher Diploma (HD) programmes have been put in place, stipulating the admission requirements and exit standards and providing clear delineation between the two qualifications. The common descriptors were last updated in 2010. This has provided greater clarity about the character and positioning of sub-degrees in the post-secondary education system. In gist, sub-degree is an independent and valuable exit qualification for employment or further study. Holders of such qualification can seek employment at para-professional level, and the Government has already taken the lead to recognise AD as broadly equivalent to HD qualification for civil service appointments.¹ We understand and support the aspiration of meritorious sub-degree graduates to pursue further studies. With the doubling of UGC-funded senior year places and increase in self-financing top-up degree places, we estimate that **over one-fifth** of sub-degree graduates may articulate to full-time accredited degree education in the next triennium.

Pathways for student progression (recommendations 5, 6 and 37)

7. We agree to the Report's recommendation that pathways for student progression should be clear in order to facilitate students in making informed choices on their future –

- (a) At present, information on progression pathways is disseminated to students, parents and schools through career guidance handbooks for secondary school leavers as well as briefings and the Internet. In addition, the Joint University Programmes Admissions System (JUPAS) serves as a central information and application platform for admission of students taking local public examinations to degree and sub-degree programmes of the JUPAS participating-institutions.²

¹ At present, there are 14 civil service grades which set HD and AD as entry qualification requirements. In addition, sub-degree (including AD and HD) graduates may also apply for grades requiring academic qualifications below sub-degree level, including grades requiring two passes at Advanced Level in Hong Kong Advanced Level Examination plus three credits in Hong Kong Certificate of Education Examination (the so-called "2A3O") or those requiring attainment of School Certificate level. Sub-degree graduates will also be accepted for application for posts requiring a diploma / higher certificate / certificate in a specialised field if the sub-degree qualification is in the same or relevant field. Besides, sub-degree holders may also apply for disciplined services grades with entry qualification requirements set at sub-degree / 2A3O / School Certificate or below levels. In sum, there are more than 80 civil service grades which accept applications from sub-degree graduates.

² JUPAS participating-institutions include eight UGC-funded institutions and the Open University of Hong Kong.

- (b) For the self-financing sector, we launched the Information Portal for Accredited Self-financing Post-secondary Programmes (IPASS) in 2007 as a one-stop, user-friendly platform to provide clear and comprehensive information on self-financing institutions and programmes. In addition, we are developing an electronic advance application system (EAPS) for post-secondary programmes to facilitate application for self-financing degree and sub-degree programmes. The development of a Qualifications Register (QR) under the Qualifications Framework (QF) provides information on quality-assured learning opportunities to enable people to chart their pathways for lifelong learning.
- (c) In connection with the doubling of the senior year intakes to UGC-funded programmes, UGC has responded positively to the Administration's request to take into account provision in the self-financing sector in allocating the additional senior year places across disciplines to maintain comparable articulation opportunities across different academic disciplines.
- (d) There is strong and legitimate expectation that access to these valuable senior year places should be based on an open, fair, transparent and merit-based system. We consider that UGC should work with UGC-funded institutions to launch a centralised, user-friendly portal for the disclosure of comprehensive and relevant information on publicly-funded senior year articulation opportunities.

8. We support in principle UGC's proposal to develop a vertical CATS to facilitate articulation from sub-degree programmes to senior year undergraduate entry. The proposal draws support from some institutions in both the publicly-funded and self-financing sectors, but we note that other institutions have doubts about its value, feasibility and effectiveness primarily because of different interpretations of CATS. To take the matter further, we propose that –

- (a) As recommended in the Report, we should focus on developing a vertical CATS for the articulation of sub-degree graduates to undergraduate programmes and indeed at all levels of the QF. As the Report rightly points out, overseas evidence suggests that vertical CATS are more valuable to the sector than horizontal CATS.³
- (b) We will build up the core components of a successful vertical CATS, including a common credit unit, extensive bilateral agreements/arrangements between individual institutions and their programmes on admission prerequisites and recognition founded on full understanding and trust on the

³ A horizontal CATS focuses on allowing students at one UGC-funded institution to take credits at and have credits acknowledged from other UGC-funded institutions.

underpinning quality assurance mechanisms, and transparent disclosure of these agreements/ arrangements for public's easy reference.

- (c) We will press ahead with a pilot exercise on the use of QF credit in programmes of various nature and levels. Subject to the outcome of the exercise, it is our intention that the QF credit would be implemented for all qualifications in the academic, vocational and continuing education sectors recognised under the QF in due course.
- (d) UGC should be invited to conduct more research on CATS in other jurisdictions and propose an implementation plan applicable to both publicly-funded and self-financing institutions.
- (e) Institutions should be encouraged to publicise their existing bilateral agreements/arrangements and explore new ones with local and non-local partner institutions. It is noteworthy that many sub-degree programmes have concluded bilateral agreements with non-local institutions, and there should be no insurmountable obstacle for doing the same locally. Some local community colleges also have such agreements with their parent UGC-funded institutions or their extension arms. There is a need to consider whether more measures should be put in place to encourage and facilitate more bilateral agreements among UGC-funded and other institutions, as well as among the UGC-funded institutions.

We fully respect institutional autonomy in exploring a vertical CATS. As the Report points out, prior recognition of credits under bilateral agreements does not create an obligation for the institution to admit all those students who have completed the relevant courses. The function of CATS is to assure students what prior learning experience they can expect recognition if they are admitted.

Life-long learning (recommendation 8)

9. During the past two decades, lifelong learning has taken root in Hong Kong and opportunities for such have increased in quantity, quality and diversity. The self-financing sector has proved flexible and efficient in responding to the changing needs of society. We do not see the need for a comprehensive review of the future provision and distribution of lifelong learning opportunities throughout the post-secondary system as recommended in the Report. The Government will continue to play a facilitating role by enhancing the infrastructure (by developing QF) and providing incentives as appropriate (such as Continuing Education Fund, QF Support Schemes and tax incentives).

(B) Oversight bodies

Policy advisory body for the self-financing sector (recommendation 2)

10. Despite the absence of a single external advisory body for the self-financing sector, mechanisms are in place to oversee different aspects of the self-financing post-secondary institutions including –

- (a) Institutions are subject to registration with EDB under respective ordinances which would consider such factors as governance, facilities, teacher qualifications, financial viability, etc.
- (b) Institutions and their programmes at degree and sub-degree levels are subject to quality assurance by Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) and Joint Quality Review Committee (JQRC).
- (c) EDB has established committees to advise the provision of specific support measures in the self-financing sector.⁴

11. With the establishment of the \$2.5 billion Self-financing Post-secondary Education Fund and continuous growth of the sector, we consider that the time is ripe for establishing a non-statutory body to advise the Government on the development of the sector from macro and strategic perspectives. We are now setting up a Steering Committee to advise on the policies and implementation of the initiatives for the Fund. Building on the existing set-up, we will form a new Committee on Self-financing Post-secondary Education comprising members of the Steering Committee and representatives from the self-financing post-secondary sector and quality assurance bodies. The Committee will serve as a platform for discussing strategic issues of common interest to the sector, as well as formulating and promoting good practices. This Committee will complement but not substitute the regulatory and quality assurance functions of EDB, HKCAAVQ and JQRC. EDB will provide secretariat support to the new Committee.

12. UGC-funded institutions proper also carry out many self-financing activities, notably in research, knowledge transfer and the provision of taught-postgraduate programmes, which the Report reaffirms as proper function of UGC-funded institutions. For the avoidance of doubt, oversight of activities of UGC-funded institutions proper, regardless of funding source, should rest with UGC.

⁴ Notable examples include the Start-up Loan for Post-secondary Education Providers Vetting Committee and the Selection Committee for the Allocation of Sites to Post-secondary Education Providers.

Coordinating committee in the post-secondary education sector

(recommendation 39)

13. We do not see a need to establish an overarching coordinating committee comprising the chairpersons of the various oversight bodies in the post-secondary education sector under the chairmanship of the Secretary for Education. Instead, we propose that the Chairman of the new Committee on Self-financing Post-secondary Education as mentioned in paragraph 11 be appointed an ex-officio member of the Education Commission, which advises the Government on the overall development of education in the light of the community's needs. Currently, the chairpersons of UGC and Vocational Training Council (or their representatives) are ex-officio members on the Education Commission.

Quality assurance bodies (recommendations 35, 36 and 38)

14. The existing quality assurance mechanisms reflect the evolution of the post-secondary sector over time. Experiences in overseas jurisdictions demonstrate that quality assurance mechanisms and processes are constantly reformed in light of changing landscape of the higher education sector locally and internationally. Hong Kong is no exception. The Hong Kong Council for Academic Accreditation was established in 1990 as an independent statutory body to perform academic accreditation for institutions without self-accrediting status. To enable a peer review of the internal quality assurance processes for their own self-financing sub-degree programmes, the Heads of Universities Committees (HUCOM) established in 2005 the Joint Quality Review Committee (JQRC). To ascertain the fitness for purpose of the internal quality assurance mechanisms of the UGC-funded institutions, the UGC set up the Quality Assurance Council (QAC) in 2007.⁵ In addition, following an expansion in roles and functions to assume quality assurance responsibilities for the QF, the HKCAA was reconstituted as the HKCAAVQ in 2008.

15. As highlighted in the Report, UGC feels strongly the need for a unified body to oversee the quality assurance of the programmes and institutions in the entire post-secondary sector. The body should help rationalise the functions currently performed by different quality assurance bodies, to achieve regulatory consistency in quality assurance amidst anticipated growth in the private sector. At the macro level, a single regulatory body will provide a single locus for (a) the development and execution of quality assurance policies; (b) underpinning and reinforcing the impact of QF; (c) participation in international activities; and (d) the development of a comprehensive

⁵ Strictly speaking, the QAC and JQRC do not perform academic accreditation functions. QAC conducts quality audits of the UGC-funded institutions and programmes offered at degree level or above to help institutions to reflect whether their internal quality assurance mechanisms have been fit for purpose. Similarly, JQRC, established by the Heads of Universities Committee (HUCOM), provides peer review of the internal quality assurance processes of self-financing sub-degree programmes of the UGC-funded institutions. QAC and JQRC do not have accrediting powers and their work is not directly comparable to that of HKCAAVQ, although the three are broadly seen as "quality assurance bodies".

strategy to turn the work of the body into useful and practical information for stakeholders' reference.

16. There is mixed reaction to these recommendations. The quality assurance bodies consider that there can be no “one size fits all” quality assurance model for the post-secondary education sector, the present quality assurance system is working well and the proposal for a unified quality assurance body is pre-mature for the present stage of development. All UGC-funded institutions question the desirability and feasibility of having a single quality assurance body which may not be able to accommodate the different maturity, role and nature of various institutions. They are also concerned about the relationship between the body and their self-accrediting status. On the other hand, non-UGC-funded institutions in general support a single quality assurance body to improve public confidence in the system as a whole as well as to level the playing field between the UGC-funded and non-UGC-funded sectors. The mixed reaction reflects different interpretation and expectation of a “single quality assurance body”.

17. In considering the way forward, we have taken into account the following guiding principles –

- (a) Consistency and coherence in quality assurance standards and mechanisms are pivotal to maintaining the credibility of our education system and promoting interflow of students between different sectors.
- (b) The quality assurance system should accommodate and take into account diversity of institutions in terms of nature, size and maturity. As institutions mature and gain credibility and stature, they should be trusted to maintain their quality independently. This is the reason why self-accrediting responsibility has been given to certain institutions either on an institutional or programme area basis. This arrangement has been beneficial to reducing the regulatory burden on mature institutions and allowing the authorities to concentrate on the oversight in the accreditation of courses offered by younger institutions.
- (c) Notwithstanding (b) above, to enhance quality and accountability, all post-secondary institutions should be subject to some form of regular external scrutiny in the context of quality assurance. As demonstrated by the QAC model, self-accrediting status per se should not be a hurdle to external audits or reviews on an institutional or programme area basis.
- (d) For accountability purpose, there should be greater transparency and public disclosure of the processes, findings and recommendations of quality assurance exercises.

18. Balancing the views of the stakeholders, we consider that we should explore the possibility of eventually setting up a single quality assurance body whilst adopting the following incremental approach in enhancing our quality assurance mechanisms –

- (a) We will transform the Tripartite Liaison Committee to a quadripartite forum with the participation of the QAC or its Secretariat. The new forum will enhance consistency and promote sharing of good practices among all the quality assurance bodies. Among other things, we will promote transparency of quality assurance-related reports to enhance accountability.
- (b) We should step up the external audits and reviews of all post-secondary institutions –
 - (i) Non-UGC-funded institutions will continue to be subject to quality assurance by HKCAAVQ at the institutional, programme area or programme basis as the case may be.
 - (ii) Self-financing programmes at sub-degree level and below offered by UGC-funded institutions are currently assessed and reviewed by JQRC, in addition to their own internal accreditation processes. While JQRC is a step forward in enhancing the quality assurance mechanism of these programmes, it is noted that JQRC is not, or is not perceived to be, entirely independent of its clients. In line with the Government's stance of treating the entire post-secondary sector as a single interlocking system, and to ensure consistency and coherence in standards, we consider that in place of JQRC's assessment and review, periodic quality audits should be conducted by HKCAAVQ on community colleges or self-financing operation at sub-degree level and below under the aegis of UGC-funded institutions. With this recommendation implemented, HUCOM may need to reconsider the role of JQRC. We consider that this arrangement should also cover publicly-funded sub-degree courses.
- (c) QAC has been conducting quality audits of all programmes at undergraduate or above levels offered by UGC-funded institutions regardless of the source of funding of these programmes. We note the Report's recommendation to transfer the functions of QAC to the proposed single quality assurance body. We support this direction in principle and will discuss with UGC further how to take matters forward.

19. The above measures will lead to a more coherent quality assurance system in Hong Kong and move towards a single quality assurance body advocated by UGC, without affecting the self-accrediting responsibility already granted to certain institutions. We will closely monitor development of a single quality assurance body

or even single quality assurance system in overseas jurisdictions (such as Australia and Ireland).

(C) UGC-funded institutions' relationship with their self-financing operations (*recommendations 33 and 34*)

20. UGC recommends that the community college operations of UGC-funded institutions should be completely separated from their parent institutions within three years. UGC is concerned that public funds should be properly applied to the purposes for which they are intended. Total separation will go some way to avoid actual or perceived cross-subsidisation and ensure level playing field for independent community colleges. While some UGC-funded institutions and self-financing institutions support the proposal, other UGC-funded institutions and in general the self-financing arms are against it. The latter assert that they are already in strict compliance with the no cross-subsidisation rule, and believe a link between the community college and its parent institution is crucial for the enhancement and assurance of the quality of education offered by the community college. Some institutions and academics also consider that access to facilities and campus life of the parent institutions beneficial to sub-degree students.

21. During the past decade, UGC-funded institutions' extension arms have responded positively to Government's policy objective of expanding post-secondary education opportunities for school leavers. Thanks to the full support of institutions, such provision has increased in terms of quantity, quality and diversity with a short span of time. As these community colleges mature, there is a case for moving on to a new stage. Against this background, we accept greater separation of self-financing sub-degree operations from parent institutions as an appropriate long term direction so that the community colleges and their parent institutions can focus on their core mission and differentiated role. However, we consider that aspects of separation should be well-defined, purpose-driven and executed in a measured pace. Our views on different aspects of separation are as follows –

- (a) ***Financial*** – It is an established rule and all institutions agree that public funds should not be used by UGC-funded institutions as cross-subsidies for self-financing activities. We support UGC's establishment of the Financial Affairs Working Group to pursue greater transparency in the financial relationship between UGC-funded institutions and self-financing operations either within the institution or in an affiliate, and ensure that cross-charging levels are appropriate.
- (b) ***Quality Assurance*** – As mentioned in paragraph 18, we will require all post-secondary institutions to be subject to some form of external scrutiny in the context of quality assurance. Community colleges under the aegis of UGC-funded institutions or similar operation of self-financing programmes at sub-degree level or below should be subject to external periodic quality audits conducted by HKCAAVQ.

- (c) **Academic** – Some stakeholders consider that the academic link between self-financing sub-degree operations and parent institutions can enhance quality of education offered by the former. We welcome the parent institution to continue to give academic advice in such areas as curriculum development and quality assurance. Academics from the parent institution (and indeed from any other publicly-funded institution) may also continue to teach in self-financing sub-degree programmes subject to appropriate cross-charging.
- (d) **Physical** – UGC rightly points out that it is difficult to establish with clarity whether cross-charging for facilities can fully meet the costs, but sharing of facilities is not limited to community colleges co-located with their parent institutions physically. Indeed, some UGC-funded institutions have been sharing facilities with physically separated affiliates, or even third parties. It would not be constructive or practicable to forbid institutions to lease their facilities for educational purpose. A more positive approach is to enhance access and discourage differential treatment: if an institution decides to lease its facilities to a community college, it should offer the same terms to other interested community colleges subject to capacity. UGC should also look into the appropriateness of cross-charging arrangements for physical facilities.
- (e) **Legal and nominal** – The above measures will, to a large extent, address concerns about cross-subsidisation and quality of sub-degree courses. We consider it unnecessary to mandate legal separation, independent school registration and severance of name ties in the medium run. Nevertheless, we welcome community colleges to consider taking these steps voluntarily.

(D) Internationalisation (*recommendations 9-18*)

22. All stakeholders and the Government are in full agreement on the tremendous benefits of internationalisation. On this front, the Government has implemented a number of measures since 2008 to further develop Hong Kong as a regional education hub including provision of scholarships and fellowships, relaxation of employment and immigration restrictions, relaxation of non-local student quota, etc. In line with the Report's recommendation to treat all elements of post-secondary educational provision as a single interlocking system, we consider that further and deeper internationalisation should be a goal for both the publicly-funded and self-financing post-secondary sectors.

23. We agree with UGC that internationalisation concerns a wide spectrum of issues, including student recruitment, integration of non-local students, provision of hostel and private accommodation, research collaboration, international faculty mix, curriculum design, etc. EDB will continue to play a facilitating and coordinating role and liaise with other government bureaux/departments on policy and branding matters. Specifically –

- (a) EDB will set up an internationalisation forum (with representatives from institutions, UGC Secretariat and relevant stakeholders) to consider strategy, foster collaboration and share best practices in this area;
- (b) while the 6 600 hostel places under construction will alleviate the existing shortfall in hostels, further internationalisation and increase in student places in the next triennium will lead to additional demand. We agree that the Administration, UGC and the UGC-funded institutions should work together to increase hostel accommodation as a matter of urgency, subject to availability of land and financial resources. EDB and UGC will appeal to institutions with available sites on campus to embark on hostel projects as a matter of priority. EDB will continue to identify sites for the development of hostels for other institutions. For the self-financing sector, approval will be sought from Finance Committee of the Legislative Council for extending the ambit of the Start-up Loan Scheme and increasing the commitment of the Scheme by \$2 billion to provide interest-free loan to eligible institutions for construction of student hostels; and
- (c) the Education Commission has set up a working group to advise the Government on the development of education services in Hong Kong. It has recently submitted the final report which includes a number of recommendations on branding and promotion, widening the net of non-local students and enriching the experience of non-local students. EDB will consider these recommendations together with those in the Report, devise implementation strategies, seek resources and approval in accordance with the established mechanism as necessary.

Operations outside Hong Kong (recommendations 15 and 19)

24. We note institutions' interest in undertaking self-financing teaching and research endeavours outside Hong Kong, especially in the Pearl River Delta, as they consider that this may complement their work in Hong Kong and help extend Hong Kong's soft power. However, operation of an off-shore full-fledged institution or branch campus involves significant commitment. There are legitimate concerns about financial and human resource implications on the parent institution and potential dilution of brand name. As with all self-financing programmes, the institutions should ensure that self-financing activities do not detract from the core work of the institutions, have distinct separation of resources from publicly funded programmes and are financially viable and sustainable. UGC should pursue greater transparency in the financial relationship between UGC-funded institutions and self-financing operations outside Hong Kong, and ensure that cross-charging levels are appropriate. We will further invite UGC to take stock of institutions' self-financing operations outside Hong Kong and recommend guidelines to the Government as appropriate.

25. For publicly-funded teaching and research activities, the block grant should in general be used in Hong Kong. Many exchange programmes are operated on bilateral basis and hence do not require payment of tuition fees to exchange partners. The Report mentions an alternative model of some American universities running “junior year abroad” programmes on their own premises. We have concern about institutions using block grant to shift teaching activities or buy educational services outside Hong Kong on a unilateral basis. On the other hand, we recognise that it may be more common for research projects to have legitimate reasons for incurring expenditure outside Hong Kong. We will invite UGC to look into the use of block grant outside Hong Kong so that we can assess the situation and consider if policy changes or clarifications are warranted.

(E) Teaching and learning, research, funding methodology and role differentiation (*recommendations 21-23 and 27-32*)

26. Most recommendations on teaching and learning, research, funding regime and role differentiation are within the remit of the UGC and can be pursued by UGC in consultation with institutions. We in general agree with the direction set out by UGC, and in particular –

- (a) UGC-funded institutions should place as much emphasis on the assessment of competence in teaching as they do on research to sustain institutional emphasis on teaching;
- (b) teaching-research nexus should be strengthened;
- (c) assessment of teaching excellence, student learning outcomes and quality of research postgraduate students should be developed and taken into account in UGC’s funding regime; and
- (d) there should continue to be role differentiation between UGC-funded institutions to ensure the best deployment of public resources.

Manpower planning requirements (recommendation 7)

27. The Report recommends that manpower planning requirements in the allocation of FYFD places should be abolished or loosened greatly. Most UGC-funded institutions support this recommendation but there is also an institution which states that the Government needs to ensure the employment prospect of its graduates. Currently, we would only specify manpower planning requirements for the UGC-funded sector under the following stringent criteria –

- (a) where the public sector is the major employer and the UGC-funded sector is the major provider of relevant education programmes;

- (b) where the unit cost of a student place in that specific discipline is exceptionally high; or
- (c) where the community has a very strong case for assured provision of adequate manpower.

We consider that the Government is duty bound and best placed to conduct manpower planning for the small number of disciplines falling into the above categories. We regularly review the situation and are satisfied that the healthcare and educational professions currently included in the specific manpower requirements fulfil the above criteria.

28. For other sectors that no longer meet the above criteria (such as social work discipline), instead of stipulating specific manpower requirements, the Government will provide general manpower advice for the reference of UGC and institutions in the next triennial planning.

Research (recommendations 20, 24-26)

29. The Government has all along been giving staunch support to research as we recognise that research is instrumental to maintaining the competitiveness of Hong Kong as a knowledge-based economy. Research expenditure funded by the Government has grown from \$4.7 billion in 2002 (when the last Higher Education Review was conducted) to \$6.2 billion in 2009. Looking forward, we will pursue the following –

- (a) We note that UGC would like to pursue its goal of allocating research funding increasingly on a competitive basis. We agree that competition drives excellence and respect UGC's judgment. We understand that institutions generally agree that more competition would benefit our higher education sector, but are concerned about their ability to cope with the pace and the magnitude of this change. We are pleased to note that, in response to such concerns, UGC has moderated the pace in light of concerns expressed by institutions, established an Early Career Scheme to nurture junior new academics, and introduced a basket of facilitating measures to accommodate the research paradigm of Humanities and Social Sciences and encourage more participation in RGC grants.
- (b) The Government has launched various initiatives to foster research collaboration with the Mainland including assisting the establishment of 12 Partner State Key Laboratories in Hong Kong as well as Hong Kong's universities and research institutes in participating in national R&D projects and in State Science and Technology Awards. Starting from 2010, Hong Kong tertiary institutions and research institutes can directly apply for "State Basic Research Programme of China" ("973" Programme) funding direct through their Mainland subsidiaries, which should help to encourage more

Hong Kong research institutes and talents to participate in national science and technology programmes.

- (c) Under the notion of role differentiation, some universities would be more research-oriented, while others would want to become centres of excellence in learning and teaching. Nevertheless, some of the staff members in the latter group would still have both the interest and capability to be engaged in research and scholarship in selected niche areas, which can also serve to inform teaching. Access to competitive research funding will therefore help institutions attract and retain quality staff. In countries where private higher education is well developed, private universities may have access to public competitive research funding. We therefore consider that part of the competitive research funding should be open to applications from academics at local self-financing degree sector and distributed on a competitive basis, similar to research grant schemes for UGC-funded institutions. We plan to make an injection into the Research Endowment Fund for such purpose.

(F) Other issues

30. We note UGC's proposition of bringing the Hong Kong Academy for Performing Arts (HKAPA) under its aegis. Despite being a publicly-funded institution, HKAPA, as an institute specialized in training performing arts talent, has a unique mode of operation given its mission and role in the Government's arts and cultural policy. Since the UGC will be heavily engaged in the implementation of the New Academic Structure and since HKAPA's current funding mode does not fit in UGC's established funding methodology (which used to be a pre-condition for admission to UGC for the existing UGC-funded institutions), we see no urgent need to rush to a conclusion. We have an open mind and would welcome dialogue with HKAPA if it is interested in exploring UGC's idea further.

IMPLICATIONS OF THE PROPOSAL

31. The proposal has economic, sustainability, financial and staffing implications as set out at **Annex B**. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity or environmental implications.

PUBLIC CONSULTATION

32. Upon receipt of the Report, we have written to UGC-funded institutions (including their self-financing arms), other publicly-funded institutions, self-financing post-secondary institutions, HKCAAVQ and JQRC to solicit their views on the recommendations of the report. To date, we have received 27 written submissions (list at **Annex C**). We also organised two consultation forums for staff members and students of all local post-secondary institutions on 1 and 3 March 2011 respectively.

Around 340 persons attended the two forums. The Legislative Council (LegCo) Panel on Education discussed the Report at its March 2011 meeting. Thirty-six deputations attended to present their views and 33 written submissions were submitted (list at **Annex D**).

PUBLICITY

33. A LegCo brief and a press release will be issued on 3 November 2011. A spokesman will be available to answer media and public enquires. We will also brief the LegCo Panel on Education on 14 November 2011. We have arranged to meet with the universities, post-secondary institutions and relevant education bodies separately.

BACKGROUND

34. The Report of the Higher Education Review 2002 suggested that UGC conduct a further review in five years' time. In December 2008, the Secretary for Education commissioned UGC to launch the review. The UGC published the report entitled "Aspirations for the Higher Education System in Hong Kong" in December 2010.

ENQUIRY

35. For enquiries on this brief, please contact Mr Wallace Lau, Principal Assistant Secretary for Education, on 3540 7468.

Education Bureau
November 2011

Recommendations of the “Aspirations for the Higher Education System in Hong Kong” Report

Recommendations within the remit of UGC and being pursued by UGC are denoted by an asterisk ().*

Post-secondary Education System

1. Government policy should treat all elements of post-secondary educational provision as a single interlocking system for strategic and planning purposes, including both privately and publicly funded institutions.
2. There should be a single oversight body for the non-publicly funded part of the post-secondary education system.
3. There should be a clear differentiation of roles throughout the post-secondary education system to ensure full diversity of provision.
4. There should be greater clarity about the character of the Associate Degree and its place in the structure of the qualifications offered by the post-secondary education system.
5. Pathways for student progression through the whole post-secondary system and between its parts should be made clearer, including for those returning to education at different times.
6. A transparent and trustworthy Credit Accumulation and Transfer System should be developed for the whole post-secondary system.
7. Manpower planning requirements in the allocation of first-year, first-degree places should be abolished or considerably loosened.
8. There should be a comprehensive review of the future provision and distribution of lifelong learning opportunities throughout the post-secondary system.

Internationalisation

9. University Grants Committee (UGC)-funded institutions should review, develop where necessary and implement internationalisation strategies as a matter of urgency. UGC should monitor agreed Key Performance Indicators in each institution. The Government should adopt a strategy for internationalisation that includes collaboration with universities. Both should make long-term and sustained commitments to these strategies. *
10. A forum should be established to facilitate collaboration between the Government, universities and UGC in identifying and implementing effective policies and initiatives, and for spreading best practices regarding internationalisation.

11. An additional funding stream should be attributed to UGC to fund internationalisation initiatives and allocated through the Academic Development Planning process. *
12. Universities should develop appropriate strategies for the recruitment of international students. The Government should actively support this through its official overseas offices. *
13. The Government, working with the institutions, should increase hostel accommodation for local and non-local students as a matter of urgency.
14. UGC-funded institutions should increase their efforts to provide support resources and opportunities for non-local students to integrate them better with the local student body. *
15. The number and variety of overseas study opportunities for local students should be increased significantly. Funding should be provided for this, and credits should be attached to these programmes. *
16. Institutions should make renewed efforts to ensure and enhance students' biliterate (Chinese and English) and trilingual (Cantonese, Putonghua and English) abilities. *
17. UGC-funded institutions should actively maintain the international mix of their faculty. *
18. The higher education sector should develop a number of jointly funded and staffed international centres for high quality research and graduate programmes combining Asian and Western perspectives. *

Relationship with Mainland China

19. Institutions should establish a clear strategy for developing different types of relationships with the Mainland, and in particular the Pearl River Delta. *
20. The Government should initiate negotiations with relevant authorities on the Mainland with a view to easing regulatory requirements in teaching and research collaboration with Mainland institutions, especially the portability of research funding.

Teaching and Learning, Research and Role Differentiation

21. UGC should ensure that it uses the tools at its disposal to assess and reward evidence of teaching excellence, both at the system level and at the funding level. Sector-wide surveys and assessments of student learning outcomes should be developed and published. *
22. UGC-funded institutions should place as much emphasis on the assessment of competence in teaching as they do on research. They should collectively consider the establishment of communities of practice to promote sector-wide collaboration on teaching and learning issues. *

23. UGC-funded institutions should seek to adopt the approaches outlined in the Review for the improvement of teaching and learning in areas related to faculty development and the strengthening of the teaching-research nexus. They should report on their implementation no later than 2015. *
24. The Government should further develop its research and development policy and ensure that it dovetails more effectively with the four pillar and six new industries identified by the Government for targeted development.
25. Research funding and resources should be allocated increasingly on a competitive basis. *
26. The access of private universities to competitive research funding should be reviewed periodically.
27. There should continue to be role differentiation between UGC-funded institutions to ensure the best deployment of public resources. *
28. The funding regime should assess and reinforce role differentiation and performance in role within UGC-funded sector. *

Funding Methodology, Institutions' Relationships with their Self-financing Operations and Efficiency

29. UGC should transition to a funding regime based on the assessed quality of outputs and outcomes, reducing the current regulatory burden. *
30. The funding regime should reflect high-quality teaching outcomes. *
31. A thorough review of the practical effectiveness of the periodic Research Assessment Exercise should be undertaken before it is held again. *
32. Means of assessing the quality of research postgraduate students emerging from the system should be implemented to inform decisions on the allocation of research postgraduate places. *
33. Public funds should not be used by UGC-funded institutions as cross-subsidies for self-financing educational activities. There should be greater transparency in the financial relationship between UGC-funded institutions and self-financing courses either within the institution or in an affiliate, such as a community college. *
34. The community college operations of UGC-funded institutions should be completely separated from their parent institutions within three years of the acceptance of this recommendation.

Quality Matters

35. There should be a single quality assurance body for the whole post-secondary system.

36. The single body should integrate the methods and approaches of quality assessment, validation and accreditation across the system.
37. The development of a Credit Accumulation and Transfer System for the whole system requires it to be appropriate for articulation between different levels and across different institutions at the same level.
38. There should be greater transparency and public disclosure of quality assessment so that the public may make better-informed choices over time.

Oversight Bodies in the Post-secondary Education Sector

39. A coordinating committee comprising the chairpersons of the various oversight bodies in the post-secondary education sector should be established under the chairmanship of the Secretary for Education.
40. The Education Bureau should be provided with appropriate and sufficient human/financial resources to allow it to fulfil an expanded role in overseeing the whole post-secondary sector.

Implications of the proposal

Financial and Staffing Implications

EDB will require appropriate manpower and financial resources to provide secretariat support to the proposed Committee for Self-financing Post-secondary Education, take a more active role in coordinating efforts that straddle the publicly-funded and self-financing sectors, facilitate internationalisation and development of Hong Kong as an education hub and prepare for the setting up of a single quality assurance body. Pending further discussion with UGC on implementation details for stepping up disclosure of publicly-funded senior year articulation opportunities, developing a vertical Credit Accumulation and Transfer System, we are not able to assess at this stage the exact financial and manpower implications. We will seek additional resources in accordance with the established mechanism as appropriate.

2. We will seek separate approval for injection of \$5 billion into the Research Endowment Fund, part of which is to provide competitive research funding for applications from academics at local self-financing degree-awarding institutions.

Economic Implications

3. The proposal seeks to strengthen the tertiary education system in Hong Kong, improve the quality of education and enhance research capacity. It will promote diversity, transparency and competition within the tertiary education sector, render better and more informed study choices for students, encourage cooperation between institutions and the publicly-funded and self-financing sectors, and contribute to a better structured and more vibrant tertiary education system as a whole. This will help enhance productivity and competitiveness of the Hong Kong economy by gearing up human resources for pursuit of higher value added activities in an economy increasingly based on knowledge and innovation.

Sustainability Implications

4. The proposal is conducive to the sustainability principle of enabling individuals to fulfil their potential by providing access to adequate and appropriate educational opportunity. It would enhance the quality and competitiveness of our population in a more globalised economy and promote the efficient use of education resources.

List of written submissions to Education Bureau

1. Prof Chung Nan CHANG (President, Chu Hai College of Higher Education)
2. City University of Hong Kong (CityU)
3. Heads of Universities Committee (HUCOM)
4. HKU SPACE
5. Hong Kong Baptist University
6. Hong Kong Civic Association
7. Hong Kong College of Technology
8. Hong Kong Council for Accreditation of Academic and Vocational Qualifications
9. Hong Kong Shue Yan University
10. Dr Sammy HUI (Assistant professor, The Hong Kong Institute of Education)
11. Joint Quality Review Committee
12. Ms Wanda LAU (Vice-principal, Community College of CityU)
13. Dr Felix LEUNG
14. Lingnan University
15. The Chinese University of Hong Kong
16. The Federation for Continuing Education in Tertiary Education
17. The Hong Kong Academy for Performing Arts
18. The Hong Kong Institute of Education
19. The Hong Kong Polytechnic University
20. The Hong Kong Polytechnic University Staff Association
21. The Hong Kong University of Science and Technology
22. The Open University of Hong Kong
23. Prof David RANDALL (Director of Educational Development and General Education, CityU)
24. The Society of Hong Kong Scholars
25. Dr Alen TSE (Principal Lecturer, Community College of CityU)
26. The University of Hong Kong
27. Vocational Training Council

**List of written submissions to
the Legislative Council Panel on Education**

1. City University of Hong Kong
2. City University of Hong Kong Staff Association
3. Civic Party
4. Federation of Hong Kong Higher Education Staff Association
5. Hong Kong Baptist University
6. Hong Kong College of Technology
7. Hong Kong Federation of Education Workers
8. Hong Kong Institute of Technology
9. Hong Kong Institute of Vocational Education and Hong Kong Design Institute
Joint Students' Union
10. Hong Kong Polytechnic University Staff Association
11. Hong Kong Professional Teachers' Union
12. Hong Kong Shue Yan University
13. Hong Kong University of Science and Technology Staff Association
14. League of Social Democrats
15. Ms Wanda LAU
16. Staff Association of The Chinese University of Hong Kong
17. Students' Union, The Open University of Hong Kong
18. Teachers' Association of The Chinese University of Hong Kong
19. Dr Alan TSE
20. The Chinese University of Hong Kong
21. The Chinese University of Hong Kong Employees General Union
22. The Confederation of Tertiary Institutes Staff Unions
23. The Council of Hong Kong Non-Profit Making Tertiary Institutions
24. The Hong Kong Institute of Education
25. The Hong Kong Institute of Surveyors
26. The Hong Kong Polytechnic University
27. The Hong Kong University of Science and Technology
28. The Open University of Hong Kong
29. The University of Hong Kong
30. Vocational Training Council
31. Vocational Training Council Teachers' Association
32. Young Civics
33. A member of the public