

**For discussion  
on 13 June 2016**

## **Legislative Council Panel on Education**

### **Issues related to the policy on self-financing post-secondary programmes**

#### **Purpose**

This paper summarises the latest development of the self-financing post-secondary education sector and the Government's policy on the sector.

#### **Overview**

2. It is the Government's policy to support the parallel development of the publicly-funded and self-financing post-secondary education sectors. In terms of opportunities for further study, the Government is committed to providing our young people with quality and diversified study pathways<sup>1</sup>. The availability of programmes at different levels and in a broad range of disciplines helps realise the policy objectives of lifelong learning and nurturing of diverse talents.

3. Through the development of the publicly-funded and self-financing sectors, over 46% of our young people in the relevant cohort have access to degree-level education in the 2015/16 academic year. Including sub-degree education, about 70% of them now have access to post-secondary education. Specifically, the number of students enrolling in full-time locally-accredited self-financing sub-degree programmes has slightly increased from about 33 300 in the 2005/06 academic year to about 37 000 in the 2015/16 academic year; the number of students enrolling in full-time locally-accredited self-financing first-year-first-degree programmes has increased from about 3 600 to about 24 300 over the same period of time.

4. The self-financing sector helps diversify our post-secondary education sector and provides more education opportunities for our secondary

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<sup>1</sup> At present, there are 20 local degree-awarding higher education institutions in Hong Kong, 11 of which are self-financing. The other nine are publicly funded through the University Grants Committee (UGC) and the Hong Kong Academy for Performing Arts. There are currently 20 post-secondary institutions providing full-time locally-accredited self-financing sub-degree programmes.

school graduates. By responding quickly to changing society needs, the self-financing sector plays a pivotal role in upgrading the quality of the human resources in Hong Kong by offering a wide array of programmes for school leavers, our workforce and the community at large.

5. The self-financing post-secondary education sector primarily consists of the following institutions –

- (a) approved post-secondary colleges<sup>2</sup> registered under the Post Secondary Colleges Ordinance (Cap. 320), and statutory institutions or their subsidiaries operating on a self-financing basis<sup>3</sup>;
- (b) institutions registered under the Education Ordinance (Cap. 279) and providing self-financing locally-accredited post-secondary programmes<sup>4</sup>;
- (c) institutions only providing self-financing locally-accredited non-local programmes<sup>5</sup>; and
- (d) publicly-funded higher education institutions that offer self-financing post-secondary programmes through their self-financing continuing and professional education arms or member institutions under their aegis.

6. Both publicly-funded and self-financing post-secondary institutions enjoy a high degree of autonomy and academic freedom. The Government understands that the community expects post-secondary education institutions to provide a quality nurture to our younger generation. Therefore, **our policy oversight of the institutions focuses on enhancing transparency, quality assurance (QA) and good governance.** Where public funds are involved, we also devise mechanism to ensure that resources are put to intended use and in a

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<sup>2</sup> Including the Caritas Institute of Higher Education, Centennial College, Chu Hai College of Higher Education, Gratia Christian College, Hang Seng Management College, HKCT Institute of Higher Education, Hong Kong Nang Yan College of Higher Education, Hong Kong Shue Yan University and Tung Wah College

<sup>3</sup> Including The Open University of Hong Kong, Vocational Training Council and Hong Kong Art School.

<sup>4</sup> Including Caritas Bianchi College of Careers, Caritas Institute of Community Education, Hong Kong College of Technology, Hong Kong Institute of Technology, Yew Chung Community College, and YMCA College of Careers.

<sup>5</sup> Including SCAD Foundation (Hong Kong) Limited / Savannah College of Art and Design, Inc. and the University of Chicago Booth School of Business in Hong Kong.

prudent manner, rather than exerting micro-management. In devising oversight and regulatory mechanisms, we are guided by the principles of reasonableness and proportionality.

## **Enhancing Transparency**

7. With rapid development of the self-financing post-secondary sector since 2000, there is a growing demand by the students and other stakeholders for access to more information of the sector. While the Government is mindful not to interfere with the internal affairs of institutions, we strive to enhance the transparency of the self-financing sector. In this connection, the Government and the sector have implemented a number of initiatives and arrangements –

- (a) ***Comprehensive information on institutions and the sector*** – Launched in December 2013 by the Committee on Self-financing Post-secondary Education (CSPE)<sup>6</sup>, the *Concourse* website ([www.cspe.edu.hk](http://www.cspe.edu.hk)) provides comprehensive information and statistics of the sector to help enhance its transparency and accountability. The information provided online includes related Government policy, the regulatory framework, Government support measures, QA matters, graduate progression pathways and institution specific information, such as campus facilities, application and admission arrangements, support services, scholarships and awards as well as student activities. In addition, institutions have provided indicative admission scores of intakes as well as an overview of their organisational governance, which serve as reference for students in making articulation decisions and help enhance the transparency of the sector;
- (b) ***Comprehensive information on programmes and estimated intake places*** - Launched in 2007, the Information Portal for Accredited Post-secondary Programmes (iPASS) ([www.ipass.gov.hk](http://www.ipass.gov.hk)) provides comprehensive information on all full-time locally-accredited self-financing sub-degree and undergraduate (including top-up degree) programmes. Since December 2012, iPASS has been publicising the estimated intake places of institutions offering self-financing sub-degree and undergraduate programmes for better public knowledge;

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<sup>6</sup> Established in April 2012 in response to the recommendation of UGC's Report on Higher Education Review 2010, CSPE serves as a useful platform for discussing macro and strategic issues of common interest to the self-financing post-secondary sector, as well as promoting quality and good practices.

- (c) ***Common electronic application platform*** – The Electronic Advance Application System for Post-secondary Education Programmes (E-APP) ([www.eapp.gov.hk](http://www.eapp.gov.hk)) is a one-stop online application system to facilitate the Hong Kong Diploma of Secondary Education (HKDSE) Examination candidates to lodge advance applications for most locally-accredited post-secondary programmes not covered under the Joint University Programmes Admissions System (JUPAS). Since its launch in 2012, E-APP has become a common platform for HKDSE candidates to apply for full-time locally-accredited sub-degree and undergraduate programmes and for planning of further studies;
- (d) ***Admission and refund arrangements since 2012*** – To enhance the support for current HKDSE Examination students and to enable institutions to process application and admission in an orderly and efficient manner, institutions have adopted common application and admission arrangements for locally-accredited post-secondary programmes not covered by JUPAS since 2012, including common deadline for payment of enrolment deposits; benchmarking enrolment deposits at not more than \$5 000; and common deadline on the application for refund of enrolment deposit; and
- (e) ***Further Alignment in Admission and refund arrangements*** – In response to the suggestion for further aligning the admission and refund arrangements in the self-financing sector, most institutions have agreed to align the deadline for collecting the first installment of tuition fee for locally-accredited post-secondary programmes not covered by JUPAS starting from 2016. The common payment deadline for JUPAS applicants is no earlier than one day after the announcement of JUPAS Main Round results; and that for non-JUPAS applicants is no earlier than mid-July.

## **Enhancing Quality and Governance**

8. To promote the healthy and sustainable development of the self-financing post-secondary sector, the Government has implemented a series of measures to enhance the quality of the sector as set out below –

- (a) **Land Grant Scheme** – It provides land at nominal premium or vacant premises at nominal rent to self-financing non-profit-making post-secondary institutions. Since the launch of the Scheme in

2002, 11 sites and six vacant premises have been granted for the development of self-financing full-time locally-accredited post-secondary programmes.

- (b) **Start-up Loan Scheme** – It provides interest-free loans to self-financing non-profit-making post-secondary institutions in support of the development of college premises, reprovisioning of existing premises operating in sub-optimal environment and enhancement of teaching and learning facilities. Of the total commitment of \$9 billion, 39 loans amounting to \$7.3 billion have been approved so far. Moreover, the ambit of the Scheme was extended to support the development of student hostels since 2012 for the self-financing post-secondary education sector.
- (c) **Quality Enhancement Grant Scheme** – It supports projects dedicated to enhancing the quality of teaching and learning of self-financing programmes. It was launched in 2008 with a one-off injection of \$100 million. A total of 65 projects involving a total amount of around \$99.4 million were approved since the commencement of the Scheme in the 2008/09 academic year.
- (d) **Self-financing Post-secondary Education Fund** – The \$3.52 billion Fund aims to i) provide scholarships and awards under the Self-financing Post-secondary Education Scholarship Scheme (SPSS) to outstanding students pursuing full-time locally-accredited self-financing sub-degree or undergraduate programmes; and ii) support worthwhile non-works projects under the Quality Enhancement Support Scheme<sup>7</sup> (QESS) to enhance the quality of self-financing post-secondary education. Over 16 100 students have been granted awards/scholarships under SPSS since its establishment in 2011, with over \$308 million award/scholarship monies. A total of 30 projects have been approved under QESS since its first round of application in 2012, with a total grant of more than \$136 million.
- (e) **Qualifications Framework Support Schemes and Qualifications Framework Fund** – As part of the efforts to support the development of Qualifications Framework (QF), the time-limited QF Support Schemes were launched in 2008. The Schemes have encouraged and assisted education providers in seeking

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<sup>7</sup> QESS has replaced the Quality Enhancement Grant Scheme since the 2012/13 academic year.

accreditation of their programmes and register the qualifications and programmes in the Qualifications Register. All self-financing post-secondary education providers also benefited from the Schemes. To support the sustainable development and implementation of QF, an endowment fund, namely the QF Fund, was established in September 2014. The QF Fund will support various schemes/initiatives for QF development, QF-related studies/projects and public education. The post-secondary education providers are also one of the beneficiaries under the QF Fund.

- (f) **Study Subsidy Scheme for Designated Professions/Sectors** – It was launched in 2014 to subsidise about 1 000 students per cohort for three cohorts from the 2015/16 to 2017/18 academic years to pursue designated full-time locally-accredited self-financing undergraduate programmes in selected disciplines to nurture talents for industries with keen manpower demand. In the 2015/16 cohort, the Scheme subsidised a total of 940 places in 13 programmes offered by five self-financing post-secondary institutions; in the 2016/17 cohort, a total of 1 030 places in 15 programmes to be offered by six institutions will be subsidised. The selected programmes fall under six disciplines identified with keen manpower demand, i.e. healthcare, architecture and engineering, testing and certification, creative industry, logistics, and tourism and hospitality. The Scheme is now under review on its way forward after pilot run.
- (g) **Code of Good Practices on Governance and Quality Assurance for Self-financing Post-secondary Education Sector - CSPE** promulgated the Code in June 2015 for all self-financing post-secondary institutions to adopt on a voluntary basis. The Code covers areas of institutional governance, programme design and delivery, and staff, other resources and student support. Implementation of the Code will enhance the quality, transparency and sustainable development of the self-financing post-secondary education sector. A study of the sector-wide implementation of the Code is being conducted.
- (h) **Sixth Matching Grant Scheme** – As a policy and funding instrument, Matching Grant Schemes help institutions secure more funds for better quality education, and while fund-raising, also enhance institutions’ dialogues with other sectors of the community and over time, to help foster a philanthropic culture. For the Sixth

Matching Grant Scheme, \$2.5 billion was allocated and the coverage was extended to all statutory and approved post-secondary institutions. Around \$400 million was granted to eight self-financing post-secondary institutions under the Sixth Matching Grant Scheme as concluded in 2014.

- (i) **Research Endowment Fund** - The Government injected \$3 billion to the Fund to support the self-financing degree sector in enhancing its academic and research development. Investment income of the Fund is used to operate three research funding schemes that cater for the needs of the self-financing degree sector. Two rounds of exercises have been completed so far with a total committed grant of about \$187 million.
- (j) **Student finance** – The Working Family and Student Financial Assistance Agency provides means-tested and non-means-tested financial assistance for students in the self-financing post-secondary sectors. Since the introduction of the Financial Assistance Scheme for Post-secondary Students (FASP) in 2001, the Scheme was improved in 2008 so that full-time students pursuing locally-accredited, self-financing post-secondary education programmes now have access to financial assistance in the forms of means-tested grant and low-interest loans, at a comparable level to their counterparts in the publicly-funded programmes. In the 2014/15 academic year, the grants and loans provided to self-financing post-secondary students under FASP amounted to \$1.1 billion and \$200 million respectively, benefitting about 30% of the students.

### *Quality Assurance*

9. Apart from the above, the Government attaches great importance to the QA of post-secondary programmes offered by both UGC-funded and self-financing institutions. Currently, there are three QA bodies in Hong Kong to monitor the quality of the post-secondary education sector. The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) is a statutory body responsible for the QA of all operators and programmes except the UGC-funded institutions which enjoy self-accrediting status. The Quality Assurance Council (QAC), under the aegis of the UGC, conducts quality audits of UGC-funded institutions and programmes offered at undergraduate level and above, however funded. The Joint Quality Review Committee (JQRC) was established by the Heads of Universities Committees to provide peer review of the QA processes of self-financing sub-degree

programmes offered by the UGC-funded institutions themselves.

10. In our response to the Higher Education Review conducted by UGC in 2010, we proposed that sub-degree level and below offered by UGC-funded institutions, including self-financing and publicly funded programmes, should be subject to external periodic quality audits. To this end, a working group comprising UGC, UGC-funded institutions, HKCAAVQ and the Education Bureau (EDB), was established to identify the optimal approach to conducting external quality audits and to recommend to EDB the mechanism for the audits. In April 2015, the working group completed its task and made a number of recommendations on the framework and long-term mechanism for the audits. The recommendations have been accepted by the Government. In particular, EDB has given policy support for UGC to be the overseeing body of the quality audits and QAC under UGC as the audit operator, with active participation of HKCAAVQ in the formulation of the audit manual and nomination of suitable external experts and its staff to be member(s) of the audit panels. The first round of audits is expected to be implemented in late 2016. With this new measure, all courses offered by UGC-funded or self-financing institutions will be subject to external periodic quality audits. We have also transformed the Tripartite Liaison Committee<sup>8</sup> to a quadripartite forum with the participation of QAC or its Secretariat, and re-named it to the “Liaison Committee on Quality Assurance” (LCQA) in 2012. LCQA serves as a forum to enhance consistency and sharing good practices among all the QA bodies, and increasing transparency of QA-related reports to enhance accountability. With the full operation of LCQA and the experience gained from the quality audits conducted, they will no doubt throw light on whether there is still a need for a single QA body for the entire post-secondary education sector.

## **Major Issues in the Sector**

### *Student Population Decline*

11. The number of secondary school graduates will drop from 56 840 in the 2015/16 academic year to 42 700 in the 2021/22 academic year. Given an expansion of self-financing post-secondary programmes in recent years, there is already an over-supply of post-secondary programmes in Hong Kong and we envisage that self-financing post-secondary institutions will face increasing difficulty in recruiting students in the years ahead. While we respect

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<sup>8</sup> Tripartite Liaison Committee was set up in 2007, comprising representatives of the Education Bureau, HKCAAVQ and JQRC to oversee the development of good practices for the sub-degree sector and provide a regular forum for discussion on quality-related issues concerning the sector.



institutions' goodwill in making available more programme choices for eligible students, the Government has cast repeated reminders to the institutions on the need to take due account of the demographic changes in Hong Kong in planning their operation and to undergo consolidation in both programme quantity and quality.

### *Employability of Graduates*

12. Separately, there have been community concerns about whether the provision of self-financing post-secondary education in Hong Kong has taken into account social and economic needs, and whether graduates are equipped with the necessary knowledge and skill sets required in the workplace. The Government has therefore advised institutions to attach greater importance to enhancing the employability of the graduates, having regard to local and international good practices. For instance, institutions registered under the Post Secondary Colleges Ordinance are required to publish the graduate profile and employment pathway expected of new degree programmes offered starting from the 2015/16 academic year. Moreover, the institutions have been encouraged to conduct survey(s) on employers and publish the findings of the survey(s) and other information related to the future employability of graduates of the degree programmes.

13. To achieve better alignment between programme design and industry needs, CSPE organised the "Seminar on Closer Alignment between Post-secondary Education Institutions and Industries" in October 2013 to serve as a catalyst to promote exchanges between institutions and industries in broadening opportunities for young people, and improving their employability and nurturing talents for the social and economic development of Hong Kong. To sustain the momentum, we have taken follow-up actions such as stock-taking of the current situation through a questionnaire survey for post-secondary institutions, focus group meetings with post-secondary graduates, sharing of good practices by post-secondary institutions, conduct of industry-specific survey on opinions of employers on performance of post-secondary graduates, etc..

### *Tuition Fees*

14. There are also concerns over the comparatively higher tuition fee of self-financing post-secondary programmes. At present, the average annual tuition fee for most self-financing undergraduate (including top-up degree) programmes ranges from \$45 000 to some \$110 000; that for self-financing sub-

degree programmes ranges from \$40 000 to some \$70 000<sup>9</sup>. We understand that most institutions adopt a discreet and cost-recovery approach in setting the tuition fee of their self-financing programmes, with regard to various factors, such as the estimated intakes, the availability of similar programmes in the market and the affordability of target students, etc. As explained under paragraph 8(j) above, the Government has made available student finance to students such that no eligible students will be deprived of post-secondary education due to financial difficulty.

15. It is suggested by some members of the sector that consideration should be given to a comprehensive voucher system to subsidise study in self-financing post-secondary programmes. The Government attaches great importance to investing in education and keeps increasing resources to provide quality education and training, for the purposes of facilitating upward social mobility and promoting the sustainable development of Hong Kong. Over the past decade, the population structure of Hong Kong has been aging, thereby bringing pressure on the demand for social welfare and health services, while the number of students studying in primary and secondary schools dropped by 20% to 30%. Notwithstanding this, the recurrent education expenditure continued to grow annually with a cumulative growth of almost 70%. Education already takes up the largest share among all policy areas<sup>10</sup> and it would be a major policy shift and financial commitment by the Government if a comprehensive voucher system is introduced to the self-financing post-secondary education sector. With the various support measures for the sector (see paragraph 8 above), in particular SSSDP which provides targeted subsidy to student enrolling in selected programmes that meet Hong Kong's manpower demand, we believe that reasonable assistance is in place for the healthy and sustainable development of the sector. We are now conducting a review of SSSDP and would consider whether the scheme should be continued and if so, whether it should be expanded in terms of both number and scope.

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<sup>9</sup> The annual tuition fee for UGC-funded undergraduate programmes is \$42 100; that for UGC-funded sub-degree programmes is \$31 575 (except for the Higher Diploma (HD) in Early Childhood Education programme offered by the Education University of Hong Kong with annual tuition fee of \$15 040); and that for subvented HD programmes of the Vocational Training Council is \$30 800 (for business administration discipline) or \$31 570 (for non-business administration discipline).

<sup>10</sup> The total estimated expenditure on education for the 2016/17 financial year amounts to \$84 billion, which is \$4.9 billion higher than the 2015/16 revised estimate. Of this total, the estimated recurrent education expenditure will increase by \$2.24 billion to \$74.7 billion, accounting for about 21.5 per cent of the total government recurrent expenditure and taking up the largest share among all policy areas. In particular, the recurrent expenditure on post-secondary education amounts to \$20.4 billion for the 2016/17 financial year, i.e. 27.3% of our recurrent education expenditure.

## **Advice Sought**

16. Members are invited to offer views on issues discussed above.

**Education Bureau  
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