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Panel on Education

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 14 November 2011**

Report on the Higher Education Review 2010

Purpose

This paper summarizes the concerns of members of the Panel on Education ("the Panel") on the Report of the Higher Education Review 2010.

Background

2. The University Grants Committee ("UGC") conducted a higher education review in 2010. The task was carried out by its Higher Education Review Group ("the Review Group") with Sir Colin Lucas (former Chairman of British Library of the United Kingdom) as its convenor. The aims of the review were to assess the progress made on the recommendations of the Higher Education Review in 2002, identify new issues facing Hong Kong's higher education sector and discern world trends with a view to recommending strategies for the future development of Hong Kong's higher education sector.

3. The UGC submitted in December 2010 the Review Report entitled "*Aspirations for the Higher Education System in Hong Kong*" ("the Report") to the Government for consideration. The Report made 40 recommendations covering the post-secondary education system, internationalisation, relationship with Mainland China, teaching and learning, research and role differentiation, funding methodology, institutions' relationships with their self-financing operations and efficiency, quality matters and oversight bodies in the post-secondary education sector. A list of the recommendations is in **Appendix I**.

Deliberations of the Panel

4. The Panel discussed the Report at its meetings on 10 January and 14 March 2011 and the changes to the allocation of research funding proposed in the Report at the meeting on 11 July 2011. The major concerns of members are summarized in the following paragraphs.

Development of self-financing degree programmes

5. The Report identified three obvious dangers in the growth of the private post-secondary sector including financial failure of an institution, increasing confusion in the sector as a result of an uncoordinated plurality of initiatives, and inadequate quality of provision.

6. Noting the Administration's plan to step up its efforts in the development of the self-financing degree sector, members were worried about the same mistakes being made as in the case of the expansion of the self-financing sub-degree sector including over-supply of and inadequate quality control over sub-degree programmes. The excessive supply of sub-degree holders had impacted their competitiveness. While the number of sub-degree graduates had proliferated from 2 600 in the 2000-2001 school year to 24 000 in 2009, the average monthly salaries of a sub-degree holder had dropped from \$13,000 in 2000 to \$12,500 in 2008. Sub-degree holders had difficulties to find employment or could only get low-pay jobs.

7. Members pointed out that institutions which offered sub-degree courses had an incentive to admit sub-degree graduates to their self-financing degree courses to enhance the attractiveness of their sub-degree programmes. A large number of sub-degree students would likely apply for admission to private universities because they were uncertain about their future and the status of the sub-degree qualifications. The excessive supply of self-financing degree programmes might impact on undergraduates of both the self-financing and publicly-funded universities.

8. Members echoed the observation in the Report that simple reliance on market forces would not work and there must be sufficient Government regulation. Members called on the Administration and the UGC to take proactive steps such as amending the Post Secondary Colleges Ordinance (Cap. 320) ("the Ordinance") to regulate the supply of self-financing degree programmes by imposing academic standards for entry and exit. The Administration advised that having regard to the rapid developments of the higher education sector over the past 10 years, it was the Administration's plan

to review the Ordinance, particularly the provisions concerning the regulation of degree programmes offered by self-financing education providers.

9. Members also suggested that the Administration should consider subsidizing self-financing degree and sub-degree programmes in the form of vouchers so that needy students who were not admitted to publicly-funded institutions could be subsidized in their pursuit of quality degree and sub-degree programmes in self-financing institutions or private universities.

10. According to the Administration, publicly-funded financial assistance was provided in the form of grants and loans to needy students enrolled in publicly-funded as well as self-financing post-secondary programmes. In addition, the Administration had proposed to set up the Self-financing Post-secondary Scholarship Scheme under the Self-financing Post-secondary Education Fund to grant scholarships to students pursuing full-time locally-accredited self-financing sub-degree or degree programmes at non-profit-making institutions.

Quality assurance

11. Members noted a recommendation in the Report for the establishment of a unified quality assurance body for the entire post-secondary system. The Report also recommended that the single body should integrate the methods and approaches of quality assessment, validation and accreditation across the system. Given the existing varied admission requirements and quality of the self-financing sub-degree programmes, members sought information on how the new quality assurance body could monitor and ensure quality.

12. According to the Chairman of the UGC, the UGC had taken an overview of the entire higher education sector in the Higher Education Review 2010. The UGC-funded institutions had already had self-accrediting status for their existing programmes and such status would not be changed with the setting up of the unified quality assurance body. The issue at stake was the quality of sub-degree courses offered by different institutions, and accreditation by a unified quality assurance body would facilitate students to make well-informed choices and provide the public with a better idea of the quality of sub-degree courses.

13. The Administration informed members it would take account of the recommendations in the Report and the views of the stakeholders and make amendments to the Ordinance if necessary. Under the Ordinance, an institution had to be accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications before it could be registered as a

post-secondary institution. The Administration would look into the existing accreditation mechanism and make improvements if necessary.

Hong Kong Academy for Performing Arts

14. While supporting the Report's recommendation that the UGC should oversee the funding of the Hong Kong Academy for Performing Arts ("HKAPA"), members were concerned whether HKAPA's programmes would also be subject to the accreditation by the new unified quality assurance body in future. They were informed by the Chairman of the UGC that HKAPA would continue to enjoy the self-accrediting status for its programmes. To rationalize the funding mechanism and to ensure consistency in the allocation of public resources in the publicly-funded degree sector, the Report had recommended that the UGC as opposed to the Home Affairs Bureau should oversee the funding for HKAPA.

Credit Accumulation and Transfer System

15. The Report recommended the establishment of a Credit Accumulation and Transfer System ("CATS") for the entire post-secondary sector to facilitate students' progression. As this recommendation was made in the 2002 Higher Education Review Report but no real effort had been made to establish a cross-sectoral vertical CATS, members were concerned about its feasibility. Members pointed out that intra-institutional transfer and accumulation of credits in some local institutions was difficult, not to mention inter-institutional credit transfer and accumulation. Members sought information on overseas experience.

16. According to Sir Colin Lucas, the recommendation for credit transfer and accumulation made in the Higher Education Review in 2002 was in respect of the UGC-funded institutions only. It was a lateral movement but there was very little lateral movement among institutions in the UGC sector in practice. The current progression within the post-secondary system was unclear to both learners and education providers, hence a need for a structured system across the post-secondary sector which should be underpinned by a comprehensive and vertical CATS. The establishment of CATS would allow learners to accumulate systematically the credits of learning and training to enhance their mobility between the self-financing and publicly-funded parts of the post-secondary education system. There were examples of CATS in British Columbia and California and they had their positive sides and defects. CATS was necessary if the private and public sectors were running side by side in order to give people the required transparency and the ability to navigate through the system to develop their talents at different rates.

Competitive allocation of research funding

17. Concern had been raised about the allocation of research funding as recommended in the Report. Currently, there were three main sources of research funding for the UGC-funded institutions including the research portion of the block grant of which 25% was for research and 75% for teaching; the allocation of research postgraduate places to institutions; and the funding disbursed through the Research Grants Council ("RGC"). The research portion of the block grant was the largest source of research funds, i.e. about \$2.7 billion per annum. The annual amount granted for peer assessed research projects under the RGC was about \$750 million. The ratio was about 75 to 25. To enhance competition for research funding, the UGC proposed to transfer half of the 25% research portion of the block grant to the RGC for competitive bidding over a period of up to nine years. Members noted the concern raised by staff of the UGC-funded institutions that the proposal would result in unhealthy competitions and would drive institutions to place even more resources on research and less focus on teaching. Members noted that in some cases, professors who had won research awards were relieved from teaching duties.

18. In the view of the UGC, there was always tension between teaching and research which was common around the world. The Report had emphasized very strongly the need for excellence in teaching. In the current Academic Development Proposal exercise, the UGC had requested the institutions to place a strong emphasis on teaching and learning. The Administration pointed out that teaching and research could inform each other. Apart from nurturing talents, universities should also be a key driver in research and contribute to increase in knowledge.

19. There was a view that the inequitable allocation of research funding affected not only the operation of institutions but also local young academic staff as they were not given opportunities to conduct research. Members considered that the UGC should allocate a reasonable portion of the research funding to local young academic staff. The UGC advised that the Early Career Scheme under the RGC had recently been introduced. Under the Scheme, funding of up to \$100 million would be allocated to ensure that more research funding would be provided to nurture junior/new academics.

20. Members expressed concern about the competitive edge enjoyed by large institutions over small institutions; research on international issues over research on local issues; and the more popular disciplines over the less popular disciplines. Members suggested that in order to encourage healthy competition among institutions, the Administration should increase funding on top of the existing provision for competitive bidding by the institutions. There was also

a view that the Administration should allocate only new research resources for competitive bidding.

21. In the view of the UGC, the progressive transfer of 12.5% of the block grant for competitive allocation over a period of nine years was not a radical move in terms of pace and magnitude. The maximum variable funding an institution's management needed to take account of in the first year of the 2012-2015 triennium was 1.3% of its block grant, the second year 2.6% and the third year 3.9%, even if the institution did not get any successful proposals from RGC. UGC would review the proposed competitive arrangements for allocation of research funding before the end of the 2012-2015 triennium.

22. According to the Administration, it had increased its financial commitment to research in recent years. With the establishment of the \$18 billion Research Endowment Fund in 2009, the research funding disbursed through RGC had increased by some 40%. The overall research funding had increased by 25% over the past few years. The Administration considered it important to introduce more competition into the funding regime to vitalise the system and enhance the quality of research.

23. On members' concern about the impact of the proposed changes on allocation of research funding on humanities and social sciences ("HSS") disciplines, the UGC advised that it had already introduced additional measures to support and facilitate research by HSS faculty members. A premium would be introduced to provide additional support when HSS academics received their research grants, and additional funding of \$20 million per year would be provided to the RGC to support HSS academics, through expansion in the scope and duration of the teaching relief grants and the introduction of a new fellowship scheme for outstanding academics in all HSS disciplines.

Appeal mechanism

24. Some members suggested that an appeal channel should be established for handling disputes relating to competitive allocation of resources. In the view of the UGC, the provision of an appeal channel could not resolve all disputes. As research funding or student places were finite, the UGC would have to remove funds or student places already allocated to the other institutions in order to satisfy the successful appellant(s), thereby prompting more appeals. Instead of resorting to an appeal channel, the UGC considered it more important to discuss and agree on the evaluation criteria with the institutions beforehand. Members, however, of the view that the appeal mechanism would be feasible if the Administration and the UGC could make available additional funding for allocating resources to institutions which were successful in their appeals.

Separation of community college operations of UGC-funded institutions from parent institutions

25. Members noted the Report's recommendation that public funds should not be used by the UGC-funded institutions as cross-subsidies for self-financing education activities, and there should be greater transparency in the financial relationship between the UGC-funded institutions and self-financing courses either within the institutions or in an affiliate, such as a community college. Members expressed concern that the proposed separation of community college operations of the UGC-funded institutions from parent institutions would create great difficulties for institutions including the City University of Hong Kong and Lingnan University which had applied for loans under the Start-up Loan Scheme for post-secondary education providers for the construction of new buildings for the operation of their sub-degree programmes. According to the Administration, the Start-up Loan Scheme provided flexible arrangements to institutions. The Administration would continue to discuss with institutions on the proposed separation of community college operations from their parent institutions.

Recent developments

26. The Administration will brief members on its decisions and strategy for implementation of the recommendations made in the Report at the upcoming meeting on 14 November 2011.

Relevant papers

27. A list of the relevant papers on the Legislative Council website is in **Appendix II**.

Council Business Division 2
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List of recommendations made in the UGC Report

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. UGC-funded institutions should review, develop where necessary and implement internationalisation strategies as a matter of urgency. The 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 the 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 the 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. The 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 R&D 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 the UGC-funded sector.

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

29. The 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.

Relevant papers on Report on the Higher Education Review 2010

Committee	Date of meeting	Paper
Panel on Education	10.1.2011 (Item VI)	Agenda Minutes Report entitled "Aspirations for the Higher Education System in Hong Kong" provided by the University Grants Committee
Panel on Education	14.3.2011 (Item VI)	Minutes Agenda
Panel on Education	11.7.2011 (Item V)	Minutes Agenda

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